

Interim Report, January - March 2004

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6221Bank of Åland Plc STOCK EXCHANGE RELEASE 22.4.2004 14.00 hrs Interim Report, January - March 2004 Improved earnings · Consolidated net operating profit rose by 45.2 per cent to 5.0 million euros (Jan-Mar 2003: EUR 3.5 M) · Return on equity after taxes (ROE) was 14.7 per cent(11.7) · Other income increased by 49.9 per cent to EUR 5.6 M (3.7) · Expenses rose by less than 3 per cent to EUR 8.1 M (7.9) · Lending volume rose by 10.5 per cent to EUR 1,404 M (Mar 2003: 1,270) · Deposit accounts increased by 6.4 per cent to EUR 1,134 M (Mar 2003: 1,065) · The total capital ratio amounted to 11.0 (11.2) per cent · Earnings per share after taxes amounted to EUR 0.33(0.24) THE GROUP Earnings During the first quarter of 2004, consolidated net operating profit amounted to EUR 5 M (3.5). This was an increase of EUR 1.5 M or 45.2 per cent compared to the corresponding year-earlier period. The improvement in earnings was primarily due to increased commission income and growing income from the banking computer systems sales business area. Return on equity before taxes for the report period, measured as net operating profit divided by average equity capital and reserves, was 19 per cent. The Bank thus yielded a return on its shareholders' equity at a level about 16 percentage points higher than five-year bond yields. Net income from financial operations Due to larger total volume, net income from financial operations amounted to an unchanged EUR 7.4 M, despite narrowing customer margins owing to tough competition. Other income Commission income amounted to SEK 3.1 M (2.2), an increase of EUR 0.9 M or 38.7 per cent. This increase derived mainly from securities brokerage and other capital market products. Other operating income totalled EUR 2.2 M (0.7). This included EUR 1.8 M (0.4) in income from the systems sales business area. Other income rose by EUR 1.9 M or 49.8 per cent to EUR 5.6 M (3.7). This included nonrecurring income of EUR 1.0 M. Total income - net income from financial operations and other income - amounted to EUR 13.0 M (11.1). Expenses Staff costs rose slightly, amounting to EUR 4.3 M (4.2). Other administrative expenses (office costs, marketing, telecommunications and computer costs) rose by EUR 0.2 M to EUR 2.0M (1.8). Depreciation/amortisation was EUR 0.2 M lower than the year before and amounted to EUR 0.5 M (0.7), while other operating expenses were unchanged at EUR 1.0 M. Total expenses including planned depreciation rose by EUR 0.2 M or 2.9 per cent to EUR 8.1 M (7.9). Loan losses Net loan losses amounted to EUR 0.01 M. Deposits Deposits from the public, including bonds issued and certificates of deposit, rose during the 12 months to March 31, 2004 by 3.8 per cent to EUR 1,402 M (1,351). Deposit accounts rose by 6.4 per cent to EUR 1,134 M (1,065). During the report period, total deposits volume rose by EUR 4.0 M or 0.3 per cent. During the year, the Bank floated bond issues with a nominal value of EUR 16.0 M. Lending During the 12 months to March 31, 2004, the Bank's volume of lending to the public increased by 10.5 per cent to EUR 1,404 M (1,270). Most of the increase went towards residential financing. During the report period, total lending volume rose by EUR 18.2 M or 1.3 per cent. Private households accounted for 68.5 (66.9) per cent of total lending. Nonperforming receivables Total nonperforming receivables and other zero-interest receivables amounted to EUR 2.5 M (3.9), or 0.2 per cent of loans and guarantees outstanding. Personnel At the end of March 2004, the number of employees - recalculated as full-time equivalents - was 379. This was an increase of 11 positions, compared to the same date in 2003. Capital adequacy Capital adequacy rules require that the capital base in the form of equity capital and reserves total at least 8 per cent of risk-weighted receivables and contingent liabilities. At the end of March, the Group's capital adequacy according to the Credit Institutions Act was 11.0 (11.2) per cent. The core capital ratio was 9.1 (8.5) per cent. Profit during the report period is not included in core capital. The capital base amounted to EUR 104.8 M (98.1). Ålandsbanken Fondbolag Ab Ålandsbanken Fondbolag Ab is a wholly-owned subsidiary of the Bank of Åland Plc (Ålandsbanken Abp). The mutual funds (unit trusts) that the company manages are

registered in Finland and comply with the Act on Mutual Funds. On March 31, 2004, the number of unit holders totalled 5,839 (Dec 31, 2003: 5,337), which represented an increase of 9.4 per cent. The total assets under management amounted to EUR M 140.9 (117.4), an increase of 20 per cent from the preceding year. Ålandsbanken Asset Management Ab is a subsidiary of the Bank of Åland Plc. The first quarter of 2004 was characterised by rising stock market prices and falling interest rates. During the quarter, the company received several institutional asset management mandates. This is a concrete indication that Ålandsbanken Asset Management Ab is perceived as a credible asset manager among institutional investors as well. In terms of earnings, the company's basic asset management operations also exceeded expectations, while its proportion of extraordinary income was approximately as expected. Corporate governance reform implemented The Bank's Annual General Meeting on March 18 approved the proposal to abolish the Bank's Supervisory Board. This means that the reform process that began just over one year ago has now been implemented. The Board of Directors will shortly begin the task of appointing a nomination committee, in compliance with the corporate governance rules recommended by the Helsinki Stock Exchange.

Refund of surplus contributions At year-end 2003, the probable market value of the assets in Ålandsbanken Abps pensionsstiftelse, the Bank's pension fund, exceeded its actuarial liability by about EUR 4 M. The Bank has received permission from the Finnish Financial Supervision Authority to refund EUR 1.1 M in surplus contributions. The refund will occur during the second quarter of 2004. Forecast for the year Our earlier forecast for the year remains unchanged. Full-year 2004 earnings will probably reach the level of 2003 earnings.

Mariehamn, April 22, 2004 The Board of Directors Statement of opinion We have conducted a review of the Interim Report of the Bank of Åland Plc (Ålandsbanken Abp) for the period January 1 - March 31, 2004. This review included an analytical examination of the balance sheet and income statement items in the Interim Report. Such a review is significantly more limited in scope than a statutory audit. Nothing has emerged that indicates that the Interim Report does not fulfil the regulations in force.

Mariehamn, April 22, 2004 Leif Hermans, Authorised Public Accountant Rabbe Nevalainen, Authorised Public Accountant Marja Tikka, Authorised Public Accountant

	Jan-Mar	Jan-Mar	Full year	Bank of Åland Group	2004	2003	2003																																	
Net operating profit per share, EUR	0.33	0.24	1.02	1	Market price per share, end of period, EUR Series A	16.82	16.20	18.65																																
Series B	17	.25	14.40	19.10	Equity capital per share, EUR	2	8.56	7.99	9.22																															
Return on equity after taxes, %	14.7	11.7	11.4	(ROE)	3	Total lending volume, EUR M	1,404	1,270	1,385																															
Total deposits from the public, EUR M	1,402	1,351	1,398	EUR M	Equity capital, EUR M	93.8	81.3	100.9																																
Balance sheet total, EUR M	1,852	1,756	1,851	Income/expense ratio	1.6	1.4	1.4	Total capital ratio, %	11.0	11.2																														
11.4	1	Net operating profit minus imputed taxes / Average number of shares, adjusted for new issue	2	Equity capital and reserves minus imputed tax / Number of shares on balance sheet date, adjusted for new issue	3	Net operating profit minus inputed tax / Average equity capital	CAPITAL ADEQUACY	Jan-Mar	Jan-Mar	Full year	Bank of Åland Group	2004	2003	2003																										
Capital base, EUR M	Core capital	86.6	74.9	86.5	Supplementary capital	18.3	23.2	20.3	Total capital base	104.8	98.1	106.8	Risk-weighted volume, EUR M	955.7	876.7	932.7																								
Total capital ratio, %	11.0	11.2	11.4	Core capital as % of risk-weighted	9.1	8.5	9.3	volume	Profit during the report period is not included in the capital base	INCOME STATEMENT BY QUARTER	Q 1	Q 4	Q 3	Q 2	Q 1	(EUR M)	2004	2003	2003	2003	2003																			
Net income from financial operations	7.4	7.4	7.4	7.4	Income from equity investments	0.1	0.2	0.3	0.4	0.3	Commission income	3.1	3.0	2.5	2.2	Net income from securities transactions and foreign exchange dealing	Other operating income	2.2	2.1	1.0	1.8	0.7	Total income	13.0	13.5	12.2	12.6	11.1												
Commission expenses	-0.3	-0.3	-0.3	-0.3	-0.3	Staff costs	-4.3	-5.7	-4.5	-4.5	-4.2	Other administrative expenses	-2.0	-2.6	-1.7	-2.1	-1.8	Depreciation/amortisation	-0.5	-0.6	-0.5	-0.6	-0.7	Other operating expenses	-1.0	-1.1	-0.9	-0.9	-1.0											
Total expenses	-8.1	-10.3	-7.9	-8.4	-7.9	Loan and guarantee losses	0.0	0.1	0.0	0.0	0.1	Share of operating results of companies consolidated according to equity method	Net operating profit	5.0	3.1	4.4	4.2	3.5	SUMMARY INCOME STATEMENT	Bank of Åland	Bank of Åland	Group Plc	Jan-	Jan-	Full	Jan-	Jan-	Full	Mar	Mar	year	Mar	Mar	year	(EUR M)	2004	2003	2003	2004	2003
Net income from financial operations	7.4	7.4	29.6	7.3	7.3	29.4	Income from equity	0.1	0.3	1.2																														

0.8	1.6	2.5	investments	Commission income	3.1	2.2	10.3	2.5	1.9	8.5	Net income from securities	0.2											
0.5	2.7	0.3	0.5	2.6	transactions and foreign exchange dealing	Other operating income	2.2	0.7	5.6	2.2													
0.7	5.6	Total income	13.0	11.1	49.4	13.1	12.0	48.6	Commission expenses	-0.3	-0.3	-1.3	-0.3	-0.3	-1.1								
		Staff costs	-4.3	-4.2	-18.9	-4.1	-4.0	-18.2	Other administrative	-2.0	-1.8	-8.2	-1.9	-1.7	-7.9								
		Depreciation/amortisation	-0.5	-0.7	-2.3	-0.5	-0.6	-2.3	Other operating expenses	-1.0	-1.0	-3.9	-0.9	-0.9									
		Total expenses	-8.1	-7.9	-34.4	-7.7	-7.6	-33.3	Loan and guarantee losses	0.0	0.1	0.1	0.0	0.1	0.1								
		Share of operating results	0.1	0.2	0.1	of companies consolidated according to equity method																	
		operating profit	5.0	3.5	15.2	5.3	4.5	15.5	Appropriations														
		Minority share of profit	0.0	0.0	-0.1	for the period																	
		Profit for the period	3.6	2.5	10.6	3.8	3.2	11.0															
SUMMARY BALANCE SHEET													Bank of Åland Group	Bank of Åland Plc	Mar	Mar	Dec	Mar	Mar	Dec	31	31	31
31	31	31	(EUR M)	2004	2003	2003	2004	2003	2003	ASSETS													
										Liquid assets	79	97	40	79	97	40							
										Debt securities eligible	185	174	263	185	174	263							
										for refinancing with central banks													
										Claims on credit	91	134	77	91	134	77							
										institutions													
										Claims on the public and	1,404	1,270	1,405	1,404	1,270	1,405							
										public sector entities													
										Lease assets	1	1	1	1	1	1							
										Debt securities	8	22	8	7	22	7							
										Sha res and participations	11	16	15	11	16	15							
										in associated and Group companies													
										Intangible assets	4	4	3	3	4	3							
										Tangible assets	14	14	14	14	14	14							
										Other assets	45	11	15	45	11	15							
										Accrued income and prepaid	8	9	8	8	9	8							
										expenses	1,852	1,756	1,851	1,852	1,756	1,851							
LIABILITIES AND EQUITY CAPITAL													Liabilities										
										Liabilities to credit	102	95	93	102	95	93							
										institutions and central banks													
										Liabilities to the public	1,139	1,072	1,140	1,139	1,072	1,140							
										and public sector entities													
										Debt securities issued to	406	424	433	406	424	433							
										the public													
										Other liabilities	57	29	30	57	30	30							
										Accrued expenses and	14	16	14	14	16	14							
										prepaid income													
										Subordinated liabilities	25	22	25	25	22	25							
										Imputed taxes due	7	7	7										
										Minority share of capital	0	0	0										
										Accumulated appropriations													
										Reserves	23	23	23										
										Equity capital													
										Share capital	22	21	22	22	21	22							
										Share premium account	25	15	25	25	15	25							
										Reserve fund	25	25	25	25	25	25							
										Capital loan	10	10	10	10	10	10							
										Profit brought forward	17	18	18	0	0	0							
										Profit for the period	4	2	11	4	3	11							
											1,852	1,756	1,851	1,852	1,756	1,851							
Off-balance sheet commitments													Guarantees and pledges	9	10	10	9	10	10				
										Other commitments	117	93	104	117	93	104							
											126	102	114	126	102	114							
											0			0									