

BANK OF ÅLAND**INTERIM REPORT
For the period January – June 2007****The report period in brief**

- Consolidated net operating profit rose by 42 per cent to 15.6 million euros (Jan – Jun 2006: EUR 11.0)
- Net interest income increased by 19 per cent to EUR 18.9 M (15.9)
- Commission income increased by 14 per cent to EUR 10.6 M (9.3)
- Expenses increased by 14 per cent to EUR 22.1 M (19.4)
- Loan losses were EUR 0.4 M (recovery of 0.1)
- Lending volume increased by 11 per cent to EUR 1,996 M (Jun 2006: 1,797)
- Deposits increased by 13 per cent to EUR 1,726 M (Jun 2006: 1,531)
- Mutual fund capital under management rose by 42 percent to EUR 425 M (300)
- Return on equity after taxes (ROE) was 18.6 per cent (14.7)
- The expense/income ratio improved to 59 (64) per cent
- The total capital ratio in compliance with Basel 2 amounted to 12.7 per cent
- Earnings per share after taxes amounted to EUR 0.95 (0.71)

The Bank of Åland Plc (Ålandsbanken Abp) is a successful, modern Finnish commercial bank that is participating actively in the development of future financial services. Aside from the autonomous Swedish-speaking Åland Islands, the Bank has offices in the Finnish mainland cities of Helsinki, Espoo, Turku, Parainen, Tampere and Vaasa. Ab Compass Card Oy Ltd, Crosskey Banking Solutions Ab Ltd, Ålandsbanken Asset Management Ab, Ålandsbanken Fondbolag Ab, Ålandsbanken Kapitalmarknadstjänster Ab and Ålandsbanken Veranta Ab are part of the Bank of Åland Group.

EARNINGS AND PROFITABILITY

This Interim Report has been prepared in compliance with the International Financial Reporting Standards (IFRSs) approved by the European Union, as well with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

Earnings summary for the first half

During the first half of 2007, consolidated net operating profit rose by 42¹ per cent to EUR 15.6 M (11.0). The main factors behind the increase in profit were a continued rise in net interest income thanks to higher interest rates, improved income from information technology (IT) operations and higher commission income from mutual fund and asset management.

Income increased by 25 per cent to EUR 37.8 M (30.1), while expenses rose by 14 per cent to EUR 22.1 M (19.4). Return on equity after taxes (ROE) increased to 18.6 (14.7) per cent, and earnings per share after taxes increased to EUR 0.95 (0.71).

Net interest income

During the report period, net interest income improved by 19 per cent to EUR 18.9 M (15.9). Rising interest rates improved net interest income on deposits, while smaller customer lending margins were offset to some extent by higher volume. Lending volume increased by 11 per cent to EUR 1,996 M (1,797).

Other income

Commission income rose by 14 per cent to EUR 10.6 M (9.3). This increase largely consisted of higher income on mutual fund and asset management and securities brokerage.

Net income from securities trading for the Bank's own account was EUR 2.1 M (0.8). Net income from dealing in the foreign exchange market amounted to EUR 0.5 M (0.5). Net income from financial assets available for sale was EUR 0.8 M (0.2). Net income from investment properties increased to EUR 0.6 M (0.0).

Other operating income also increased, to EUR 5.3 M (4.3), due to rising income from the sale and development of computer systems. The Group's total income rose by 25 per cent to EUR 37.8 M (30.1).

Expenses

Staff costs increased by 17 per cent to EUR 12.7 M (10.9), mostly due to efforts under way in the Group's IT operations. This cost was also affected by the allocation of EUR 0.3 M to the Group's Personnel Fund during the first half of 2007, while higher fair value of assets in the Bank's pension fund, Ålandsbanken Abp:s Pensionsstiftelse, reduced staff costs by EUR 0.2 M (0.7).

Other administrative expenses (office, marketing, telecommunications and IT) decreased to EUR 4.3 M (4.5) due to lower IT expenses. Production for own use totalled 0.2 M (0.2) and was related to expenses for computer software, which in accordance with IFRS must be capitalised. Depreciation/amortisation increased to EUR 2.4 M (2.0).

Other operating expenses amounted to EUR 2.9 M (2.3). The largest increases in expenses were attributable to rents and property expenses.

The Group's total expenses rose by 13 per cent to EUR 22.1 M (19.4).

Expense/income ratio

The expense/income ratio decreased during the report period to 59 per cent, compared to 64 per cent during the first half of 2006. During the full year 2006, the expense/income ratio was 66 per cent.

Impairment loss on loans and other commitments

Loan losses amounted to EUR 0.4 M (recovery of 0.1).

¹ All percentages are calculated on the basis of exact values.

Second quarter of 2007

Compared to the second quarter of 2006, the Group's net operating profit rose by 62 per cent to EUR 7.5 M (Q II 2006: 4.6).

Income

Total income increased by 32 per cent to EUR 19.3 M (14.6). A combination of higher interest rates, higher lending volume and lower lending margins increased net interest income by 25 per cent to EUR 9.7 M (7.8). Lending volume increased to EUR 1,996 M (1,797).

Commission income improved, amounting to EUR 5.2 M (4.9). The increase consisted of higher commission income on mutual funds and asset management. Net income from securities trading and foreign exchange operations rose to EUR 1.7 M (0.6). Other operating income increased to EUR 2.5 M (2.0) as a consequence of higher income from IT operations.

Expenses

Total expenses during the quarter increased by 14.7 per cent to EUR 11.7 M (10.2). During the quarter, staff costs amounted to EUR 6.7 M (5.6). This increase was a consequence of an increased number of Group employees, salary hikes in accordance with collective agreements and lower fair value of assets in the Bank's pension fund, Ålandsbanken Abp:s Pensionsstiftelse, during the quarter. Other administrative expenses decreased to EUR 2.4 M (2.5) during Q II 2007. Due to higher property expenses and rents, other operating expenses increased to EUR 1.5 M (1.2).

Balance sheet total and off-balance sheet obligations

At the end of the report period, the Group's balance sheet total was EUR 2,432 M (2,066). The increase was a consequence of both higher lending volume and higher deposit volume. During the period, the Group issued bond loans to the public in a nominal amount of EUR 34 M.

As a consequence of higher obligations for guarantees and pledges, plus other obligations, off-balance sheet obligations increased to EUR 191 M (169).

Personnel

Hours worked in the Group, recalculated to full-time equivalent positions, totalled 451 (434) during the first half of 2007. This represented an increase of 17 positions, compared to the year-earlier period. Most of the increase came from new recruitments at Crosskey Banking Solutions Ab Ltd.

Capital adequacy

For the first time, the Group is reporting capital adequacy in accordance with Pillar 1 in the Basel 2 regulations. Risk management under Pillar 2 will be reported in the Annual Report for 2007. According to Pillar 1 of Basel 2, the Group's total capital ratio at the end of June 2007 was 12.7 per cent. The capital requirement for credit risks is being calculated according to the standardised approach, and the capital requirement for operational risks is being calculated according to the basic indicator approach in the Basel 2 regulations.

Deposits

Deposits from the public, including bonds and certificates of deposit issued, increased during the 12 months to June 30, 2007 by 13 per cent to EUR 1,726 M (1,531). Deposit accounts increased by 14 per cent to EUR 1,379 M (1,207). Bonds and certificates of deposits issued to the public increased by 7 per cent to EUR 347 M (324).

Lending

The volume of lending to the public increased during the 12 months to June 30, 2007 by 11 per cent to EUR 1,996 M (1,797). Most of the increase went towards residential financing. Lending to private households increased by 10 per cent to EUR 1,399 M (1,267). Households accounted for 70 (71) per cent of the Group's total lending.

Ab Compass Card Oy Ltd

Ab Compass Card Oy Ltd is a subsidiary of the Bank of Åland Plc (Ålandsbanken Abp). The mission of the company is to issue credit and debit cards to private and institutional customers. The company is in the start-up phase and is expected to begin its operations late in 2007.

Crosskey Banking Solutions Ab Ltd

Crosskey Banking Solutions Ab Ltd is a wholly-owned subsidiary of the Bank of Åland Plc. The mission of the company is to develop, sell and maintain banking computer systems – either as whole systems or in modules – to small and medium-sized banks in Europe, as well as sell operational services. Among Crosskey's current customers are Tapiola Bank, DnB NOR, S-Bank, the Bank of Åland, eQ Bank and EGET. Crosskey currently has 147 employees and offices in Mariehamn, Turku, Helsinki and Stockholm.

Ålandsbanken Asset Management Ab

Ålandsbanken Asset Management Ab is a subsidiary of the Bank of Åland Plc. The company offers discretionary and consultative asset management services to institutions and private individuals. The company also manages all of the Bank of Åland's mutual funds. The company currently has about 350 customers and EUR 900 M in managed assets. The company has strong growth.

Ålandsbanken Fondbolag Ab

Ålandsbanken Fondbolag Ab is a wholly-owned subsidiary of the Bank of Åland Plc. The mutual funds (unit trusts) that the company manages are registered in Finland and comply with the Act on Mutual Funds. At the end of the report period, the total number of unit holders was 14,232 (11,348). This represented an increase of 2,884 or 25 per cent. Total assets under management amounted to EUR 425 M (300), an increase of EUR 125 M or 42 per cent since 12 months earlier.

Ålandsbanken Kapitalmarknadstjänster Ab

Ålandsbanken Kapitalmarknadstjänster Ab (Allcap Ab) is a wholly-owned subsidiary of the Bank of Åland Plc. The company provides discretionary asset management as well as consulting services related to securities and financing. The value of discretionarily managed mandates totalled EUR 134 M at the end of the report period. The company has more than 200 customers, with an aggregate portfolio value of EUR 480 M.

In order to further strengthen the Bank of Åland's position in the capital market segment in Åland, a process has been initiated to merge Allcap with the Bank of Åland Plc. This merger is expected to be completed during 2007.

Ålandsbanken Veranta Ab

Ålandsbanken Veranta Ab is a subsidiary of the Bank of Åland Plc. The company's operations include estate agency, appraisal and consulting business.

Outlook for 2007

The Group predicts higher interest rates during the second half of 2007, a continued positive trend in the mutual fund and capital markets as well as growth in the Group's IT operations. The cost level in the Group is expected to rise moderately. Competition in the banking market is expected to remain tough, which is reflected primarily in lending margins. Based on these factors, earnings in 2007 are expected to be substantially better than in the preceding year.

The Group's assessment of the outlook for 2007 is based on its assumptions about future developments in the fixed-income and financial markets. General interest rates, the demand for lending, the trend of the capital and financial markets and the competitive situation are factors that the Group cannot influence.

Mariehamn, July 23, 2007

THE BOARD OF DIRECTORS

FINANCIAL RATIOS ETC

Bank of Åland Group	Jan-Jun 2007	Jan-Jun 2006	Jan-Dec 2006
Earnings per share before dilution, EUR ¹	0.95	0.71	1.29
Earnings per share after dilution, EUR ²	0.95	0.68	1.29
Market price per share, end of period, EUR			
Series A	29.00	24.00	26.50
Series B	25.00	23.60	24.50
Equity capital per share, EUR ³	10.90	10.04	10.86
Return on equity after taxes, % (ROE) ⁴	18.6	14.7	13.3
Return on total assets, % (ROA) ⁵	1.0	0.8	0.7
Equity/assets ratio, % ⁶	5.2	5.4	5.6
Total lending volume, EUR M	1,996	1,797	1,912
Total deposits from the public, EUR M	1,726	1,531	1,599
Equity capital, EUR M	126	111	122
Balance sheet total, EUR M	2,432	2,066	2,189
Expense/income ratio			
Including loan losses	0.59	0.64	0.66
Excluding loan losses	0.58	0.64	0.66

¹ Profit for the period before dilution/ Average number of shares

² Profit for the period after dilution / (Average number of shares + shares outstanding)

³ Equity capital / Number of shares on balance sheet date

⁴ Net operating profit - taxes / Average equity capital

⁵ Net operating profit - taxes / Average balance sheet total

⁶ Equity capital / Total assets

CAPITAL ADEQUACY

Bank of Åland Group	Jun 30 2007	Jun 30 2006	Dec 31 2006
	Basel 2	Basel 1	Basel 2
Capital base, EUR M			
Core capital *	92.7	85.3	88.3
Supplementary capital	51.7	51.6	53.4
Total capital base	144.4	136.9	141.7
Capital requirement for credit risks	83.2	96.9	74.9
Capital requirement for operational risks	8.0	0.0	7.3
Total capital requirement	91.1	96.9	82.2
Total capital ratio, %	12.7	11.3	13.8
Core capital ratio, %	8.1	7.0	8.6

* Profit for the report period is not included in the capital base.

Due to the introduction of new rules for calculating the total capital ratio (Basel 2), the figure for June 30, 2006 is not comparable to the other figures.

SUMMARY BALANCE SHEET

Bank of Åland Group (EUR M)	Jun 30 2007	Jun 30 2006	Dec 31 2006
ASSETS			
Cash	47	30	65
Debt securities eligible for refinancing with central banks	102	61	57
Claims on credit institutions	173	90	60
Claims on the public and public sector entities	1,996	1,797	1,912
Debt securities	4	2	0
Shares and participations	4	4	4
Shares and participations in associated companies	2	2	2
Derivative instruments	36	18	27
Intangible assets	5	4	5
Tangible assets	25	23	23
Other assets	17	18	17
Accrued income and prepaid expenses	20	15	16
Deferred tax assets	1	1	1
TOTAL ASSETS	2,432	2,066	2,189
LIABILITIES AND EQUITY CAPITAL			
Liabilities to credit institutions	67	70	62
Liabilities to the public and public sector entities	1,381	1,210	1,261
Debt securities issued to the public	699	537	597
Derivative instruments	35	18	26
Other liabilities	40	35	35
Accrued expenses and prepaid income	21	15	12
Subordinated liabilities	52	58	60
Deferred tax liabilities	13	12	13
TOTAL LIABILITIES	2,307	1,955	2,066
EQUITY CAPITAL AND MINORITY INTEREST			
Share capital	23	22	23
Share issue	0	0	0
Share premium account	33	27	29
Reserve fund	25	25	25
Fair value reserve	1	0	0
Retained earnings	31	28	28
Profit for the period	11	8	15
Minority interest in capital	2	1	2
TOTAL EQUITY CAPITAL	126	111	122
TOTAL LIABILITIES AND EQUITY CAPITAL	2,432	2,066	2,189

SUMMARY INCOME STATEMENT

Bank of Åland Group (EUR M)	Jan-Jun 2007	Jan-Jun 2006	Jan-Dec 2006
Net interest income	18.9	15.9	32.7
Income from equity instruments	0.0	0.0	0.0
Commission income	10.6	9.3	18.4
Commission expenses	-1.0	-0.8	-1.7
Net income from securities transactions and foreign exchange dealing	2.6	1.3	2.3
Net income from financial assets available for sale	0.8	0.2	0.3
Net income from investment properties	0.6	0.0	0.2
Other operating income	5.3	4.3	9.4
Total income	37.8	30.1	61.6
Staff costs	-12.7	-10.9	-22.5
Other administrative expenses	-4.3	-4.5	-9.4
Production for own use	0.2	0.2	0.5
Depreciation/amortisation	-2.4	-2.0	-4.0
Other operating expenses	-2.9	-2.3	-5.4
Total expenses	-22.1	-19.4	-40.9
Impairment loss on loans and other commitments	-0.4	0.1	0.0
Share of profit in associated companies	0.2	0.2	0.3
Net operating profit	15.6	11.0	21.1
Income taxes	-4.1	-2.7	-5.4
Profit for the period	11.5	8.3	15.7
Shareholders' interest in profit for the period	11.0	7.8	1.0
Minority interest in profit for the period	0.6	0.5	14.7
Total	11.5	8.3	15.7
Earnings per share			
Earnings per share before dilution, EUR ¹	0.95	0.71	1.29
Earnings per share after dilution, EUR ²	0.95	0.68	1.29

¹ Profit for the period before dilution / Average number of shares

² Profit for the period after dilution / (Average number of shares + shares outstanding)

INCOME STATEMENT BY QUARTER

Bank of Åland Group (EUR M)	Q II 2007	Q I 2007	Q IV 2006	Q III 2006	Q II 2006
Net interest income	9.7	9.2	8.6	8.2	7.8
Income from equity instruments	0.0	0.0	0.0	0.0	0.0
Commission income	5.2	5.4	4.9	4.3	4.9
Commission expenses	-0.6	-0.5	-0.5	-0.4	-0.4
Net income from securities transactions and foreign exchange dealing	1.7	0.9	0.8	0.1	0.6
Net income from financial assets available for sale	0.3	0.5	0.1	0.0	-0.1
Net income from investment properties	0.5	0.1	0.2	0.1	0.0
Other operating income	2.5	2.9	2.8	2.4	2.0
Total income	19.3	18.5	16.8	14.6	14.6
Staff costs	-6.7	-6.0	-6.5	-5.2	-5.6
Other administrative expenses	-2.4	-1.9	-3.1	-1.8	-2.5
Production for own use	0.1	0.1	0.1	0.1	0.1
Depreciation/ amortisation	-1.1	-1.3	-1.0	-1.0	-1.0
Other operating expenses	-1.5	-1.3	-1.9	-1.2	-1.2
Total expenses	-11.7	-10.4	-12.4	-9.1	-10.2
Loss impairment on loans and other commitments	-0.3	-0.1	-0.1	0.0	0.1
Share of profit in associated companies	0.1	0.1	0.1	0.0	0.1
Net operating profit	7.5	8.1	4.5	5.6	4.6

CHANGES IN EQUITY CAPITAL

Bank of Åland Group	Share capital	Share issue	Share premium account	Legal reserve	Fair value reserve	Retained earnings	Minority interest	Total
EUR M								
Equity capital, December 31, 2005	22.2	0.0	26.1	25.1	0.4	38.7	0.9	113.3
Financial assets available for sale:								
- change in fair value					-0.1			-0.1
- transferred to income statement					-0.2			-0.2
Profit for the period						7.8	0.5	8.3
Total recognised income and expenses during the period					-0.2	7.8	0.5	8.0
Dividend to shareholders						-11.0	-0.5	-11.5
Conversion of capital loan	0.2		1.1					1.3
Other change in minority interest in equity capital							0.0	0.0
Equity capital, June 30, 2006	22.3	0.0	27.2	25.1	0.1	35.5	0.9	111.2
Financial assets available for sale:								
- change in fair value					0.3			0.3
- transferred to income statement								0.0
Profit for the period						6.9	0.5	7.4
Total recognised income and expenses during the period					0.3	6.9	0.5	7.7
Conversion of capital loan	0.3	0.3	2.0					2.6
Other change in minority interest in equity capital							0.7	0.7
Equity capital, December 31, 2006	22.7	0.3	29.2	25.1	0.4	42.4	2.1	122.2
Financial assets available for sale:								
- change in fair value					-0.2			-0.2
- transferred to income statement					0.4			0.4
Profit for the period						11.0	0.6	11.5
Total recognised income and expenses during the period					0.3	11.0	0.6	11.8
Dividend to shareholders ¹						-11.5	-1.0	-12.6
Conversion of capital loan ²	0.6	-0.3	4.1					4.4
Other change in minority interest in equity capital							0.0	0.0
Equity capital, June 30, 2007	23.3	0.0	33.3	25.1	0.7	41.9	1.6	125.8

¹ The dividend payment for Series A shares was EUR 5.2 M, and for Series B shares, EUR 6.3 M.

² During the report period, 309,801 new Series B shares subscribed in exchange for convertible loan certificates were recorded in the Finnish Trade Registry. This was equivalent to an increase in equity capital of EUR 0.6 M and an increase in the share premium account by EUR 4.1 M.

NOTES TO THE CONSOLIDATED INTERIM REPORT

1. CORPORATE INFORMATION

The Bank of Åland Plc (Ålandsbanken Abp) is a Finnish public company, organised in compliance with Finnish legislation and with its Head Office in Mariehamn. The Bank of Åland Plc is a commercial bank with a total of 25 offices. Through its subsidiary Crosskey Banking Solutions Ab Ltd, the Bank of Åland Group is also a supplier of modern banking computer systems for small and medium-sized banks.

The Head Office has the following address:

Bank of Åland Plc
Nygatan 3
AX-22100 Mariehamn, Åland, Finland

The Bank of Åland Plc is listed on the Helsinki Stock Exchange.

The Interim Report for the financial period January 1-June 30, 2007 was approved by the Board of Directors on July 20.

2. BASIS FOR PREPARATION AND ESSENTIAL ACCOUNTING PRINCIPLES

Basis for preparation

The Interim Report for the period January 1-June 30, 2007 was prepared in compliance with IAS 34, "Interim Financial Reporting".

The Interim Report does not contain all information and notes required in annual financial statements and should be read together with the consolidated financial statements for the year ending December 31, 2006.

Essential accounting principles

The essential accounting principles used in preparing the Interim Report are the same as the essential accounting principles used in preparing the financial statements for the year ending December 31, 2006, except for the introduction of new standards and interpretations, which are described below. The introduction of new standards and interpretations has not materially affected the Group's results or financial position.

The following new standards and interpretations have been introduced:

IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

This interpretation clarifies the limit on asset value in case of a pension plan surplus, as well as how minimum pension plan funding requirements affect this value. The Group already meets the criteria stated in IFRIC 14.

The Group is not affected by amendments to the following:

IFRIC 13, "Customer Loyalty Programmes"

3. ESTIMATES AND JUDGEMENTS

Preparation of financial statements in compliance with IFRS requires the company's Executive Team to make estimates and judgements that affect the recognised amounts of assets and liabilities, income and expenses as well as disclosures about commitments. Although these estimates are based on the best knowledge of the Executive Team on current events and measures, the actual outcome may diverge from these estimates.

4. ACQUISITIONS OF COMPANIES

During the report period, the Group made the following acquisitions, which are reported in compliance with IFRS 3, "Business Combinations".

Name of company	Line of business	Acquisition Date	Proportion of share capital	Cost, EUR
Ålandsbanken Kapitalmarknadstjänster Ab	Asset management	April 12, 2007	30% ¹	792,480
Veranta Oy	Estate agency	June 13, 2007	84%	200,000 ²

¹ After this additional acquisition, Ålandsbanken Kapitalmarknadstjänster is a wholly-owned subsidiary.

² The cost consists of a capital contribution in the form of a targeted issue of new shares.

Cost breakdown

EUR	Ålandsbanken Kapitalmarknadstjänster Ab	Veranta Oy
Cash	780,000	0
Capital contribution to the company	0	200,000
Directly attributable costs	12,480	0
	<u>792,480</u>	<u>200,000</u>

Net assets acquired

EUR	Ålandsbanken Kapitalmarknadstjänster Ab		Veranta Oy	
	Fair value	Carrying amount	Fair value	Carrying amount
Cash	334,875	334,875	13	13
Receivables	53,266	53,266	953	953
Share issue receivables				168,000
Intangible assets	0	0	655	655
Tangible assets	6,335	6,335	2,866	2,866
Liabilities	93,541	93,541	4,759	4,759
Net assets acquired	300,935	300,935	167,728	167,728
Goodwill	-491,545	-491,545	-32,272	-32,272

Ålandsbanken Kapitalmarknadstjänster Ab has earned a profit of EUR 0.2 M since this acquisition.

Veranta Oy has earned a profit of EUR 0.0 M since this acquisition.

The acquisitions did not affect the Group's total income or profit for the report period.

Goodwill

EUR	2007	2006
Opening balance		
Gross	881,443	926,535
	<u>881,443</u>	<u>926,535</u>
Goodwill recognised during the period	523,818	0
Impairment (write-down)	0	0
Renegotiation of purchase agreement (estimated effect on opening balance)	0	-45,092
Closing balance	<u>1,405,260</u>	<u>881,443</u>

5. CASH FLOW STATEMENT

Bank of Åland Group (EUR M)	Jan-Jun 2007	Jan-Jun 2006
Cash and cash equivalents	130.2	217.4
Cash flow from operating activities		
Net operating profit	15.6	11.0
Adjustment for net operating profit items not affecting cash flow	2.4	1.9
Gains from investing activities	-0.9	-0.2
Income taxes paid	-2.6	-2.5
Changes in assets and liabilities in operating activities	<u>-2.0</u>	<u>-99.2</u>
Cash flow from investing activities	-4.6	-1.3
Cash flow from financing activities	<u>102.0</u>	<u>-7.1</u>
Cash and cash equivalents, June 30	240.1	120.0

6. SEGMENT REPORT

The Bank of Åland Group reports the various business segments as primary segments. A business segment is a group of departments and companies that supply products or services that have risks and returns that diverge from other business segments. Intra-Group transactions occur at market prices. The Bank of Åland Group does not report geographic segments as secondary segments, since all operations occur in Finland.

Bank of Åland Group (EUR M)	Jan – Jun 2007				Total
	Banking operations	IT operations	Other	Eliminations	
External income	29.1	5.1	3.6		37.8
Internal income	0.4	5.1		-5.5	0.0
Total income	29.5	10.2	3.6	-5.5	37.8
Costs incl. depreciation etc.	-17.4	-7.9	-2.3	5.5	-22.1
Loan losses	-0.4				-0.4
Share of profit in associated companies			0.2		0.2
Net operating profit	11.8	2.3	1.5	0.0	15.6
Assets	1,998.8	8.4	425.6	-0.5	2,432.3
Liabilities	-2,079.7	-6.4	-221.7	1.2	-2,306.5
Equity capital					125.8

Bank of Åland Group (EUR M)	Jan – Jun 2006				Total
	Banking operations	IT operations	Other	Eliminations	
External income	24.2	4.1	1.8		30.1
Internal income	0.4	4.8		-5.2	0.0
Total income	24.6	8.9	1.8	-5.2	30.1
Costs incl. depreciation etc.	-16.2	-6.9	-1.6	5.2	-19.4
Loan losses	0.1				0.1
Share of profit/loss in associated companies			0.2		0.2
Net operating profit	8.5	2.0	0.5	0.0	11.0
Assets	1,799.8	5.1	261.8	-0.6	2,066.2
Liabilities	-1,746.8	-4.5	-205.1	1.4	-1,955.0
Equity capital					111.2

The “Banking operations” segment includes banking and investment operations carried out at 25 bank offices plus the subsidiaries Ab Compass Card Oy Ltd, Ålandsbanken Asset Management Ab, Ålandsbanken Fondbolag Ab and Ålandsbanken Kapitalmarknadstjänster Ab. Reported in “IT operations” are Crosskey Banking Solutions Ab Ltd and S-Crosskey Ab, which supply modern banking computer systems to small and medium-sized banks. Reported in “Other” are the results of Treasury and portfolio management as well as the Group’s management and related corporate expenses.

7. INCOME TAXES

Bank of Åland Group (EUR K)	Jun 30 2007	Jun 30 2006
Taxes for the report period and earlier report periods	4,097	2,585
Change in deferred tax assets/liabilities	-34	138
Income taxes	4,063	2,723

8. DIVIDEND

Bank of Åland Group (EUR)	2006	2005
Final dividend for 2006: EUR 1 (2005: EUR 1)	11,536,122	11,009,649

The proposed dividend for 2006 was adopted by the Annual General Meeting on March 23. The record date was March 27 and the distribution date was April 3.

9. DEPOSITS FROM THE PUBLIC AND PUBLIC SECTOR ENTITIES, including bonds issued and certificates of deposit

Bank of Åland Group (EUR M)	Jun 30 2007	Jun 30 2006	Dec 31 2006
Deposit accounts from the public and public sector entities			
Demand deposit accounts	171	170	180
Current accounts	217	199	199
Savings and Environmental Accounts	90	101	99
Prime Accounts	472	428	445
Time deposits	360	251	268
<i>Total deposit accounts in euros</i>	1,311	1,149	1,191
Deposit accounts in other currencies	68	58	67
Total deposit accounts	1,379	1,207	1,259
Bonds and subordinated debentures *	187	192	180
Certificates of deposit issued to the public *	160	132	160
Bonds and certificates of deposit	347	324	340
Total deposits	1,726	1,531	1,599

* This item does not include debt securities subscribed by credit institutions.

10. LENDING TO THE PUBLIC AND PUBLIC SECTOR ENTITIES BY PURPOSE

Bank of Åland Group (EUR M)	Jun 30 2007	Jun 30 2006	Dec 31 2006
BUSINESS AND PROFESSIONAL ACTIVITIES			
<i>Service sector</i>			
Shipping	69	61	60
Hotels, restaurants, tourist cottages etc.	13	12	12
Wholesale and retail trade	52	45	47
Housing corporations	50	45	54
Real estate operations	102	85	96
Financial operations	146	115	126
Other service business	78	82	83
	510	445	477
<i>Production sector</i>			
Agriculture, forestry and fishing	19	20	20
Food processing etc	7	8	7
Construction	25	23	22
Other industry and crafts	10	9	11
	61	60	60
HOUSEHOLDS			
Home loans	1,093	1,012	1,063
Studies	14	13	14
Other purposes	292	241	271
	1,399	1,267	1,347
PUBLIC SECTOR AND NON-PROFIT ORGANISATIONS	26	26	27
TOTAL LENDING	1,996	1,797	1,912

11. OFF-BALANCE SHEET COMMITMENTS

Bank of Åland Group (EUR M)	Jun 30 2007	Jun 30 2006	Dec 31 2006
Guarantees and pledges	28	15	16
Other commitments	163	153	154
	191	169	170

12. DERIVATIVE CONTRACTS

Bank of Åland Group (EUR M)	Jun 30, 2007		Jun 30, 2006	
	For hedging purposes	Other	For hedging purposes	Other
<i>Value of underlying property</i>				
<i>Interest rate derivatives</i>				
Interest rate swap contracts	340.3	8.6	327.3	7.6
<i>Currency derivatives</i>				
Forward contracts	3.3	3.3	7.9	8.3
Interest rate and currency swap contracts	0.0	0.3	0.5	1.7
<i>Equity derivatives</i>				
<i>Option contracts</i>				
Purchased	149.0	0.0	165.2	0.0
Written	0.0	149.0	0.0	165.2
	492.6	161.2	500.9	182.8
<i>Equivalent credit values of the contracts</i>				
Interest rate derivatives	6.9		4.1	
Currency derivatives	0.2		0.6	
Equity derivatives	44.1		27.1	
	51.2		31.8	

13. MATURITY BREAKDOWN OF CLAIMS AND LIABILITIES

Bank of Åland Group (EUR M)	Jun 30, 2007					Total
	< 3 mo	3 - 12 mo	1 - 5 yrs	5 - 10 yrs	Over 10 yrs	
Claims						
Debt securities eligible for refinancing with central banks						
	48	39	14	0	0	102
Credit institutions and central banks						
	173	0	0	0	0	173
The public and public sector entities						
	182	223	704	863	23	1,996
Other debt securities						
	4	0	0	0	0	4
	407	263	718	864	23	2,275
Liabilities						
Credit institutions and central banks						
	67	0	0	0	0	67
The public and public sector entities						
	1,277	90	13	1	0	1,381
Debt securities issued to the public						
	288	292	118	0	0	699
Subordinated liabilities						
	0	2	17	33	0	52
	1,632	384	148	33	0	2,198

14. INTEREST RATE REFIXING PERIODS

Bank of Åland Group (EUR M)	Jun 30, 2007					Total
	< 3 mo	3-6 mo	6-12 mo	1-5 yrs	> 5 yrs	
Assets	1,158.7	663.4	440.7	217.9	34.2	2,514.9
Liabilities	1,301.6	623.3	134.1	236.1	33.8	2,328.9
Difference between assets and liabilities	-142.9	40.1	306.6	-18.2	0.4	186.0

Shows the Bank's interest rate-related assets and liabilities, including derivatives, according to the interest rate refixing date as of June 30, 2007.

Review report

To the shareholders of the Bank of Åland Abp

We have conducted a review of the Interim Report of the Bank of Åland Abp for the period January 1 – June 30, 2007. The Interim Report, which was issued by the Board of Directors and the Managing Director, includes a condensed income statement, balance sheet, cash flow statement, changes in equity capital and certain additional disclosures. After completing our assignment, we are issuing our statement of opinion about the Interim Report.

Our review was conducted in accordance with the recommendations of the Finnish Institute of Authorised Public Accountants concerning reviews. A review is planned and carried out on a sufficient scope to confirm that the Interim Report does not contain essential errors or omissions. A review is mainly limited to interviews with the staff of the Bank and analytical examination measures. We have not conducted a complete audit and will thus not issue an audit report.

On the basis of this review, to our knowledge no circumstances have emerged that would give reason to assume that the Interim Report has not been prepared essentially in accordance with the accounting and valuation principles of the IFRS standards approved by the EU as well as other Finnish rules and regulations concerning Interim Reports and that the Interim Report should not provide accurate and sufficient disclosures about the operating results and financial position of the Bank.

Mariehamn, July 23, 2007

Marja Tikka
Authorised Public Accountant

Leif Hermans
Authorised Public Accountant

Rabbe Nevelainen
Authorised Public Accountant