

Interim Report

For the period January – March 2008

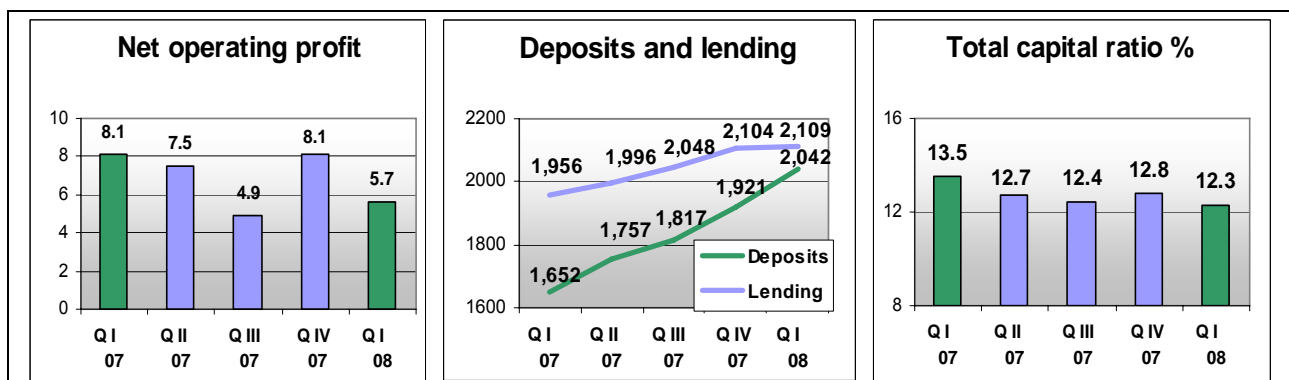
April 28, 2008

The report period in brief

- Consolidated net operating profit decreased by 30 per cent to 5.7 million euros (January – March 2007: EUR 8.1 M). The reason for most of the decrease was that positive nonrecurring items during 2007 were replaced by negative ones during the first quarter of 2008
- Net interest income increased by 10 per cent to EUR 10.1 M (9.2)
- Commission income decreased by 5 per cent to EUR 5.1 M (5.4)
- Total income decreased by 2 per cent to EUR 18.1 M (18.5)
- Expenses increased by 21 per cent to EUR 12.5 M (10.4)
- Loan losses amounted to EUR 0.0 M (0.1)
- Lending volume increased by 8 per cent to EUR 2,109 M (March 2007: 1,956)
- Deposits increased by 24 per cent to EUR 2,042 M (March 2007: 1,652)
- Mutual fund capital under management decreased by 14 per cent to EUR 340 M (395)
- Return on equity after taxes (ROE) was 12.1 (19.8) per cent
- The expense/income ratio deteriorated to 69 (56) per cent
- The total capital ratio in compliance with Basel 2 amounted to 12.3 per cent (13.5)
- Earnings per share after taxes amounted to EUR 0.34 (0.50)

“Generally speaking, financial market turmoil will adversely affect the banking system. A limited opportunity to increase earnings at the pace prevailing in recent years will entail a focus on keeping the cost trend under control.”

Peter Wiklöf, Managing Director



BANK OF ÅLAND

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 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) that have been adopted by the European Union, as well as with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

Earnings summary for the report period

During January-March 2008, the consolidated net operating profit of the Bank of Åland Group decreased by 30¹ per cent to EUR 5.7 M (8.1). Net interest income was higher than in the corresponding period last year, but earnings were weighed down by increased expenses, diminished commission income, the fact that positive nonrecurring items during 2007 were replaced by negative ones and reduced invoicing at Crosskey due to a labour dispute.

Income decreased by 2 per cent to EUR 18.1 M (18.5), while expenses increased by 21 per cent to EUR 12.5 M (10.4). Return on equity after taxes (ROE) fell to 12.1 (19.8) per cent, and earnings per share to EUR 0.34 (0.50).

Net interest income

During the report period, consolidated net interest income increased by 10 per cent to EUR 10.1 M (9.2) as a result of higher interest rates and larger volume of both deposits and lending. During the period, margins showed a negative trend. Lending volume increased by 8 per cent to EUR 2,109 M (1,956), and deposit volume increased by 24 per cent to EUR 2,042 M (1,652).

Other income

Commission income fell by 5 per cent to EUR 5.1 M (5.4). Income on securities brokerage increased, while decreased managed assets meant lower income on mutual fund and asset management.

Net income from securities trading for the Bank's own account was EUR 0.4 M (0.7). Net income from dealing in the foreign exchange market was unchanged at EUR 0.3 M (0.3). Net income from financial assets available for sale was EUR 0.0 M (0.5), and net income from investments properties was unchanged at EUR 0.1 M (0.1).

Other operating income also decreased, to EUR 2.6 M (2.9), due to lower income from the sale and development of information technology (IT) systems.

The Group's total income decreased by 2 per cent to EUR 18.1 M (18.5).

Expenses

Staff costs rose by 19 per cent to EUR 7.1 M (6.0), due to employee recruitment and salary increases as well as continued spending on proficiency-enhancement programmes in the Group. Changes in the Bank's pension fund, Ålandsbanken Abp:s Pensionsstiftelse, according to the corridor approach, affected staff costs in the amount of EUR -0.0 M (-0.3).

Other administrative expenses (office, marketing, communications and IT) increased to EUR 2.7 M (1.9). Production for own use totalled EUR -0.2 M (-0.1) and was related to expenses for computer software, which in accordance with IFRSs must be capitalised. Depreciation/amortisation increased to EUR 1.5 M (1.3). Other operating expenses amounted to EUR 1.4 M (1.3).

The Group's total expenses rose by 21 per cent to EUR 12.5 M (10.4).

Impairment losses on loans and other commitments

Loan losses amounted to EUR 0.0 M (0.1).

Balance sheet total and off-balance sheet obligations

At the end of the report period, the Group's balance sheet total amounted to EUR 2,732 M (2,272). During the report period, the Group issued bond loans to the public in a nominal amount of EUR 7 M.

Off-balance sheet obligations decreased to EUR 170 M (183).

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

Personnel

Hours worked in the Group, recalculated to full-time equivalent positions, totalled 486 during January–March 2008 (435). This represented an increase of 51 positions compared to the same period last year.

| Bank of Åland Group | Mar 31 2008 | Mar 31 2007 |
|--|----------------|----------------|
| Bank of Åland Plc | 318 | 290 |
| Ab Compass Card Oy Ltd | 5 | 2 |
| Crosskey Banking Solutions Ab Ltd | 138 | 118 |
| Ålandsbanken Asset Management Ab | 13 | 12 |
| Ålandsbanken Fondbolag Ab | 7 | 8 |
| Ålandsbanken Kapitalmarknadstjänster Ab, until September 30, 2007 | 0 | 5 |
| Ålandsbanken Veranta Ab | 5 | 0 |
| Total number of full-time equivalent positions, recalculated from hours worked | 486 | 435 |

Expense/income ratio

Efficiency measured as expenses divided by income, including and excluding loan losses, respectively:

| Bank of Åland Group | Mar 31 2008 | Mar 31 2007 |
|-----------------------|----------------|----------------|
| Including loan losses | 0.69 | 0.56 |
| Excluding loan losses | 0.69 | 0.56 |

Capital adequacy

The Group is reporting capital adequacy in accordance with Pillar 1 in the Basel 2 regulations. According to Pillar 1 of Basel 2, the Group's total capital ratio at the end of March 2008 was 12.3 per cent. The capital requirement for credit risks has been calculated according to the standardised approach, and the capital requirement for operational risks has been calculated according to the basic indicator approach in the Basel 2 regulations.

Capital adequacy

| Bank of Åland Group | Mar 31 2008 | Mar 31 2007 | Dec 31 2007 |
|---|----------------|----------------|----------------|
| Capital base, EUR M | | | |
| Core capital | 103.5 | 92.2 | 103.3 |
| Supplementary capital | 49.6 | 54.4 | 51.3 |
| Total capital base | 153.1 | 146.6 | 154.6 |
| Capital requirement for credit risks | 90.6 | 78.6 | 88.5 |
| Capital requirement for operational risks | 9.3 | 8.0 | 8.0 |
| Total capital requirement | 99.8 | 86.6 | 96.5 |
| Total capital ratio, % | 12.3 | 13.5 | 12.8 |
| Core capital ratio, % | 8.3 | 8.5 | 8.6 |

Deposits

Deposits from the public, including bonds and certificates of deposit issued, continued to increase during the 12 months to March 31, 2008 by 24 per cent to EUR 2,042 M (1,652). Deposit accounts increased by 21 per cent to EUR 1,566 M (1,291). Bonds and certificates of deposit issued to the public rose by 32 per cent to EUR 476 M (361).

Lending

The volume of lending to the public during the 12 months to March 31, 2008 rose by 8 per cent to EUR 2,109 M (1,956). Lending to households increased by 4 per cent to EUR 1,434 M (1,379). Households accounted for 68 (71) per cent of the Group's total lending. Lending to the service sector rose by 22 per cent to EUR 597 M (492), while lending to the production sector fell by 9 per cent to EUR 53 M (59).

Ab Compass Card Oy Ltd

Ab Compass Card Oy Ltd is a subsidiary of the Bank of Åland Plc. 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 during 2008. The company currently has 6 employees and offices in Mariehamn and Helsinki.

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 DnB NOR, S-Bank, Tapiola Bank, the Bank of Åland, eQ Bank and EGET. Crosskey currently has 155 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 asset management services to institutions and private individuals. The company also manages all of the Bank of Åland's mutual funds. The year 2008 began in the shadow of the global financial market crisis. The influx of new customers slowed significantly, and it was challenging to maintain portfolio values. However, due to the company's conservative investment strategy, disruptions in the investment environment primarily represented opportunities for buyers to take advantage of bargains in the markets. Despite the market situation, the company maintained the same level of profitability as the year before. The company currently has about 350 customers and EUR 900 M in managed assets. Assets of private individuals available for financial investment continue to grow. When the trend towards putting these assets under management also increases, the company will also enjoy good future prospects.

Ålandsbanken Fondbolag Ab

Ålandsbanken Fondbolag Ab is a wholly-owned subsidiary of the Bank of Åland Plc. All the mutual funds (unit trusts) that the company manages are registered in Finland. On March 31, 2008, the total number of unit holders was 14,344 (13,253 on March 31, 2007). This represented an increase of 8 per cent. Assets under management totalled EUR 340 M (395 on March 31, 2007), a decrease of 14 per cent.

Ålandsbanken Veranta Ab

Ålandsbanken Veranta Ab is a subsidiary of the Bank of Åland Plc. Its operations include estate agency, appraisal and consulting business. The company currently has 8 employees and offices in Helsinki and Tampere.

Annual General Meeting

The Annual General Meeting of Shareholders (AGM) of the Bank of Åland on April 10, 2008 approved the Board of Directors' proposal for the distribution of a dividend of EUR 1.00 per share for 2007. The record date for dividend payment was April 15, 2008. The dividend was distributed on April 22, 2008.

The AGM unanimously re-elected Sven-Harry Boman, Kent Janér, Agneta Karlsson, Göran Lindholm, Leif Nordlund, Teppo Taberman and Anders Wiklöf as members of the Board of Directors.

Important events after the close of the reporting period

No important events have occurred after the close of the report period.

Outlook for 2008

The Group's financial planning assumes unchanged interest rates compared to 2007, a continued positive trend in business volume at margins that do not shrink as sharply as before, stable earnings in asset management operations and good growth in the Group's IT operations. Income from IT operations during the rest of the year will be substantially better than during the first quarter. The cost level in the Group is expected to rise, due to increased regulatory requirements as well as investments in new skills. Competition in the banking market is expected to remain tough and to be affected by international financial market instability. Based on these factors, and taking into account that 2007 earnings included large nonrecurring items, the Group's operating income is expected to be lower than in 2007.

It should be added that at present there is great uncertainty in the global financial system, especially as regards the international banking system. The Bank of Åland is not directly affected by this, but if the situation should deteriorate further the Bank may be affected indirectly, for example in case of a generally poorer economic situation. The outlook for 2008 is thus fraught with greater uncertainty than normal.

The Group's assessment of the outlook for 2008 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.

Financial information in 2008

Interim Reports will be published as follows in 2008:

| | |
|------------------------|--------------------------|
| January-June 2008 | Monday, August 25, 2008 |
| January-September 2008 | Monday, October 27, 2008 |

Mariehamn, April 28, 2008

THE BOARD OF DIRECTORS

FINANCIAL RATIOS ETC

| Bank of Åland Group | Jan-Mar 2008 | Jan-Mar 2007 | Full year 2007 |
|--|-----------------|-----------------|-------------------|
| Earnings per share before dilution, EUR ¹ | 0.34 | 0.50 | 1.75 |
| Earnings per share after dilution, EUR ² | 0.34 | 0.50 | 1.75 |
| Market price per share, end of period, EUR | | | |
| Series A | 31.80 | 27.00 | 37.00 |
| Series B | 26.06 | 25.00 | 27.80 |
| Equity capital per share, EUR ³ | 11.91 | 10.29 | 11.54 |
| Return on equity after taxes, % (ROE) ⁴ | 12.1 | 19.8 | 16.4 |
| Return on total assets (ROA), % ⁵ | 0.6 | 1.1 | 0.9 |
| Equity/assets ratio, % ⁶ | 5.1 | 5.3 | 5.2 |
| Total lending volume, EUR M | 2,109 | 1,956 | 2,104 |
| Total deposits from the public, EUR M | 2,042 | 1,652 | 1,921 |
| Equity capital, EUR M | 138 | 120 | 135 |
| Balance sheet total, EUR M | 2,732 | 2,272 | 2,592 |
| Expense/income ratio | | | |
| Including loan losses | 0.69 | 0.56 | 0.62 |
| Excluding loan losses | 0.69 | 0.56 | 0.61 |

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

SUMMARY BALANCE SHEET

| Bank of Åland Group EUR M | Mar 31 2008 | Mar 31 2007 | Dec 31 2007 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| Cash | 38 | 64 | 39 |
| Debt securities eligible for refinancing with central banks | 177 | 76 | 132 |
| Claims on credit institutions | 214 | 69 | 153 |
| Claims on the public and public sector entities | 2,109 | 1,956 | 2,104 |
| Debt securities | 87 | 0 | 50 |
| Shares and participations | 3 | 3 | 3 |
| Shares and participations in associated companies | 1 | 2 | 2 |
| Derivative instruments | 21 | 27 | 34 |
| Intangible assets | 6 | 5 | 6 |
| Tangible assets | 28 | 25 | 26 |
| Other assets | 24 | 25 | 21 |
| Accrued income and prepayments | 23 | 18 | 21 |
| Deferred tax assets | 1 | 1 | 1 |
| TOTAL ASSETS | 2,732 | 2,272 | 2,592 |
| LIABILITIES | | | |
| Liabilities to credit institutions | 52 | 66 | 53 |
| Liabilities to the public and public sector entities | 1,567 | 1,293 | 1,534 |
| Debt securities issued to the public | 811 | 644 | 739 |
| Derivative instruments | 2 | 3 | 3 |
| Other liabilities | 66 | 57 | 39 |
| Accrued expenses and prepaid income | 26 | 20 | 21 |
| Subordinated liabilities | 52 | 56 | 52 |
| Deferred tax liabilities | 16 | 13 | 16 |
| TOTAL LIABILITIES | 2,594 | 2,151 | 2,457 |
| EQUITY CAPITAL AND MINORITY INTEREST | | | |
| Share capital | 23 | 23 | 23 |
| Share premium account | 33 | 33 | 33 |
| Reserve fund | 25 | 25 | 25 |
| Fair value reserve | 1 | 0 | 0 |
| Retained earnings | 55 | 37 | 51 |
| Shareholders' interest in equity capital | 137 | 119 | 133 |
| Minority interest in capital | 1 | 2 | 2 |
| TOTAL EQUITY CAPITAL | 138 | 120 | 135 |
| TOTAL LIABILITIES AND EQUITY CAPITAL | 2,732 | 2,272 | 2,592 |

SUMMARY INCOME STATEMENT

| Bank of Åland Group EUR M | Jan-Mar 2008 | Jan-Mar 2007 | Full year 2007 |
|--|-----------------|-----------------|-------------------|
| Net interest income | 10.1 | 9.2 | 39.3 |
| Income from equity investments | 0.0 | 0.0 | 0.0 |
| Commission income | 5.1 | 5.4 | 20.3 |
| Commission expenses | -0.5 | -0.5 | -2.0 |
| Net income from securities transactions and foreign exchange dealing | 0.7 | 0.9 | 4.2 |
| Net income from financial assets available for sale | 0.0 | 0.5 | 1.1 |
| Net income from investment properties | 0.1 | 0.1 | 0.6 |
| Other operating income | 2.6 | 2.9 | 11.9 |
| Total income | 18.1 | 18.5 | 75.4 |
| Staff costs | -7.1 | -6.0 | -26.2 |
| Other administrative expenses | -2.7 | -1.9 | -10.3 |
| Production for own use | 0.2 | 0.1 | 1.0 |
| Depreciation/amortisation | -1.5 | -1.3 | -4.9 |
| Other operating expenses | -1.4 | -1.3 | -5.6 |
| Total expenses | -12.5 | -10.4 | -46.0 |
| Loan and guarantee losses | 0.0 | -0.1 | -1.0 |
| Share of profit in companies consolidated according to the equity method | 0.1 | 0.1 | 0.2 |
| Net operating profit | 5.7 | 8.1 | 28.6 |
| Income taxes | -1.5 | -2.1 | -7.6 |
| Profit for the period | 4.2 | 6.0 | 21.0 |
| Shareholders' interest in profit for the period | 3.9 | 5.7 | 20.2 |
| Minority interest in profit for the period | 0.2 | 0.3 | 0.8 |
| Total | 4.2 | 6.0 | 21.0 |
| Earnings per share | | | |
| Earnings per share before dilution, EUR ¹ | 0.34 | 0.50 | 1.75 |
| Earnings per share after dilution, EUR ² | 0.34 | 0.50 | 1.75 |

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 | Q I | Q IV | Q III | Q II | Q I |
|--|--------------|--------------|--------------|--------------|--------------|
| EUR M euro | 2008 | 2007 | 2007 | 2007 | 2007 |
| Net interest income | 10.1 | 10.5 | 9.9 | 9.7 | 9.2 |
| Income from equity investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Commission income | 5.1 | 5.1 | 4.6 | 5.2 | 5.4 |
| Commission expenses | -0.5 | -0.5 | -0.5 | -0.6 | -0.5 |
| Net income from securities transactions and foreign exchange dealing | 0.7 | 1.5 | 0.1 | 1.7 | 0.9 |
| Net income from financial assets available for sale | 0.0 | 0.2 | 0.0 | 0.3 | 0.5 |
| Net income from investment properties | 0.1 | 0.1 | 0.0 | 0.5 | 0.1 |
| Other operating income | 2.6 | 4.2 | 2.3 | 2.5 | 2.9 |
| Total income | 18.1 | 21.0 | 16.5 | 19.3 | 18.5 |
| Staff costs | -7.1 | -7.0 | -6.5 | -6.7 | -6.0 |
| Other administrative expenses | -2.7 | -3.9 | -2.1 | -2.4 | -1.9 |
| Production for own use | 0.2 | 0.7 | 0.1 | 0.1 | 0.1 |
| Depreciation/amortisation | -1.5 | -1.3 | -1.3 | -1.1 | -1.3 |
| Other operating expenses | -1.4 | -1.4 | -1.4 | -1.5 | -1.3 |
| Total expenses | -12.5 | -12.8 | -11.1 | -11.7 | -10.4 |
| Loan and guarantee losses | 0.0 | -0.1 | -0.6 | -0.3 | -0.1 |
| Share of profit/loss in associated companies | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 |
| Net operating profit | 5.7 | 8.1 | 4.9 | 7.5 | 8.1 |

CASH FLOW STATEMENT

| Bank of Åland Group | Jan-Mar | Jan-Mar |
|---|--------------|-------------|
| | 2008 | 2007 |
| Cash flow from operating activities | | |
| Net operating profit | 5.7 | 8.1 |
| Adjustment for net operating profit items not affecting cash flow | 1.9 | 1.1 |
| Gains from investing activities | -0.1 | -0.5 |
| Income taxes paid | -0.1 | -0.9 |
| Changes in assets and liabilities in operating activities | 134.8 | -16.1 |
| | <u>142.3</u> | <u>-8.3</u> |
| Cash flow from investing activities | -3.1 | -2.6 |
| Cash flow from financing activities | -1.9 | 33.9 |
| Change in cash and cash equivalents | <u>137.3</u> | <u>23.0</u> |
| Cash and cash equivalents, January 1 | 255.0 | 130.2 |
| Cash and cash equivalents, March 31 | 392.2 | 153.2 |

CHANGES IN EQUITY CAPITAL

| Bank of Åland Group | Share capital | Share issue | Share premium account | Reserve fund | Fair value reserve | Retained earnings | Total before minority interest | Minority interest | Total |
|---|---------------|-------------|-----------------------|--------------|--------------------|-------------------|--------------------------------|-------------------|--------------|
| EUR M | | | | | | | | | |
| Equity capital, Dec 31, 2006 | 22.7 | 0.3 | 29.2 | 25.1 | 0.4 | 42.4 | 120.1 | 2.1 | 122.2 |
| Financial assets available for sale: | | | | | | | | | |
| -changes in fair value | | | | | -0.2 | | -0.2 | | -0.2 |
| -transferred to income statement | | | | | 0.2 | | 0.2 | | 0.2 |
| Profit for the period | | | | | | 5.7 | 5.7 | 0.3 | 6.0 |
| Total recognised income and expenses during the period | | | | | 0.0 | 5.7 | 5.7 | 0.3 | 6.0 |
| Dividend to shareholders ¹ | | | | | | -11.5 | -11.5 | -0.8 | -12.3 |
| Conversion of capital loan | 0.6 | -0.3 | 4.1 | | | | 4.4 | | 4.4 |
| Other change in minority interest in equity capital | | | | | | | | | 0.0 |
| Equity capital, Mar 31, 2007 | 23.3 | 0.0 | 33.3 | 25.1 | 0.4 | 36.6 | 118.7 | 1.6 | 120.3 |
| Financial assets available for sale: | | | | | | | | | |
| -changes in fair value | | | | | 0.3 | | 0.3 | | 0.3 |
| -transferred to income statement | | | | | -0.3 | | -0.3 | | -0.3 |
| Profit for the period | | | | | | 14.5 | 14.5 | 0.5 | 15.0 |
| Total recognised income and expenses during the period | | | | | -0.1 | 14.5 | 14.4 | 0.5 | 15.0 |
| Dividend to shareholders | | | | | | | 0.0 | | 0.0 |
| Other change in minority interest in equity capital | | | | | | | | -0.3 | -0.3 |
| Equity capital, Dec 31, 2007 | 23.3 | 0.0 | 33.3 | 25.1 | 0.4 | 51.1 | 133.1 | 1.8 | 135.0 |
| Financial assets available for sale: | | | | | | | | | |
| -changes in fair value | | | | | 0.0 | | 0.0 | | 0.0 |
| -transferred to income statement | | | | | 0.3 | | 0.3 | | 0.3 |
| Profit for the period | | | | | | 3.9 | 3.9 | 0.2 | 4.2 |
| Total recognised income and expenses during the period | | | | | 0.3 | 3.9 | 4.3 | 0.2 | 4.5 |
| Dividend to shareholders | | | | | | 0.0 | 0.0 | -1.0 | -1.0 |
| Other change in minority interest in equity capital | | | | | | | 0.0 | | 0.0 |
| Equity capital, Mar 31, 2008 | 23.3 | 0.0 | 33.3 | 25.1 | 0.7 | 55.0 | 137.4 | 1.1 | 138.5 |

¹ The dividend payment consisted of EUR 5.2 M for Series A shares and EUR 6.3 M for Series B shares.

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 2
AX-22100 Mariehamn, Åland, Finland

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

This Interim Report for the financial period January 1-March 31, 2008 was approved by the Board of Directors on April 25, 2008.

2. BASIS FOR PREPARATION AND ESSENTIAL ACCOUNTING PRINCIPLES**Basis for preparation**

The Interim Report for the period January 1-March 31, 2008 has been prepared in compliance with the International Financial Reporting Standards (IFRSs) that have been adopted by the European Union, as well as with International Accounting Standard (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, 2007.

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, 2007, 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.

New accounting standards and interpretations in effect starting in 2008:

IAS 1, "Presentation of Financial Statements"

The standard has been revised in order to provide better information for analysis and comparison of companies. The Group will present its financial statements in compliance with the revised IAS 1 no later than for the financial period that begins on January 1, 2009.

IFRS 8, "Operating Segments"

The standard requires that a company provide financial and descriptive disclosures about its operating segments. IFRS replaces IAS 14, "Segment Reporting". The Group will present its financial statements in compliance with IFRS 8 no later than for the financial period that begins on January 1, 2009.

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 is applying IFRIC 14 beginning on January 1, 2008.

The Group is not affected by amendments to the following:

IAS 23, "Borrowing Costs"

IFRIC 12, "Service Concession Arrangement"

IFRIC 13, "Customer Loyalty Programmes"

3. ESTIMATES AND JUDGEMENTS

Preparation of financial statements in compliance with IFRSs requirements 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. 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 2008 | | | | |
|---|--------------------|-----------------------------------|------------|--------------|-------------|
| | Banking operations | Information technology operations | Other | Eliminations | Total |
| External income | 13.8 | 2.5 | 1.7 | | 18.1 |
| Internal income | -0.1 | 2.6 | | -2.4 | |
| Total income | 13.7 | 5.1 | 1.7 | -2.4 | 18.1 |
| Costs including depreciation etc. | -8.6 | -4.8 | -1.4 | 2.4 | -12.5 |
| Loan losses | 0.0 | | | | 0.0 |
| Share of profit in associated companies | | | 0.1 | | 0.1 |
| Net operating profit | 5.0 | 0.2 | 0.4 | 0 | 5.7 |
| Assets | 2,112.9 | 8.8 | 610.9 | -0.5 | 2,732.0 |
| Liabilities | -2,378.6 | -14.1 | -205.2 | 4.3 | -2,593.6 |
| Equity capital | | | | | 138.5 |

| Bank of Åland Group EUR M | Jan-Mar 2007 | | | | |
|---|--------------------|-----------------------------------|------------|--------------|-------------|
| | Banking operations | Information technology operations | Other | Eliminations | Total |
| 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 including 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 |

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, Ålandsbanken Kapitalmarknadstjänster Ab and Ålandsbanken Veranta 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.

5. INCOME TAXES

| Bank of Åland Group EUR K | Mar 31 2008 | Mar 31 2007 |
|--|----------------|----------------|
| Taxes for the report period and earlier report periods | 1,321 | 2,091 |
| Change in deferred tax assets/liabilities | 180 | 31 |
| Income taxes | 1 502 | 2 122 |

6. DIVIDEND

| Bank of Åland Group | 2007 | 2006 |
|---|------------|------------|
| EUR | | |
| Final dividend for 2007: EUR 1.00 per share | 11,536,122 | |
| Final dividend for 2006: EUR 1.00 per share | | 11,536,122 |

The dividend for 2007 was adopted by the Annual General Meeting on April 10, 2008.
The record date was April 15 and the payment date was April 22.

7. DEPOSITS FROM THE PUBLIC AND PUBLIC SECTOR including bonds and certificates of deposit issued

| Bank of Åland Group | Mar 31 | Mar 31 | Dec 31 |
|---|--------------|--------------|--------------|
| EUR M | 2008 | 2007 | 2007 |
| Deposit accounts from the public and public sector | | | |
| Demand deposit accounts | 197 | 158 | 153 |
| Current accounts | 216 | 209 | 213 |
| Environmental and Savings Accounts | 78 | 93 | 84 |
| Prime Accounts | 527 | 451 | 566 |
| Time deposits | 486 | 316 | 449 |
| <i>Total deposit accounts in euros</i> | 1,504 | 1,228 | 1,465 |
| Deposit accounts in other currencies | 62 | 63 | 67 |
| Total deposit accounts | 1,566 | 1,291 | 1,532 |
| Bonds and subordinated debentures * | 221 | 195 | 226 |
| Certificates of deposit issued to the public * | 255 | 166 | 163 |
| Total bonds and certificates of deposit | 476 | 361 | 389 |
| Total deposits | 2,042 | 1,652 | 1,921 |

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

8. LENDING TO THE PUBLIC AND PUBLIC SECTOR BY PURPOSE

| Bank of Åland Group (EUR M) | Mar 31 2008 | Mar 31 2007 | Dec 31 2007 |
|---|----------------|----------------|----------------|
| BUSINESS AND PROFESSIONAL ACTIVITIES | | | |
| <i>Service sector</i> | | | |
| Shipping | 110 | 65 | 97 |
| Hotels, restaurants, tourist cottages etc. | 13 | 12 | 12 |
| Wholesale and retail trade | 56 | 50 | 57 |
| Housing corporations | 57 | 51 | 56 |
| Real estate operations | 110 | 96 | 113 |
| Financial operations | 167 | 139 | 169 |
| Other service business | 83 | 78 | 86 |
| | 597 | 492 | 589 |
| <i>Production sector</i> | | | |
| Agriculture, forestry and fishing | 16 | 18 | 20 |
| Food processing etc | 7 | 7 | 6 |
| Construction | 20 | 23 | 20 |
| Other industry and crafts | 10 | 10 | 10 |
| | 53 | 59 | 55 |
| HOUSEHOLDS | | | |
| Home loans | 1,107 | 1,078 | 1,113 |
| Studies | 13 | 14 | 13 |
| Other household purposes | 313 | 287 | 308 |
| | 1,434 | 1,379 | 1,434 |
| PUBLIC SECTOR AND NON-PROFIT ORGANISATIONS | | | |
| | 25 | 27 | 25 |
| TOTAL LENDING | 2,109 | 1,956 | 2,104 |

9. OFF-BALANCE SHEET COMMITMENTS

| Bank of Åland Group EUR M | Mar 31 2008 | Mar 31 2007 | Dec 31 2007 |
|------------------------------|----------------|----------------|----------------|
| Guarantees and pledges | 21 | 26 | 25 |
| Other commitments | 149 | 157 | 143 |
| | 170 | 184 | 168 |

10. DERIVATIVE CONTRACTS

| Bank of Åland Group EUR M | Mar 31, 2008 | | Mar 31, 2007 | |
|---|-------------------------|-------------|-------------------------|-------------|
| | For hedging purposes | Other | For hedging purposes | Other |
| <i>Value of underlying property</i> | | | | |
| Interest rate derivatives | | | | |
| Interest rate swap contracts | 353.1 | 8.6 | 309.8 | 8.6 |
| Currency derivatives | | | | |
| Forward contracts | 21.5 | 20.2 | 4.0 | 3.5 |
| Interest rate and currency swap contracts | 0.0 | 0.1 | 0.0 | 1.4 |
| Equity derivatives | | | | |
| Option contracts | | | | |
| Purchased | 170.1 | 0.0 | 149.0 | 0.0 |
| | 544.7 | 28.9 | 462.8 | 13.5 |
| Equivalent credit values of the contracts | | | | |
| Interest rate derivatives | 4.9 | | 4.7 | |
| Currency derivatives | 0.9 | | 0.2 | |
| Equity derivatives | 30.6 | | 35.2 | |
| | 36.3 | | 40.1 | |

The Group does not apply hedge accounting to derivative contracts.

11. MATURITY BREAKDOWN OF CLAIMS AND LIABILITIES

| Bank of Åland Group | | Mar 31, 2008 | | | | |
|---|--------|--------------|-----------|------------|-------------|-------|
| EUR M | < 3 mo | 3 - 12 mo | 1 - 5 yrs | 5 - 10 yrs | Over 10 yrs | Total |
| Claims | | | | | | |
| Debt securities eligible for refinancing in central banks | 115 | 6 | 55 | 0 | | 177 |
| Credit institutions and central banks | 214 | 214 | | | | 214 |
| The public and public sector entities | 196 | 207 | 766 | 904 | 36 | 2,109 |
| Other debt securities | 87 | | | | | 87 |
| | 613 | 213 | 821 | 904 | 36 | 2,588 |
| Liabilities | | | | | | |
| Credit institutions and central banks | 22 | | 30 | | | 52 |
| The public and public sector entities | 1,455 | 107 | 5 | 0 | | 1,567 |
| Debt securities issued to the public | 436 | 240 | 135 | | | 811 |
| Subordinated liabilities | 2 | 10 | 7 | 33 | | 52 |
| | 1,915 | 357 | 177 | 33 | | 2,483 |

No estimates of maturity dates have been made. Spot deposits, for example, are found in the category < 3 months.

12. INTEREST RATE REFIXING PERIODS

| Bank of Åland Group | | Mar 31, 2008 | | | | |
|---|---------|--------------|---------|---------|------------|---------|
| EUR M | < 3 mo | 3-6 mo | 6-12 mo | 1-5 yrs | Over 5 yrs | Total |
| Assets | 2,032.4 | 215.4 | 418.9 | 278.6 | 38.9 | 2,984.3 |
| Liabilities | 2,184.3 | 131.6 | 257.2 | 228.9 | 39.7 | 2,841.7 |
| Difference between assets and liabilities | -151.9 | 83.8 | 161.7 | 49.7 | -0.8 | 142.6 |

Shows the Bank's interest rate-related assets and liabilities, including derivatives, according to the interest rate refixing date as of March 31, 2008.

Review Report, Bank of Åland Plc Interim Report for January 1 – March 31, 2008**To the Board of Directors of the Bank of Åland Plc*****Introduction***

We have reviewed the consolidated summary balance sheet of the Bank of Åland Plc on March 31, 2008, the consolidated summary income statement, the summary statement showing changes in consolidated equity capital and the consolidated summary cash flow statements for the three-month period ending on the above-mentioned date, as well as the summary of essential accounting principles and other disclosures in the notes. The Board of Directors and the Managing Director and Chief Executive are responsible for preparing the Interim Report and for providing accurate and sufficient information in compliance with the prevailing laws and regulations in Finland concerning the preparation of interim reports. On the basis of the review we have performed, at the request of the Board we are issuing our statement of opinion on the Interim Report in compliance with the Finnish Securities Markets Act, Chapter 2, Section 5a, Paragraph 7.

Scope of a review

This review was conducted in compliance with the standard on review engagements, Standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company". A review consists of making inquiries, primarily of persons chiefly responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially more limited in scope than an audit, which must be conducted in accordance with generally accepted auditing standards and recommendations. On the basis of a review, it is consequently not possible for us to gain confirmation that we are obtaining information about all those significant circumstances that might be identified in an audit. We are thus not issuing an audit report.

Statement of opinion

On the basis of our review, to our knowledge no circumstances have emerged that would give us reason to believe that the Interim Report does not provide accurate and sufficient disclosures about the financial position of the Bank of Åland Group on March 31, 2008 and its operating results and cash flows during the three-month period ending on that date, in accordance with the prevailing laws and regulations in Finland concerning the preparation of interim reports.

Mariehamn/Helsinki, April 28, 2008

Ernst & Young Ab
Authorised Public Accountants

Leif Hermans
Authorised Public Accountant

Marja Tikka
Authorised Public Accountant

Terhi Mäkinen
Authorised Public Accountant