

ÅLANDSBANKEN

INTERIM REPORT For the period January – March 2007

The report period in brief

- Consolidated net operating profit rose by 28 per cent to 8.1 million euros (Jan – Mar 2006: EUR 6.4 M)
- The profit increase was attributable to rising net interest income, higher IT income, improved commission income from mutual fund and asset management and nonrecurring items
- Net interest income increased by 13 per cent to EUR 9.2 M (8.1)
- Commission income increased by 21 per cent to EUR 5.4 M (4.4)
- Expenses increased by 12 per cent to EUR 10.4 M (9.3)
- Loan losses were EUR 0.1 M (0.0)
- Lending volume increased by 9 per cent to EUR 1,956 M (Mar 2006: 1,802)
- Deposits increased by 3 per cent to EUR 1,628 M (Mar 2006: 1,583)
- Mutual fund capital under management rose by 42 percent to EUR 395 M (278)
- Return on equity after taxes (ROE) was 19.8 per cent (17.2)
- The expense/income ratio improved to 56 (59) per cent
- The total capital ratio in compliance with Basel 2 amounted to 13.5 per cent
- Earnings per share after taxes amounted to EUR 0.50 (0.41)

"The Group's earnings continued to develop very favourably during the first quarter of 2007. This earnings improvement was allocated across the entire Group and demonstrated that the Group's systematic efforts in the capital market field, Crosskey Banking Solutions and traditional banking operations have been successful. The potential for an earnings improvement during 2007 compared to 2006 is thus considered good."

Peter Grönlund, Managing Director

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 and Ålandsbanken Kapitalmarknadstjänster 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 IAS 34, "Interim Financial Reporting".

Earnings summary

During the first three months of 2007, consolidated net operating profit rose by 28¹ per cent to EUR 8.1 M (6.4). The increase in profit was primarily attributable to a continued rise in net interest income, higher income from information technology (IT) operations, improved commission income from mutual fund and asset management and to nonrecurring items.

Income increased by 19 per cent to EUR 18.5 M (15.5), while expenses rose to EUR 10.4 M (9.3). Return on equity after taxes (ROE) increased to 19.8 (17.2) per cent, and earnings per share after taxes increased to EUR 0.50 (0.41).

Net interest income

During the report period, net interest income improved by 13 per cent to EUR 9.2 M (8.1). The increase was due to higher deposit margins as well as higher lending volume. Lending margins continued to fall.

Other income

Commission income rose by 21 per cent to EUR 5.4 M (4.4). This improvement was primarily due to higher mutual fund, asset management and securities commissions.

Net income from securities trading for the Bank's own account was EUR 0.7 M (0.5). Net income from dealing in the foreign exchange market amounted to EUR 0.3 M (0.3).

Net income from financial assets available for sale was EUR 0.5 M (0.3). Net income from investment properties increased to EUR 0.1 M (0.0), which consisted of capital gains from divestment of properties.

Other operating income increased to EUR 2.9 M (2.3) due to higher income from the sale and development of computer systems. The Group's total income rose by 19 per cent to EUR 18.5 M (15.5).

Expenses

Staff costs increased by 12 per cent to EUR 6.0 M (5.3), most of which was due to efforts under way in the Group's IT operations. Higher fair value of assets in the Bank's pension fund, Ålandsbanken Abp:s Pensionsstiftelse, reduced staff costs by EUR 0.3 M (0.5).

Other administrative expenses (office, marketing, telecommunications and computer costs) totalled EUR 1.9 M (1.9). Production for own use totalled 0.1 M (0.1) and was related to expenses for computer software, which in accordance with IFRS must be capitalised. Depreciation/amortisation increased to EUR 1.3 M (1.0).

Other operating expenses amounted to EUR 1.3 M (1.1). The largest increases in expenses were attributable to rents and property expenses. The Group's total expenses rose by 12 per cent to EUR 10.4 M (9.3).

Expense/income ratio

The expense/income ratio decreased during the report period to 56 per cent, compared to 59 per cent during the first quarter 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 0.1 M (0.0).

Balance sheet total and off-balance sheet obligations

At the end of the report period, the Group's balance sheet total was EUR 2,277 M (2,143). The increase in the balance sheet total was a consequence of higher lending volume and deposit volume. During the period, the Group issued bond loans in a nominal amount of EUR 46 M.

Off-balance sheet obligations increased to EUR 183 M (158), as a consequence of higher obligations for guarantees and pledges, plus other obligations.

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

Personnel

Hours worked in the Group, recalculated to full-time equivalent positions, totalled 435 (423) during the first quarter of 2007. This represented an increase of 12 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 March 2007 was 13.5 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 Basel 2.

Deposits

Deposits from the public, including bonds and certificates of deposit issued increased during the 12 months to March 31, 2007 by 3 per cent to EUR 1,628 M (1,583). Deposit accounts increased by 7 per cent to EUR 1,291 M (1,211). Bonds and certificates of deposits issued to the public decreased by 9 per cent to EUR 337 M (371).

Lending

The volume of lending to the public increased during the 12 months to March 31, 2007 by 9 per cent to EUR 1,956 M (1,802). Most of the increase went towards residential financing. Lending to private households increased by 12 per cent to EUR 1,379 M (1,233). Households accounted for 71 (68) 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 be in full operation by late 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 138 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 300 customers and EUR 800 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 13,253 (10,605). This represented an increase of 2,648 or 25 per cent. Total assets under management amounted to EUR 395 M (278), an increase of EUR 117 M or 42 per cent since one year earlier.

Ålandsbanken Kapitalmarknadstjänster Ab

Ålandsbanken Kapitalmarknadstjänster Ab (Allcap Ab) is a 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 130 M at the end of the report period. The company has more than 200 customers, with an aggregate portfolio value of EUR 470 M.

Annual General Meeting

The Annual General Meeting of Shareholders of the Bank of Åland (AGM) on March 23, 2007 approved the Board of Directors' proposal for the distribution of a dividend of EUR 1.00 per Series A and Series B share, respectively for 2006. The record date for the dividend distribution was March 27, 2007. The dividend was distributed on April 3, 2007.

The AGM unanimously re-elected Sven-Harry Boman, Kent Janér, Agneta Karlson, Göran Lindholm, Leif Nordlund, Anders Wiklöf and Tom Palmberg as members of the Board of Directors, but in such a way that Mr Palmberg's term of office runs until June 30, 2007. The term of the other Board members runs until the end of the next AGM. For a term of office from July 1, 2007 until the end of the next AGM, the AGM unanimously elected Teppo Taberman.

Events after the close of the report period

The Bank of Åland Plc has decided to broaden its operations to also include estate agency business by purchasing a shareholding in the residential estate agent company Veranta Oy Helsinki. The company, whose new name is Ålandsbanken Veranta Ab, is 84 per cent owned by the Bank of Åland Abp.

In April 2007, the Bank of Åland reached an agreement to acquire all the outstanding shares in Ålandsbanken Kapitalmarknadstjänster Ab. As a result of this acquisition, the company is a wholly owned subsidiary of the Bank. The operations of the company will be moved to the Parent Company and employees of the company will be transferred to the Parent Company as "old employees". The acquisition of Ålandsbanken Kapitalmarknadstjänster Ab is an element in implementing the Board of Directors' strategy to create a competitive and unified centre of excellence for the Group's investment banking operations in the Åland market.

Outlook for 2007

As earlier, the potential for an earnings improvement during 2007 is considered good. It should be noted, however, that the strong earnings during the first quarter were affected by nonrecurring items.

The Group's assessment of the outlook for 2007 is based on its assumptions about future developments in the fixed-income and financial markets. The Group predicts continued tough competition in the market with regard to lending margins, 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. 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, April 23, 2007

THE BOARD OF DIRECTORS

FINANCIAL RATIOS ETC

Bank of Åland Group	Jan-Mar 2007	Jan-Mar 2006	Jan-Dec 2006
Earnings per share before dilution, EUR ¹	0.50	0.41	1.29
Earnings per share after dilution, EUR ²	0.50	0.40	1.29
Market price per share, end of period, EUR			
Series A	27.00	28.00	26.50
Series B	25.00	25.45	24.50
Equity capital per share, EUR ³	10.43	9.70	10.86
Return on equity after taxes, % (ROE) ⁴	19.8	17.2	13.3
Return on total assets (ROA), % ⁵	1.1	0.9	0.7
Equity/assets ratio, % ⁶	5.29	4.98	5.58
Total lending volume, EUR M	1,956	1,802	1,912
Total deposits from the public, EUR M	1,628	1,583	1,599
Equity capital, EUR M	120	107	122
Balance sheet total, EUR M	2,272	2,143	2,189
Expense/income ratio			
Including loan losses	0.56	0.59	0.66
Excluding loan losses	0.56	0.59	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 Profit for the period / Balance sheet total

CAPITAL ADEQUACY

Bank of Åland Group	Mar 31 2007 Basel 2	Mar 31 2006 Basel 1	Dec 31 2006 Basel 2
Capital base, EUR M			
Core capital *	92.2	84.5	88.3
Supplementary capital	54.4	49.6	53.4
Total capital base	146.6	134.1	141.7
Capital requirement for credit risks	78.6	97.9	75.5
Capital requirement for operational risks	8.0		7.3
Total capital requirement	86.6	97.9	82.5
Total capital ratio, %	13.5	11.0	13.7
Core capital ratio, %	8.5	6.9	8.5

* 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 March 31, 2006 is not comparable to the other figures.

SUMMARY BALANCE SHEET

Bank of Åland Group (EUR M)	Mar.31 2007	Mar.31 2006	Dec.31 2006
ASSETS			
Liquid assets	64	50	65
Debt securities eligible for refinancing with central banks	76	47	57
Claims on credit institutions	69	146	60
Claims on the public and public sector entities	1,956	1,802	1,912
Debt securities	0	0	0
Shares and participations	3	4	4
Shares and participations in associated companies	2	1	2
Derivative instruments	27	20	27
Intangible assets	5	4	5
Tangible assets	25	24	23
Other assets	25	27	17
Accrued income and prepaid expenses	18	16	16
Deferred tax assets	1	1	1
TOTAL ASSETS	2,272	2,143	2,189
LIABILITIES AND EQUITY CAPITAL			
Liabilities to credit institutions	66	75	62
Liabilities to the public and public sector entities	1,293	1,215	1,261
Debt securities issued to the public	621	594	597
Derivative instruments	26	20	26
Other liabilities	57	51	35
Accrued expenses and prepaid income	20	16	12
Subordinated liabilities	56	55	60
Deferred tax liabilities	13	12	13
TOTAL LIABILITIES	2,151	2,036	2,066
EQUITY CAPITAL AND MINORITY INTEREST			
Share capital	23	22	23
Share issue	0	0	0
Share premium account	33	26	29
Reserve fund	25	25	25
Fair value reserve	0	0	0
Retained earnings	31	28	28
Profit for the period	6	5	15
Minority interest in capital	2	1	2
TOTAL EQUITY CAPITAL	120	107	122
TOTAL LIABILITIES AND EQUITY CAPITAL	2,272	2,143	2,189

SUMMARY INCOME STATEMENT

Bank of Åland Group (EUR M)	Jan-Mar 2007	Jan-Mar 2006	Jan-Dec 2006
Net interest income	9.2	8.1	32.7
Income from equity instruments	0.0	0.0	0.0
Commission income	5.4	4.4	18.4
Commission expenses	-0.5	-0.4	-1.7
Net income from securities transactions and foreign exchange dealing	0.9	0.7	2.3
Net income from financial assets available for sale	0.5	0.3	0.3
Net income from investment properties	0.1	0.0	0.2
Other operating income	2.9	2.3	9.4
Total income	18.5	15.5	61.6
Staff costs	-6.0	-5.3	-22.5
Other administrative expenses	-1.9	-1.9	-9.4
Production for own use	0.1	0.1	0.5
Depreciation/amortisation	-1.3	-1.0	-4.0
Other operating expenses	-1.3	-1.1	-5.4
Total expenses	-10.4	-9.3	-40.9
Impairment loss on loans and other commitments	-0.1	0.0	0.0
Share of profit in associated companies	0.1	0.1	0.3
Net operating profit	8.1	6.4	21.1
Income taxes	-2.1	-1.6	-5.4
Profit for the period	6.0	4.7	15.7
Shareholders interest in profit for the period	5.7	4.5	1.0
Minority interest in profit for the period	0.3	0.2	14.7
Total	6.0	4.7	15.7
Earnings per share			
Earnings per share before dilution, EUR ¹	0.50	0.41	1.29
Earnings per share after dilution, EUR ²	0.50	0.40	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 I 2007	Q IV 2006	Q III 2006	Q II 2006	Q I 2006
Net interest income	9.2	8.6	8.2	7.8	8.1
Income from equity instruments	0.0	0.0	0.0	0.0	0.0
Commission income	5.4	4.9	4.3	4.9	4.4
Commission expenses	-0.5	-0.5	-0.4	-0.4	-0.4
Net income from securities transactions and foreign exchange dealing	0.9	0.8	0.1	0.6	0.7
Net income from financial assets available for sale	0.5	0.1	0.0	-0.1	0.3
Net income from investment properties	0.1	0.2	0.1	0.0	0.0
Other operating income	2.9	2.8	2.4	2.0	2.3
Total income	18.5	16.8	14.6	14.6	15.5
Staff costs	-6.0	-6.5	-5.2	-5.6	-5.3
Other administrative expenses	-1.9	-3.1	-1.8	-2.5	-1.9
Production for own use	0.1	0.1	0.1	0.1	0.1
Depreciation/ amortisation	-1.3	-1.0	-1.0	-1.0	-1.0
Other operating expenses	-1.3	-1.9	-1.2	-1.2	-1.1
Total expenses	-10.4	-12.4	-9.1	-10.2	-9.3
Loss impairment on loans and other commitments	-0.1	-0.1	0.0	0.1	0.0
Share of profit in associated companies	0.1	0.1	0.0	0.1	0.1
Net operating profit	8.1	4.5	5.6	4.6	6.4

CHANGES IN EQUITY CAPITAL

Bank of Åland Group EUR M	Share capital	Share issue	Share premium account	Legal reserve	Fair value reserve	Retained earnings	Minority interest	Total
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					0.0			0.0
- transferred to income statement					-0.2			-0.2
Profit for the period					0.0	4.5	0.2	4.7
Total recognised income and expenses during the period					-0.2	4.5	0.2	4.6
Dividend to shareholders						-11.0	-0.5	-11.5
Conversion of capital loan	0.0		0.3					0.3
Other change in minority interest in equity capital							0.0	0.0
Equity capital, March 31, 2006	22.2	0.0	26.4	25.1	0.2	32.2	0.6	106.8
Financial assets available for sale:								
- change in fair value					0.0			
- transferred to income statement					0.2			0.2
Profit for the period					0.0	10.2	0.8	10.9
Total recognised income and expenses during the period					0.2	10.2	0.8	11.1
Conversion of capital loan	0.4	0.3	2.8					3.6
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					0.2			0.2
Profit for the period						5.7	0.3	6.0
Total recognised income and expenses during the period						5.7	0.3	6.0
Dividend to shareholders ¹					0.0	-11.5	-0.8	-12.3
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, March 31, 2007	23.3	0.0	33.3	25.1	0.4	36.6	1.6	120.3

¹ The dividend payment for Series A shares, EUR 5.2 M, and for Series B shares, EUR 6.3 M, was carried under "Other liabilities".

² During the report period, 289,932 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 0.5 M and an increase in the share premium account by EUR 3.8 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:

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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-March 31, 2007 was approved by the Board of Directors on April 20.

2. BASIS FOR PREPARATION AND ESSENTIAL ACCOUNTING PRINCIPLES

Basis for preparation

The Interim Report for the period January 1-March 31, 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:

IFRS 7, "Financial instruments: Disclosures"

A new standard that deals with disclosure requirements for all risks arising through financial instruments. The standard is applicable to all companies that possess financial instruments. The Group has decided to apply IFRS starting in 2007.

IFRIC 10, "Interim Financial Reporting and Impairment"

This interpretation is the result of a contradiction between the standard on interim reports, IAS 34, and the one on impairments, IAS 36. IFRIC 10 clarifies that an impairment loss recognised in an interim report may not be reversed in a later interim or full year financial report. The Group is applying IFRIC 10 starting in 2007.

IFRIC 9, "Reassessment of Embedded Derivatives"

This interpretation clarifies certain aspects of the treatment of embedded derivatives in compliance with IAS

The Group is not affected by amendments to the following:

IFRIC 7, "Applying the Restatement Approach under IAS Financial Reporting in Hyperinflationary Economies"

IFRIC 8, "Scope of IFRS 2 Share-based Payment"

IFRIC 11, "Share-based Payment – Group and Treasury Share Transactions"

IFRIC 12, "Service Concession Arrangements"

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. CASH FLOW STATEMENT

Bank of Åland Group (EUR M)	Jan-Mar 2007		Jan-Mar 2006	
Cash and cash equivalents	130.2		217.4	
Cash flow from operating activities				
Net operating profit	8.1		6.4	
Adjustment for net operating profit items not affecting cash flow	1.1		0.3	
Gains from investing activities	-0.5		-0.2	
Income taxes paid	-0.9		-1.4	
Changes in assets and liabilities in operating activities	-16.1	-8.3	-52.6	-47.5
Cash flow from investing activities	-2.6		-0.2	
Cash flow from financing activities	33.9		-11.5	
Cash and cash equivalents, March 31	153.2		158.2	

5. 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 – Mar 2007				Total
	Banking operations	IT operations	Other	Eliminations	
External income	13.9	2.8	1.9		18.5
Internal income	0.2	2.6		-2.8	0.0
Total income	14.1	5.4	1.9	-2.8	18.5
Costs incl. depreciation etc.	-8.1	-3.9	-1.2	2.8	-10.4
Loan losses	-0.1				-0.1
Share of profit in associated companies			0.1		0.1
Net operating profit	5.8	1.5	0.8	0.0	8.1
Assets	1,959.2	8.8	304.7	-1.0	2,271.7
Liabilities	-1,914.0	-4.7	-233.1	0.4	-2,151.4
Equity capital					120.3

Bank of Åland Group (EUR M)	Jan – Mar 2006				Total
	Banking operations	IT operations	Other	Eliminations	
External income	11.4	2.2	1.8		15.5
Internal income	0.2	2.3		-2.6	0.0
Total income	11.7	4.6	1.8	-2.6	15.5
Costs incl. depreciation etc.	-7.8	-3.2	-0.8	2.6	-9.3
Loan losses	0.0				0.0
Share of profit/loss in associated companies			0.1		0.1
Net operating profit	3.8	1.3	1.2	0.0	6.4
Assets	1,804.7	4.5	334.6	-0.9	2,142.8
Liabilities	-1,808.7	-5.4	-224.0	2.1	-2,036.0
Equity capital					106.8

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 management and related corporate expenses.

6. INCOME TAXES

Bank of Åland Group (EUR K)	Mar 31 2007	Mar 31 2006
Taxes for the report period and earlier report periods	2,091	1,480
Change in deferred tax assets/liabilities	31	135
Income taxes	2,122	1,615

7. 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. The dividend for 2006 was carried under “Other liabilities” on March 31, 2007. The dividend for 2005 was paid on March 31, 2006.

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

Bank of Åland Group (EUR M)	Mar 31 2007	Mar 31 2006	Dec 31 2006
Deposit accounts from the public and public sector entities			
Demand deposit accounts	158	170	180
Current accounts	209	187	199
Savings and Environmental Accounts	93	102	99
Prime Accounts	451	442	445
Time deposits	316	240	268
<i>Total deposit accounts in euros</i>	1,228	1,141	1,191
Deposit accounts in other currencies	63	70	67
Total deposit accounts	1,291	1,211	1,259
Bonds	171	182	180
Certificates of deposit issued to the public *	166	189	160
Bonds and certificates of deposit	337	371	340
Total deposits	1,628	1,583	1,599

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

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

Bank of Åland Group (EUR M)	Mar 31 2007	Mar 31 2006	Dec 31 2006
BUSINESS AND PROFESSIONAL ACTIVITIES			
<i>Service sector</i>			
Shipping	65	61	60
Hotels, restaurants, tourist cottages etc.	12	12	12
Wholesale and retail trade	50	44	47
Housing corporations	51	40	54
Real estate operations	96	93	96
Financial operations	139	153	126
Other service business	78	75	83
	492	477	477
<i>Production sector</i>			
Agriculture, forestry and fishing	18	21	20
Food processing etc	7	8	7
Construction	23	27	22
Other industry and crafts	10	8	11
	59	64	60
HOUSEHOLDS			
Home loans	1,078	984	1,063
Studies	14	13	14
Other purposes	287	235	271
	1,379	1,233	1,347
PUBLIC SECTOR AND NON-PROFIT ORGANISATIONS	27	28	27
TOTAL LENDING	1,956	1,802	1,912

10. OFF-BALANCE SHEET COMMITMENTS

Bank of Åland Group (EUR M)	Mar.31 2007	Mar.31 2006	Dec.31 2006
Guarantees and pledges	26	14	16
Other commitments	157	143	154
	184	158	170

11. DERIVATIVE CONTRACTS

Bank of Åland Group (EUR M)	Mar 31, 2007		Mar 31, 2006	
	For hedging purposes	Other	For hedging purposes	Other
<i>Value of underlying property</i>				
Interest rate derivatives				
Interest rate swap contracts	309.8	8.6	334.2	8.6
Currency derivatives				
Forward contracts	4.0	3.5	10.9	11.4
Interest rate and currency swap contracts	0.0	1.4	0.0	1.1
Equity derivatives				
Option contracts				
Purchased	149.0	0.0	160.7	0.0
Written	0.0	149.0	0.0	160.7
	462.8	162.5	505.8	181.8
Equivalent credit values of the contracts				
Interest rate derivatives	4.7		3.0	
Currency derivatives	0.2		0.5	
Equity derivatives	35.2		29.3	
	40.1		32.8	

12. MATURITY BREAKDOWN OF CLAIMS AND LIABILITIES

Bank of Åland Group (EUR M)	Mar 31, 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						
	64	10	2	0	0	76
Credit institutions and central banks						
	69	0	0	0	0	69
The public and public sector entities						
	155	234	712	833	23	1,956
Other debt securities						
	0	0	0	0	0	0
	288	244	714	833	23	2,102
Liabilities						
Credit institutions and central banks						
	66	0	0	0	0	66
The public and public sector entities						
	1,207	71	14	1	0	1,293
Debt securities issued to the public						
	336	181	103	0	0	621
Subordinated liabilities						
	1	0	22	33	0	56
	1,610	253	140	34	0	2,036

13. INTEREST RATE REFIXING PERIODS

Bank of Åland Group (EUR M)	Mar 31, 2007					Total
	< 3 mo	3-6 mo	6-12 mo	1-5 yrs	> 5 yrs	
Assets	1,279.3	371.5	479.9	221	30.7	2,382.4
Liabilities	1,327.1	322.7	338	234.1	30.3	2,252.2
Difference between assets and liabilities	-47.8	48.8	141.9	-13.1	0.4	130.2

Shows the Bank's interest rate-related assets and liabilities, including derivatives, according to the interest rate refixing date as of March 31, 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 – March 31, 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, April 23, 2007

Marja Tikka
Authorised Public Accountant

Leif Hermans
Authorised Public Accountant

Rabbe Nevelainen
Authorised Public Accountant