

Interim Report

For the period January – September 2009

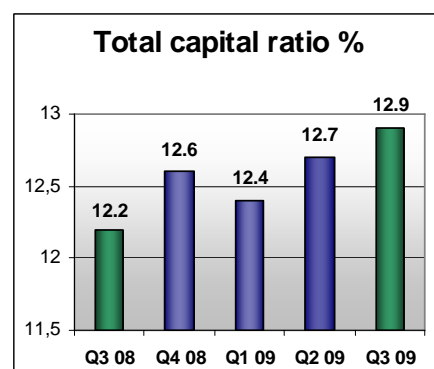
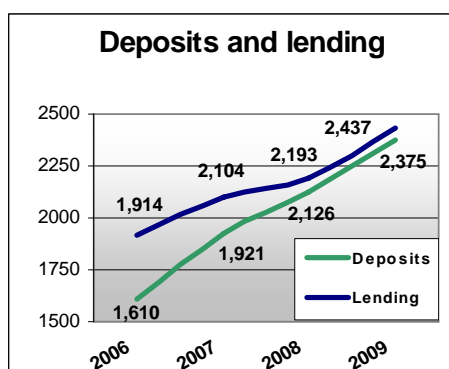
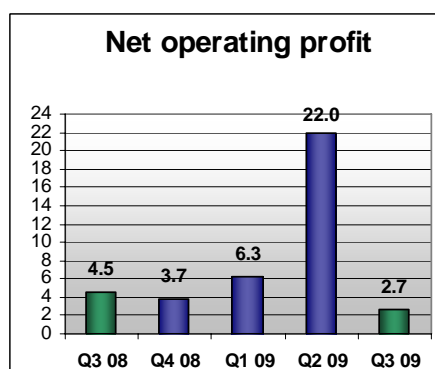
October 26, 2009

The report period in brief

- Consolidated net operating profit increased by 89 per cent to 30.9 million euros (January – September 2008: EUR 16.3 M)
- Recognition of negative goodwill from the purchase of Ålandsbanken Sverige AB improved income by EUR 23.1 M, while operational earnings at Ålandsbanken Sverige AB pulled down consolidated income by EUR 4.7 M
- Net interest income fell by 6 per cent to EUR 29.4 M (31.4)
- Commission income increased by 61 per cent to EUR 22.5 M (14.0)
- Net income from securities transactions and foreign exchange dealing rose to EUR 4.4 M (1.0)
- Total income increased by 19 per cent to EUR 64.1 M (54.0)
- Expenses rose by 45 per cent to EUR 54.2 M (37.5)
- Impairment losses amounted to EUR 2.4 M (0.5)
- Lending volume increased by 12 per cent to EUR 2,437 M (September 2008: 2,168)
- Deposits increased by 15 per cent to EUR 2,375 M (September 2008: 2,074)
- Mutual fund assets under management amounted to EUR 717 M (284)
- Return on equity after taxes (ROE) was 24.3 per cent (11.8)
- The expense/income ratio including negative goodwill was 65 (70) per cent
- The total capital ratio in compliance with Basel 2 amounted to 12.9 (12.2) per cent
- Earnings per share amounted to EUR 2.35 (0.99)

“At the same time as we are seeing a squeeze on net interest income, we see rising managed asset volume and commission income in capital market operations. At present, we have no need for further group loan loss provisions.”

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 Equities Ab, Ålandsbanken Equities Research Ab, Ålandsbanken Fondbolag Ab and Ålandsbanken Sverige AB (the latter based in Sweden) 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

Ålandsbanken Sverige AB (encompassing Ålandsbanken Sverige AB, Ålandsbanken Fonder AB and Alpha Management Company S.A.) was consolidated in the Bank of Åland Group in such a way that its balance sheet on September 30, 2009 and its earnings during the period April 1 – September 30, 2009 have been included in the consolidated financial statements. This affects comparability with the corresponding period of last year. The allocation between the Group's Finnish and Swedish business areas can be found in the table entitled "Earnings, newly acquired operations" on page 9.

During January-September 2009, the consolidated net operating profit of the Bank of Åland Group increased by 89¹ per cent to EUR 30.9 M (16.3 in the corresponding period of 2008). During the report period, the Group recognised EUR 23.1 M in negative goodwill as income, due to its purchase of Kaupthing Bank Sverige AB in Sweden. The Group's net interest income was lower than in the corresponding period last year because of falling interest rates. Consolidated commission income, net income from securities transactions and other operating income were higher than in the year-earlier period.

Income (excluding negative goodwill) increased by 19 per cent to EUR 64.1 M (54.0), while expenses rose by 45 per cent to EUR 54.2 M (37.5). Return on equity after taxes (ROE) increased to 24.3 (11.8) per cent, and earnings per share to EUR 2.35 (0.99).

Net interest income

During the report period, consolidated net interest income fell by 6 per cent to EUR 29.4 M (31.4), due to lower interest rates. During the period, margins on lending showed a positive trend. Ålandsbanken Sverige AB had net interest income of EUR 2.3 M. Lending volume rose by 12 per cent to EUR 2,437 M (2,168), while deposit volume increased by 15 per cent to EUR 2,375 M (2,074).

Other income

Commission income rose by 61 per cent to EUR 22.5 M (14.0). Income from securities, mutual fund and asset management commissions rose during the report period. Commission income at Ålandsbanken Sverige AB amounted to EUR 7.5 M.

Net income from securities trading for the Bank's own account was EUR 2.9 M (0.2). Valuation and realisation of value increases in interest rate hedging derivatives (the Bank of Åland does not apply hedge accounting) resulted in a positive nonrecurring effect of EUR 2.4 M during the first quarter. Net income from dealing in the foreign exchange market increased to EUR 1.5 M (0.7). Net income from financial assets available for sale was EUR 0.3 M (0.1), and net income from investment properties was EUR 0.2 M (0.1). Other operating income increased to EUR 10.4 M (8.9) as a consequence of higher income from the sale and development of information technology (IT) systems.

During the report period, the Bank of Åland Plc bought Kaupthing Bank Sverige AB in Sweden, now Ålandsbanken Sverige AB (encompassing Kaupthing Bank Sverige AB, Kaupthing Fonder AB and Alpha Management Company S.A.). The acquisition analysis showed that the net assets acquired after restructuring expenses amounted to EUR 57.2 M and the cost of the shares, including the purchase price and acquisition-related expenses, amounted to EUR 34.1 M. Negative goodwill of EUR 23.1 M was recognised as income in the Bank of Åland Group during the second quarter. For detailed information about the acquisition analysis, see Note 4 under "Notes to the consolidated interim report" on page 12.

The Group's total income (excluding negative goodwill) increased by 19 percent to EUR 64.1 M (54.0).

Expenses

Staff costs rose by 49 per cent to EUR 31.2 M (21.0) as a consequence of the acquisition of Ålandsbanken Sverige AB plus salary hikes as provided by collective agreements. Staff costs at Ålandsbanken Sverige AB amounted to EUR 8.5 M. Changes in the Bank's pension fund, Ålandsbanken Abp:s Pensionsstiftelse, according to the corridor approach affected staff costs in the amount of EUR 0.1 M (0.1).

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

Other administrative expenses (office, marketing, communications and IT) increased to EUR 11.7 M (7.9). Production for own use totalled EUR -1.1 M (-0.3) and was related to expenses for computer software, which in accordance with IFRSs must be capitalised. Depreciation/amortisation increased to EUR 4.8 M (4.4). Other operating expenses amounted to EUR 7.6 M (4.5).

The Group's total expenses rose by 45 per cent to EUR 54.2 M (37.5).

Impairment losses on loans and other commitments

Impairment losses amounted to EUR 2.4 M (0.5). Of these, EUR 0.9 M was individually targeted impairment losses and EUR 1.5 M a group impairment loss targeted to the real estate industry.

Third quarter of 2009

Compared to the third quarter of 2008, the Group's net operating profit decreased by 42 per cent to EUR 2.7 M (Q III 2008: 4.5).

Income

Total income (excluding negative goodwill) increased by 28 per cent to EUR 21.6 M (16.9). Lower interest rates led to a decrease in net interest income of 3 per cent to EUR 10.2 M (10.5), despite higher deposit and lending volume. During the quarter, Ålandsbanken Sverige AB had net interest income of EUR 1.2 M.

Commission income improved, amounting to EUR 9.4 M (3.8). Commission income on securities and asset management improved during the period. Commission income at Ålandsbanken Sverige AB totalled EUR 4.2 M. Net income from securities trading and foreign exchange operations increased to EUR 0.4 M (-0.1). Other operating income fell to EUR 3.1 M (3.2) as a consequence of lower income from real estate operations.

Expenses

Total expenses increased by 55 per cent to EUR 18.9 M (12.2). During the quarter, staff costs amounted to EUR 11.3 M (6.8). The number of employees in the Group increased as a consequence of the purchase of Ålandsbanken Sverige AB, while salary hikes were implemented as provided by collective agreements. Staff costs at Ålandsbanken Sverige AB totalled EUR 1.6 M. Other administrative expenses increased to EUR 4.2 M (2.3) during the third quarter, primarily because of higher external computer expenses. Due to increased property expenses and rents, other operating expenses rose to EUR 2.5 M (1.5). Impairment losses during the quarter totalled EUR 0.2 M.

Balance sheet total and off-balance sheet obligations

At the end of the report period, the Group's balance sheet total was EUR 3,321 M (2,728). During the period, the Group issued debenture loans 1/2009 and 2/2009 totalling EUR 34 M. With the permission of the Finnish Financial Supervisory Authority and in compliance with the terms of the loan, the Group carried out an early redemption of debenture loan 2/2004, which it had issued on June 4, 2004. Off-balance sheet obligations rose to EUR 340 M (165).

Personnel

Hours worked in the Group, recalculated to full-time equivalent positions, totalled 617 (511) during January – September 2009. This represented an increase by 106 positions compared to the year-earlier period. The increase was due to the acquisition of Ålandsbanken Sverige AB. The number of employees at Ålandsbanken Sverige AB on September 30, 2009 was 166.

Bank of Åland Group	Sep 30 2009	Sep 30 2008
Ålandsbanken Abp	311	329
Ab Compass Card Oy Ltd	5	6
Crosskey Banking Solutions Ab Ltd	151	147
Ålandsbanken Asset Management Ab	18	14
Ålandsbanken Fondbolag Ab	6	6
Ålandsbanken Equities Ab	5	0
Ålandsbanken Equities Research Ab	1	0
Ålandsbanken Sverige AB	120	0
Ålandsbanken Veranta Ab	0	9
Total number of full-time equivalent positions, recalculated from hours worked	617	511

Expense/income ratio

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

Bank of Åland Group	Sep 30 2009	Sep 30 2008
Including negative goodwill		
Including loan losses	0.65	0.70
Excluding loan losses	0.62	0.69
Excluding negative goodwill		
Including loan losses	0.88	0.70
Excluding loan losses	0.84	0.69

Capital adequacy

The Group is reporting capital adequacy in accordance with Pillar 1 in the Basel 2 regulations. The Group's total capital ratio at the end of September 2009 was 12.9 per cent. The capital requirement for credit risks has been calculated according to the standardised approach, and the capital requirement for operational risks according to the basic indicator approach in the Basel 2 regulations.

Capital adequacy

Bank of Åland Group	Sep 30 2009	Sep 30 2008	Dec 31 2008
Capital base, EUR M			
Core capital ¹	127.2	104.1	112.4
Supplementary capital	73.0	52.6	53.4
Total capital base	200.2	156.7	165.7
Capital requirements for credit risks	108.3	93.3	95.9
Capital requirements for operational risks	14.9	9.3	9.3
Capital requirements for market risks	0.9	0.0	0.0
Total capital requirement	124.1	102.5	105.1
Total capital ratio, %	12.9	12.2	12.6
Core capital ratio, %	8.2	8.1	8.6

¹ Profit for the period minus estimated dividends paid.

Deposits

Deposits from the public, including bonds and certificates of deposit issued, continued to increase during January–September 2009. On September 30, 2009, deposits totalled EUR 2,375 M (2,074), an increase of 15 per cent, of which EUR 274 M consisted of deposits at Ålandsbanken Sverige AB. Deposit accounts rose by 18 per cent to EUR 1,999 M (1,695). Bonds and certificates of deposit issued to the public decreased by 1 per cent to EUR 376 M (379).

Lending

During the 12 months to September 30, 2009, the volume of lending to the public increased by 12 per cent to EUR 2,437 M (2,168). The volume of lending at Ålandsbanken Sverige AB was EUR 133 M. Lending to households increased by 11 per cent to EUR 1,654 M (1,490). Households accounted for 68 (68) per cent of the Group's total lending volume. Lending to companies rose by 16 per cent to EUR 759 M (654).

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 its start-up phase and did not have operating income during the report period. 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, deliver and maintain banking computer systems to financial market players in Northern Europe, focusing on comprehensive solutions and efficient banking solutions. Among Crosskey's current customers are DnB NOR, S-Bank, Tapiola Bank, the Bank of Åland and Ålands

Penningautomatförening. The earnings trend was good in the first nine months of 2009. Crosskey currently has 178 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 registered in Finland. The company currently has about 500 customers and EUR 900 M in managed assets. The company's customer portfolios have been successful during the turbulence of the past year, and its earnings in the first nine months of 2009 were higher than in the same period of last year.

Ålandsbanken Equities Ab

Ålandsbanken Equities Ab is a subsidiary of the Bank of Åland Plc. The company offers equity analysis and stock brokerage services to institutional investors. The company has an office in Helsinki. In July, the subsidiary Ålandsbanken Equities Research Ab was established; it is in charge of equity analysis.

Ålandsbanken Fondbolag Ab

Ålandsbanken Fondbolag Ab is a wholly owned subsidiary of the Bank of Åland Plc. The company carries out mutual fund (unit trust) operations and at present manages 11 mutual funds, all registered in Finland. Managed assets in the Bank of Åland's Finnish mutual funds rose by 35 per cent to EUR 319 M (from EUR 236 M on Dec. 31, 2008). During the period, the number of unit holders increased by 15 per cent to 16,194 (from 14,093 on Dec. 31, 2008).

Ålandsbanken Sverige AB

Ålandsbanken Sverige AB is a wholly owned subsidiary of the Bank of Åland Plc. The company has operations in private banking, asset management, stock brokerage and institutional equities trading. Ålandsbanken Sverige AB has EUR 274 M in deposits from the public, EUR 133 M in lending volume and EUR 398 M in managed mutual fund assets. Ålandsbanken Sverige AB currently has 166 employees and offices in Stockholm, Göteborg and Malmö, Sweden.

Changes in Group structure

Ålandsbanken Veranta Ab merged with the Bank of Åland Plc on September 30, 2009.

Important events after the close of the report period

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

Outlook for 2009

The year two thousand nine has been very challenging for most financial market players. The Bank of Åland expects its operating results in Finland to fall as a consequence of further weakening of net interest income, due to very low interest rates.

The acquisition of Kaupthing Bank Sverige AB will have a significant positive nonrecurring effect on the Group's earnings during 2009, but operational activities in Sweden will pull down the year's earnings. Overall, we expect consolidated earnings to be substantially better than in 2008.

It should again be emphasised that great uncertainty prevails in the global financial system. Combined with the acquisition of Kaupthing Bank Sverige, this means that the outlook for the future is burdened with greater uncertainty than normal.

The Group's assessment of the outlook for 2009 is based on its assumptions about future developments in the fixed income and financial markets. However, general interest rates, the demand for lending, the trend of the capital and financial markets and the competitive situation, as well as the general economic situation, are factors that the Group cannot influence.

The Year-end Report for the period January 1 – December 31, 2009 will be published on Monday, February 22, 2010.

Mariehamn, October 23, 2009
THE BOARD OF DIRECTORS

FINANCIAL RATIOS ETC.

Bank of Åland Group	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
Earnings per share before dilution, EUR ¹	2.35	0.99	1.22
Earnings per share after dilution, EUR ²	2.35	0.99	1.22
Market price per share, end of period, EUR			
Series A	30.70	28.25	26.60
Series B	24.50	21.75	17.24
Equity capital per share, EUR ³	14.08	11.53	11.87
Return on equity after taxes, % (ROE) ⁴	24.3	11.8	10.7
Return on total assets, % (ROA) ⁵	1.8	0.7	0.5
Equity/assets ratio, % ⁶	4.9	4.9	5.0
Total lending volume, EUR M	2,437	2,168	2,193
Total deposits from the public, EUR M	2,375	2,074	2,126
Equity capital, EUR M	164	134	138
Balance sheet total, EUR M	3,321	2,728	2,770
Expense/income ratio			
Including negative goodwill			
Including loan losses	0.65	0.70	
Excluding loan losses	0.62	0.69	
Excluding negative goodwill			
Including loan losses	0.88	0.70	
Excluding loan losses	0.84	0.69	

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 – minority share of 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 / Balance sheet total

SUMMARY STATEMENT OF FINANCIAL POSITION

Bank of Åland Group	Sep 30	Sep 30	Dec 31
EUR M	2009	2008	2008
ASSETS			
Cash	46	84	79
Debt securities eligible for refinancing with central banks	193	131	146
Claims on credit institutions	274	135	123
Claims on the public and public sector entities	2,437	2,168	2,193
Debt securities	198	76	131
Shares and participations	24	3	3
Shares and participations in associated companies	1	2	1
Derivative instruments	18	15	15
Intangible assets	6	5	5
Tangible assets	38	31	36
Other assets	65	52	11
Accrued income and prepayments	20	24	25
Deferred tax assets	2	1	1
TOTAL ASSETS	3,321	2,728	2,770
LIABILITIES			
Liabilities to credit institutions	130	63	71
Liabilities to the public and public sector entities	2,000	1,696	1,758
Debt securities issued to the public	785	671	665
Derivative instruments	9	4	6
Other liabilities	121	62	41
Accrued expenses and prepaid income	34	28	18
Subordinated liabilities	59	54	53
Deferred tax liabilities	20	16	19
TOTAL LIABILITIES	3,157	2,594	2,631
EQUITY CAPITAL AND MINORITY INTERESTS			
Share capital	23	23	23
Share premium account	33	33	33
Reserve fund	25	25	25
Fair value reserve	6	0	2
Retained earnings	75	51	54
Equity capital attributable to the owners of the parent	162	133	137
Equity capital attributable to minority interests	1	1	2
TOTAL EQUITY CAPITAL	164	134	138
TOTAL LIABILITIES AND EQUITY CAPITAL	3,321	2,728	2,770

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

Bank of Åland Group EUR M	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
Net interest income	29.4	31.4	42.1
Income from equity investments	0.0	0.0	0.0
Commission income	22.5	14.0	18.6
Commission expenses	-3.1	-1.6	-2.2
Net income from securities transactions and foreign exchange dealing	4.4	1.0	3.3
Net income from financial assets available for sale	0.3	0.1	-0.1
Net income from investment properties	0.2	0.1	0.1
Other operating income	10.4	8.9	12.4
Total income	64.1	54.0	74.2
Staff costs	-31.2	-21.0	-28.3
Other administrative expenses	-11.7	-7.9	-11.0
Production for own use	1.1	0.3	0.5
Depreciation/amortisation	-4.8	-4.4	-5.9
Other operating expenses	-7.6	-4.5	-7.4
Total expenses	-54.2	-37.5	-52.1
Impairment losses on loans and other commitments	-2.4	-0.5	-2.3
Share of profit/loss in associated companies	0.2	0.3	0.2
Negative goodwill	23.1	0.0	0.0
Net operating profit	30.9	16.3	20.0
Income taxes	-3.4	-4.4	-5.4
Profit for the period	27.5	11.9	14.6
Other comprehensive income			
Assets available for sale	0.4	0.1	1.8
Valuation differences	3.9	0.0	2.8
Income tax on other comprehensive income	-0.1	0.0	-0.5
Total comprehensive income for the period	31.7	12.0	15.9
Profit for the period attributable to owners of the parent	27.1	11.5	14.0
Profit for the period attributable to minority interests	0.5	0.5	0.6
Total	27.5	11.9	14.6
Total comprehensive income for the period attributable to owners of the parent	31.2	11.5	15.3
Total comprehensive income for the period attributable to minority interests	0.5	0.5	0.6
Total	31.7	12.0	15.9
Earnings per share			
Earnings per share before dilution, EUR ¹	2.35	0.99	1.22
Earning per share after dilution, EUR ²	2.35	0.99	1.22

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

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

QUARTERLY DATA, EARNINGS

Bank of Åland Group	Q III	Q II	Q I	Q IV	Q III
EUR M	2009	2009	2009	2008	2008
Net interest income	10.2	10.1	9.1	10.7	10.5
Income from equity investments	0.0	0.0	0.0	0.0	0.0
Commission income	9.4	8.1	5.0	4.6	3.8
Commission expenses	-1.7	-0.9	-0.5	-0.6	-0.5
Net income from securities transactions and foreign exchange dealing	0.4	0.8	3.1	2.4	-0.1
Net income from financial assets available for sale	0.2	0.1	0.0	-0.3	0.0
Net income from investment properties	0.0	0.0	0.2	0.0	0.0
Other operating income	3.1	3.9	3.4	3.4	3.2
Total income	21.6	22.1	20.4	20.3	16.9
Staff costs	-11.3	-12.3	-7.6	-7.4	-6.8
Other administrative expenses	-4.2	-4.6	-2.9	-3.1	-2.3
Production for own use	0.8	0.2	0.2	0.2	0.1
Depreciation/amortisation	-1.6	-1.7	-1.4	-1.5	-1.6
Other operating expenses	-2.5	-3.0	-2.0	-2.9	-1.5
Total expenses	-18.9	-21.5	-13.8	-14.6	-12.2
Impairment losses on loans and other commitments	-0.2	-1.8	-0.4	-1.9	-0.2
Share of profit/loss in associated companies	0.1	0.1	0.1	-0.1	0.0
Negative goodwill	0.0	23.1	0.0	0.0	0.0
Net operating profit	2.7	22.0	6.3	3.7	4.5

EARNINGS, NEWLY ACQUIRED OPERATIONS

Bank of Åland Group	Apr-Sep	Jan-Sep	Jan-Sep	Jan-Sep
EUR M	2009	2009	2009	2008
	Sweden	Finland	Total	Total
Net interest income	2.3	27.1	29.4	31.4
Income from equity investments	0.0	0.0	0.0	0.0
Commission income	7.5	15.0	22.5	14.0
Commission expenses	-1.6	-1.6	-3.1	-1.6
Net income from securities transactions and foreign currency dealing	0.9	3.5	4.4	1.0
Net income from financial assets available for sale	-0.1	0.4	0.3	0.1
Net income from investment properties	0.0	0.2	0.2	0.1
Other operating income	0.8	9.5	10.4	8.9
Total income	9.9	54.2	64.1	54.0
Staff costs	-8.5	-22.7	-31.2	-21.0
Other administrative expenses	-3.4	-8.3	-11.7	-7.9
Production for own use	0.0	1.1	1.1	0.3
Depreciation/amortisation	-0.5	-4.3	-4.8	-4.4
Other operating expenses	-2.0	-5.5	-7.6	-4.5
Total expenses	-14.4	-39.7	-54.2	-37.5
Impairment losses on loans and other commitments	-0.2	-2.2	-2.4	-0.5
Share of profit/loss in associated companies	0.0	0.2	0.2	0.3
Negative goodwill	0.0	23.1 ¹	23.1	0.0
Net operating profit	-4.7	35.6	30.9	16.3

¹ As a result of the situation surrounding the purchase of Kaupthing Bank Sverige AB, negative goodwill arose at the Bank of Åland. During the third quarter of 2009, a more exact acquisition analysis was completed, including the settlement of the purchase price and the expenses of implementing the transaction. Due to the adjustment of the purchase price, negative goodwill increased by EUR 0.7 M in the second quarter.

SUMMARY CASH FLOW STATEMENT

Bank of Åland Group EUR M	Jan-Sep 2009		Jan-Sep 2008	
Cash flow from operating activities				
Net operating profit	30.9		16.3	
Adjustment for net operating profit items not affecting cash flow	11.4		7.3	
Gains/losses from investing activities	-0.5		-0.3	
Income taxes paid	-3.9		-2.4	
Changes in assets and liabilities in operating activities	-218.4	-180.5	36.7	57.6
Cash flow from investing activities ¹		32.6		-8.9
Cash flow from financing activities		76.9		-39.4
Exchange rate differences in cash and cash equivalents		4.4		0.0
Change in cash and cash equivalents		-66.7		9.3
Cash and cash equivalents, January 1		323.5		255.0
Cash and cash equivalents, September 30		256.8		264.2

¹ Disbursed for the purchase of Kaupthing Bank Sverige AB, EUR 34.1 M. Cash and cash equivalents in Kaupthing Bank Sverige AB amounted to EUR 63.5 M.

STATEMENT OF CHANGES IN EQUITY

Bank of Åland Group EUR M	Share capital	Share premium account	Reserve fund	Fair value reserve	Translation difference	Retained earnings	Total before minority interests	Minority interests	Total
Equity capital, Dec 31, 2007	23.3	33.3	25.1	0.4	0.0	51.1	133.1	1.8	135.0
Comprehensive income for the period				0.1		11.5	11.5	0.5	12.0
Dividend paid						-11.6	-11.6	-1.0	-12.6
Equity capital, Sep 30, 2008	23.3	33.3	25.1	0.4	0.0	50.9	133.1	1.3	134.4
Comprehensive income for the period				1.2		2.6	3.8	0.2	4.0
Dividend paid						0.0	0.0	0.0	0.0
Other changes in equity capital attributable to minority interests							0.0	0.1	0.1
Equity capital, Dec 31, 2008	23.3	33.3	25.1	1.7	0.0	53.6	137.0	1.6	138.6
Comprehensive income for the period				0.3	3.9	27.1	31.2	0.5	31.7
Dividend paid						-5.8	-5.8	-0.9	-6.7
Equity capital, Sep 30, 2009	23.3	33.3	25.1	2.0	3.9	74.9	162.4	1.2	163.6

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 27 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 shares of the Bank of Åland Plc are traded on the Nasdaq OMX Helsinki Oy (Helsinki Stock Exchange).

The Interim Report for the financial period January 1-September 30, 2009 was approved by the Board of Directors on October 23, 2009.

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

This Interim Report for the period January 1-September 30, 2009 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, 2008.

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, 2008, 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.

Subsidiaries outside Finland

In the consolidated financial statements, the income statements and cash flow statements of subsidiaries outside Finland have been translated to euros according to the average exchange rates for the report period. The translation of balance sheet items to euros is performed using the exchange rates on the balance sheet date. The translation differences that arise are recognised in the equity capital of the Group.

*New accounting norms and standards in effect starting in 2009:***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 is presenting its financial statements in compliance with the revised IAS 1 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 8 replaces IAS 14, "Segment Reporting". The Group is presenting its financial statements in compliance with IFRS 8 for the financial period that begins on January 1, 2009.

3. ESTIMATES AND JUDGEMENTS

Preparation of financial statements in compliance with IFRSs 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 the estimates.

4. BUSINESS COMBINATIONS

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

Names of companies	Sector	Date of acquisition	Share of equity capital	Cost
EUR M				
Kaupthing Bank Sverige AB	Asset manager	March 27, 2009	100%	
Kaupthing Fonder AB	Mutual fund manager	March 27, 2009	100%	
Alpha Management Company S.A.	Mutual fund manager	March 27, 2009	100%	
Kaupthing Bank Sverige				34.1

Allocation of cost

EUR M	Kaupthing Bank Sverige
Cash	35.2
Direct acquisition-related expenses	3.7
Purchase price settlement	-4.8
	34.1

Net assets acquired

EUR M	Kaupthing Bank Sverige	
	Fair value	Carrying amount
Claims on credit institutions	84.9	84.9
Claims on the public	208.4	208.9
Shares and participations	24.6	24.6
Other assets	42.2	42.2
Liabilities	303.0	303.0
Net assets acquired	57.2	
Negative goodwill	23.1	

Ålandsbanken Sverige AB earned income of EUR -4.7 M after being acquired. The negative goodwill that arose was reported as income in the Bank of Åland Group's income statement on the line "Negative goodwill". The Bank of Åland was contacted in 2008 concerning the purchase of Kaupthing Bank Sverige AB. As a result of the situation surrounding the purchase, negative goodwill arose at the Bank of Åland. During Q3 a more exact acquisition analysis was completed, including the settlement of the purchase price and the costs of implementing the transaction. Due to the adjustment of the purchase price, negative goodwill increased by EUR 0.7 M from the EUR 22.5 M shown in the second quarter. This calculation is preliminary.

If Ålandsbanken Sverige AB had been part of the Bank of Åland Group from January 1, 2009, the Group's earnings would have been EUR 5.1 M lower.

Restructuring reserve

Bank of Åland Group	Mar 31	Utilised	Withdrawn	Sep 30
EUR M	2009			2009
Staff costs	6.2	-3.5	0.0	2.7
Rent for premises	2.7	-0.8	-0.8	1.1
IT	0.7	-0.2	0.0	0.5
Total	9.6	-4.5	-0.8	4.4

Goodwill

EUR	2009	2008
Opening balance		
Gross	1,372,988	1,405,260
	1,372,988	1,405,260
Goodwill recognised during the report period	0	34,373
Impairment	0	-66,645
Closing balance	1,372,988	1,372,988

5. OPERATING SEGMENTS

The Bank of Åland Group reports operating segments in compliance with IFRS 8, which means that operating segments reflect the information that the Group's Executive Team receives. The Finland segment includes the Bank of Åland Plc, Ab Compass Card Oy Ltd, Ålandsbanken Asset Management Ab, Ålandsbanken Equities Ab, Ålandsbanken Fondbolag Ab and Ålandsbanken Veranta Ab. The Sweden segment includes Ålandsbanken Sverige AB, Ålandsbanken Fonder AB and Alpha Management Company S.A. The Crosskey segment includes Crosskey Banking Solutions Ab and S-Crosskey Ab. In each operating segment, "Other staff costs" are recognised as staff costs while in the external financial statements they are recognised as "Other administrative expenses" and IT depreciation/amortisation is recognised as "Other expenses" while in the external financial statements they are recognised as "Depreciation/amortisation".

Bank of Åland Group EUR M	Jan-Sep 2009				Total
	Finland	Sweden	Crosskey	Eliminations	
Deposits, lending and portfolio management	27.5	1.0	0.0	0.0	28.5
of which impairment losses, loans	-2.2	-0.2	0.0	0.0	-2.4
Capital market products/services	11.1	6.5	0.0	0.0	17.6
Other income	5.3	2.2	18.7	-10.4	15.8
Staff costs	-15.7	-8.9	-7.8	0.0	-32.5
Other expenses	-12.6	-5.0	-7.2	7.3	-17.5
Depreciation/amortisation	-3.6	-0.5	-0.7	0.6	-4.2
Negative goodwill	23.1	0.0	0.0	0.0	23.1
NET OPERATING PROFIT	35.0	-4.7	3.0	-2.4	30.9
Assets	2,910.7	447.8	11.5	-49.2	3,320.7
Liabilities	2,769.1	390.0	5.6	-7.5	3,157.1
Equity capital	141.6	57.8	5.9	-41.7	163.6

6. INCOME TAXES

Bank of Åland Group EUR M	Sep 30 2009	Sep 30 2008
Taxes for the report period and earlier report periods	3.6	4.4
Change in deferred tax assets and liabilities	-0.2	-0.0
Income taxes	3.4	4.4

7. DIVIDEND

Bank of Åland Group EUR	2008	2007
Final dividend for 2008: EUR 0.50 per share	5,768,061	
Final dividend for 2007: EUR 1.00 per share		11,536,122

The dividend for 2008 was adopted by the Annual General Meeting on March 26, 2009. The record date was March 31 and the distribution date was April 7.

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

Bank of Åland Group EUR M	Sep 30 2009	Sep 30 2008	Dec 31 2008
Deposit accounts from the public and public sector			
Demand deposit accounts	326	142	127
Current accounts	344	236	233
Environmental and Savings Accounts	83	74	73
Prime Accounts	798	535	652
Time deposits	354	621	578
<i>Total deposit accounts in euros</i>	1,906	1,607	1,661
Deposit accounts in other currencies	93	88	95
Total deposit accounts	1,999	1,695	1,757
Bonds and subordinated debentures*	224	214	224
Certificates of deposits issued to the public*	153	166	145
Total bonds and certificates of deposit	376	379	369
Total deposits	2,375	2,074	2,126

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

9. LENDING TO THE PUBLIC AND PUBLIC SECTOR BY PURPOSE

Bank of Åland Group EUR M	Sep 30 2009	Sep 30 2008	Dec 31 2008
COMPANIES			
Shipping	83	84	79
Wholesale and retail trade	63	60	59
Housing operations	72	65	64
Other real estate operations	141	114	113
Financial and insurance operations	192	181	190
Hotel and restaurant operations	16	14	14
Other service operations	116	76	79
Agriculture, forestry and fishing	11	8	7
Construction	27	23	23
Other industry and crafts	39	30	31
	759	654	661
PRIVATE INDIVIDUALS			
Home loans	1,120	1,068	1,083
Securities and other investments	307	248	249
Business operations	138	91	92
Other household purposes	90	83	84
	1,654	1,490	1,508
PUBLIC SECTOR AND NON-PROFIT ORGANISATIONS	24	24	25
TOTAL LENDING	2,437	2,168	2,193

10. OFF-BALANCE SHEET COMMITMENTS

Bank of Åland Group	Sep 30	Sep 30	Dec 31
EUR M	2009	2008	2008
Guarantees and pledges	43	17	16
Other commitments	298	148	149
	340	165	165

11. DERIVATIVE CONTRACTS

Bank of Åland Group	Sep 30, 2009		Sep 30, 2008	
	For hedging purposes	Other	For hedging purposes	Other
EUR M				
<i>Value of underlying property</i>				
Interest rate derivatives				
Swap contracts	621	9	422	7
Option contracts				
Purchased	72	26	0	0
Exercised	26	72	0	0
Currency derivatives				
Forward contracts	45	8	32	22
Interest rate and currency swap contracts	0	5	0	0
Equity derivatives				
Option contracts				
Purchased	157	9	163	0
	921	129	617	29
Equivalent credit value of the contract				
Interest rate derivatives	10		6	
Currency derivatives	2		2	
Equity derivatives	23		23	
	34		31	

The equity derivatives that were purchased mainly hedge option structures that are embedded in bonds issued to the public.

12. MATURITY BREAKDOWN OF CLAIMS AND LIABILITIES

Bank of Åland Group	Sep 30, 2009				Total
	< 3 mo	3 - 12 mo	1 - 5 yrs	5 - yrs	
EUR M					
Claims					
Debt securities eligible for refinancing in central banks	39.6	0.0	153.0	0.5	193.1
Credit institutions and central banks	308.8	0.0	0.0	0.0	308.8
The public and public sector entities	311.4	286.8	995.1	832.0	2,437.2
Other debt securities	100.0	37.6	60.7	0.9	198.3
	759.8	324.5	1,208.8	833.4	3,137.4
Liabilities					
Credit institutions and central banks	60.1	70.1	0.0	0.0	130.1
The public and public sector entities	1,858.8	102.5	37.7	0.0	1,999.0
Debt securities issued to the public	254.4	239.2	291.0	0.0	784.6
Subordinated liabilities	0.0	15.1	37.3	7.4	58.9
	2,173.3	426.8	366.1	7.4	2,972.6

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

13. INTEREST RATE REFIXING PERIODS

Bank of Åland Group		Sep 30, 2009					
EUR M	< 3 mo	3-6 mo	6-12 mo	1-5 yrs	> 5 yrs	Total	
Assets	2,617	223	298	582	50	3,771	
Liabilities	2,907	229	97	381	50	3,664	
Difference between assets and liabilities	-290	-6	201	201	0	107	

Shows the Bank's interest rate-related assets and liabilities, including derivatives, according to the interest rate refixing date as of September 30, 2009. Volume that falls due for interest rate refixing in each respective time interval.

Bank of Åland Group		Sep 30, 2008					
EUR M	< 3 mo	3-6 mo	6-12 mo	1-5 yrs	> 5 yrs	Total	
Assets	1,998	218	368	393	41	3,017	
Liabilities	2,236	228	180	249	18	2,911	
Difference between assets and liabilities	-238	-10	187	144	23	106	

Review Report, Bank of Åland Plc Interim Report for January 1 – September 30, 2009**To the Board of Directors of the Bank of Åland Plc*****Introduction***

We have reviewed the consolidated summary statement of financial position of the Bank of Åland Plc on September 30, 2009, the consolidated summary statement of comprehensive income, the summary statement showing changes in consolidated equity capital and the consolidated summary cash flow statements for the nine-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 are responsible for preparing the Interim Report and for providing accurate and sufficient information in compliance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) as well as in accordance with the other prevailing laws and regulations in Finland concerning the preparation of interim reports. On the basis of the review we have performed, 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. 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 September 30, 2009 and its operating results and cash flows during the nine-month period ending on that date, in compliance with IFRSs as adopted by the EU and in accordance with the other prevailing laws and regulations in Finland concerning the preparation of interim reports.

Mariehamn/Helsinki, October 23, 2009

Leif Hermans

Authorised Public Accountant

Terhi Mäkinen

Authorised Public Accountant

Bengt Nyholm

Authorised Public Accountant