

Ålandsbanken Financial Statement Release Year-end report for the period January - December 2007

03.03.2008

Bank of Åland Plc STOCK EXCHANGE RELEASE 03.03.2008 09.00 hrs Year-end report for the period January - December 2007 The report period in brief -Consolidated net operating profit rose by 36 per cent to 28.6 million euros (Jan ' December 2006: EUR 21.1) -Net interest income increased by 20 per cent to EUR 39.3 M (32.7) -Commission income increased by 10 per cent to EUR 20.3 M (18.4) -Total income increased by 22 percent to EUR 75.4 M (61.6) -Expenses increased by 13 per cent to EUR 46.0 M (40.9) -Loan losses amounted to EUR 1.0 M (0.0) -Lending volume increased by 10 per cent to EUR 2,104 M (December 2006: 1,912) -Deposits increased by 18 per cent to EUR 1,891 M (December 2006: 1,599) -Mutual fund capital under management increased by 8 per cent to EUR 385 M (355) -Return on equity after taxes (ROE) was 16.4 per cent (13.3) -The expense/income ratio improved to 62 (66) per cent -The total capital ratio in compliance with Basel 2 amounted to 12.8 (13.8) per cent -Earnings per share after taxes amounted to EUR 1.75 (1.29) -The Board of Directors proposes a dividend of EUR 1.00 (1.00) per share

EARNINGS AND PROFITABILITY This Year-end 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 Strong growth in traditional banking operations, combined with continued success in asset management and mutual fund operations, are the reasons behind the Group's best-ever earnings. During January-December 2007, consolidated net operating profit of the Bank of Åland Group rose by 36 per cent to EUR 28.6 M (21.1). This positive earnings trend was due to sharply improved net interest income and higher income from mutual fund and asset management. Also affecting the year's earnings were capital gains and increases in the value of financial assets as well as repayment from the Security Fund of the Commercial Banks. Income increased by 22 per cent to EUR 75.4 M (61.6), while expenses increased by 13 per cent to EUR 46.0 M (40.9). Return on equity after taxes (ROE) rose to 16.4 (13.3) per cent, and earnings per share after taxes increased to EUR 1.75 (1.29). Net interest income During the report period, consolidated net interest income increased by 20 per cent to EUR 39.3 M (32.7). Higher interest rates and larger volume of both deposits and lending improved net interest income, even though the lending margin continued its negative trend during 2007. Lending volume increased by 10 per cent to EUR 2,104 M (1,912), and deposit volume increased by 18 per cent to EUR 1,891 M (1,599). Other income Commission income rose by 10 per cent to EUR 20.3 M (18.4). Income on mutual fund and asset management as well as securities brokerage increased due to higher trading volume and larger managed assets. Net income from securities trading for the Bank's own account was EUR 3.3 M (1.2). Net income from dealing in the foreign exchange market was unchanged at EUR 1.0 M (1.0). Net income from financial assets available for sale was EUR 1.1 M (0.3), and net income from investment properties rose to EUR 0.6 M (0.2). Other operating income also increased, to EUR 11.9 M (9.4), due to rising income from the sale and development of information technology (IT) systems. Other operating income also improved due to a repayment of EUR 1.4 M from the Security Fund of the Commercial Banks. The Group's total income rose by 22 percent to EUR 75.4 M (61.6). Expenses Staff costs rose by 16 per cent to EUR 26.2 M (22.5), due to employee recruitment and salary increases as well as spending on proficiency-enhancement programmes in the Group. The changes in the Bank's pension fund, Ålandsbanken Abp:s Pensionsstiftelse, according to the corridor approach, reduced staff costs by EUR 0.4 M (0.2). During the report period, the Group allocated EUR 0.2 M for distribution to the Bank of Åland Personnel Fund (0.0). Other administrative expenses (office, marketing, communications and IT) increased to EUR 10.3 M (9.4). Production for own use totalled EUR 1.0 M (0.5) and was related to

expenses for computer software, which in accordance with IFRSs must be capitalised.

Depreciation/amortisation increased to EUR 4.9 M (4.0). Other operating expenses amounted to EUR 5.6 M (5.4). The Group's total expenses rose by 13 per cent to EUR 46.0 M (40.9). Impairment losses on loans and other commitments Loan losses amounted to EUR 1.0 M (0.0). Earnings structure -----

	Bank of Åland Group	2007	2006
	EUR M		
Banking operations	21.7	17.1	
IT operations	2.9	4.2	
Other (treasury, portfolio management)	3.9	-0.3	
Net operating profit	28.6	21.1	

Fourth quarter of 2007 Consolidated net operating profit increased by 82 per cent compared to the corresponding quarter of 2006, reaching EUR 8.1 M (4.5). Income Total income rose by 25 per cent to EUR 21.0 M (16.8). Higher interest rates combined with larger lending volume improved net interest income by 23 per cent to EUR 10.5 M (8.6). This improvement was reduced by lower lending margins than in the year-earlier period. Commission income improved despite market turbulence and amounted to EUR 5.1 M (4.9). The increase consisted of higher commission income on management of mutual fund assets, while securities trading commissions fell. Net income from securities trading and foreign exchange operations rose to EUR 1.5 M (0.8). Repayment of the Bank of Åland's portion of the Security Fund of the Commercial Banks increased other operating income to EUR 4.2 M (2.8).

Expenses Total expenses during the quarter rose by 4 per cent to EUR 12.8 M (12.4). During the quarter, staff costs amounted to EUR 7.0 M (6.5). The increase was due to the higher number of Group employees and salaries hikes, while changes in pension liabilities and fair value of assets in the Bank's pension fund, Ålandsbanken Abp:s Pensionsstiftelse, according to the corridor approach reduced staff costs by EUR 0.6 M (3.1) in the fourth quarter. Production for own use increased to EUR 0.7 M (0.1).

Depreciation/amortisation increased to EUR 1.3 M due to larger amortisation on production for own use. Other operating expenses decreased to EUR 1.4 M (1.9). Loan losses during the quarter were EUR 0.1 M (-0.1, recovery). Balance sheet total and off-balance sheet obligations At the end of 2007, the Group's balance sheet total amounted to EUR 2,592 M (2,189). During the report period, the Group issued bond loans to the public in a nominal amount of EUR 69 M. Off-balance sheet obligations decreased to EUR 168 M (170). Personnel Hours worked in the Group, recalculated to full-time equivalent positions, totalled 470 during 2007 (437). This represented an increase of 33 positions compared to the preceding year. -----

	Bank of Åland Group	2007	2006
Bank of Åland Plc	308	295	
Ab Compass Card Oy Ltd	4	0	
Crosskey Banking Solutions Ab Ltd	130	117	
Ålandsbanken Asset Management Ab	13	13	
Ålandsbanken Fondbolag Ab	8	7	
Ålandsbanken Kapitalmarknadstjänster Ab, until September 30, 2007	5	5	
Ålandsbanken Veranta Ab	2	0	
Total number of employees:	470	437	

Expense/income ratio Efficiency measured as expenses divided by income, including and excluding loan losses, respectively: -----

	Bank of Åland Group	2007	2006
including loan losses	0.62	0.66	
excluding loan losses	0.61	0.66	

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 December 2007 was 12.8 per cent. The capital requirement for credit risks is being calculated according to the standardised approach, and the capital requirement for operational risks is being calculated according

to the basic indicator approach in the Basel 2 regulations. Risk management under Pillar 2 will be reported in the Annual Report for 2007.

CAPITAL ADEQUACY		Bank of Åland Group	
Dec 31	Dec 31	2007	2006
Capital base, EUR M		Core capital	103.3
88.3		Supplementary capital	51.3
53.4		Total capital base	154.6
		Capital requirement for credit risks	88.5
74.9		Capital requirement for operational risks	8.0
8.0	7.3	Total capital requirement	96.5
82.2		Total capital ratio, %	12.8
13.8		Core capital ratio, %	8.6

The main reasons for the difference between the capital base and recognised equity capital are that subordinated liabilities may be counted in the capital base and that the proposed dividend may not be included in the capital base. Deposits from the public, including bonds and certificates of deposit issued, continued to increase during the 12 months to December 31, 2007 by 18 per cent to EUR 1,891 M (1,599). Deposit accounts increased by 22 per cent to EUR 1,532 M (1,259). Bonds and certificates of deposits issued to the public rose by 6 per cent to EUR 359 M (340). The increase in deposits exceeded the increase in lending by EUR 100 M and contributed to a much-improved balance sheet structure. The sharp increase in deposits shows that the market has great confidence in the Bank in troubled times.

Lending The volume of lending to the public during the 12 months to December 31, 2007 rose by 10 per cent to EUR 2,104 M (1,912). Lending to households increased by 6 per cent to EUR 1,434 M (1,347). Households accounted for 68 (71) per cent of the Group's total lending. Lending to the service sector rose by 23 per cent to EUR 589 M (477), while lending to the production sector decreased by 8 per cent to EUR 55 M (60).

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 5 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. The company's sales rose during 2007 despite lower nonrecurring revenue. Among Crosskey's current customers are Tapiola Bank, DnB NOR, S-Bank, the Bank of Åland, eQ Bank and EGET. Crosskey currently has 149 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. During 2007, the company continued to perform favourably, with sharp increases in both the quantity of managed assets and the number of customers. Profitability thus exceeded the previous record profit from 2006. The financial investment year 2007 was dominated by the slide in US home prices and the subsequent global financial market crisis. In this challenging environment, the company's conservative investment strategy proved successful in the competition, which is attracting more customers to utilise the company's services. Assets of private individuals available for financial investment continue to grow. When the trend towards putting them under management also increases, the company will also enjoy good future prospects. The company now has about 350 customers and EUR 900 M in managed assets.

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 December 31, 2007, the total number of unit holders was 14,679 (12,508 on December 31, 2006). This represented an increase of 17 per cent. Assets under management totalled EUR 385 M

(355 on December 31, 2006), an increase of 8 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 4 employees and an office in Helsinki. Changes in Group structure In order to further strengthen the Bank of Åland's position in the capital market segment in Åland, Ålandsbanken Kapitalmarknadstjänster Ab has been merged with the Bank of Åland Plc. This merger was completed on October 1, 2007 During 2007, the Bank of Åland Plc acquired 84 per cent of the estate agency company Veranta Oy Helsinki. The new name of the company is Ålandsbanken Veranta Ab. New Managing Director On December 21, 2007, the Board of Directors of the Bank of Åland Plc selected Peter Wiklöf, Master of Laws, age 41, as the Bank's new Managing Director. He assumes his new position on March 1, 2008. Mr Wiklöf succeeds Peter Grönlund, who is retiring. Important events after the close of the financial year No important events have occurred after the close of the financial year. Proposed distribution of profit The Board of Directors proposes that the Annual General Meeting approve a dividend of EUR 1.00 per share, which is equivalent to a total amount of EUR 11.5 M. This is consistent with the Bank's financial policy, in which the dividend as a percentage of Group earnings is determined in such a way that, over time, it is in line with the industry standard for other Nordic banks. The purpose is to ensure that the profits retained are sufficient to enable continued growth in the Group's business, which requires that equity capital should increase at about the same pace as business operations grow. The Group's total capital ratio is expected to fall somewhat over the coming years but remain good. This is a strength factor in an uncertain market climate. Outlook for 2008 The Group's financial planning assumes unchanged interest rates compared to 2007, a continued positive trend in business volume ' especially in asset management operations ' and good growth in the Group's IT operations. The cost level in the Group is expected to rise moderately. Competition in the banking market is expected to remain tough 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 somewhat 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. Annual General Meeting and financial information in 2008 The Annual General Meeting will be held in Mariehamn, Åland, Finland on Thursday, April 10, 2008. The Annual Report will be published in its official Swedish version on March 10, 2008 and in Finnish and English soon afterward. Interim reports will be published as follows during 2008. January-March 2008 April 28, 2008 January-June 2008 August 25, 2008 January-September 2008 October 27, 2008 The figures in this Year-end Report are unaudited. Mariehamn, February 29, 2008

THE BOARD OF DIRECTORS		FINANCIAL RATIOS ETC	
Bank of Åland Group	Jan-Dec	2007	2006
Earnings per share before dilution, EUR	1	1.75	1.29
Earnings per share after dilution, EUR	2	1.75	1.29
Year-end market price per share, EUR	3		
Series A	37.00	26.50	
Series B	27.80	24.50	
Equity capital per share, EUR	4	11.54	10.68
Return on equity after taxes, % (ROE)	5	16.4	13.3
Return on total assets (ROA), %	6	0.9	0.7
Equity/assets ratio, %	7	5.2	5.6

Total lending volume, EUR M	2,104	1,912	-----
--- Total deposits from the public, EUR M	1,891	1,599	-----
----- Equity capital, EUR M	135	122	-----
----- Balance sheet total, EUR M	2,592	2,189	-----
----- Expense/income ratio			-----
Including loan losses	0.62	0.66	-----
Excluding loan losses	0.61	0.66	-----
Profit for the year before dilution/ Average number of shares			-----
----- 2 Profit for the year after dilution / (Average number of shares + shares			-----
outstanding)			-----
----- 3 Equity capital - minority interest in 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 BALANCE SHEET			-----
Bank of Åland Group	Dec.31	Dec.31	2007 2006 -----
----- EUR M			-----
----- ASSETS			-----
----- Cash	39	65	-----
----- Debt instruments eligible for refinancing with	132	57	central banks
----- Claims on credit institutions	153	60	-----
----- Claims on the public and public sector entities	2,104	1,912	-----
----- Debt securities	50	0	-----
----- Shares and participations	3	4	-----
----- Shares and participations in associated companies	2	2	-----
----- Derivative instruments	34	27	-----
----- Intangible assets	6	5	-----
----- Tangible assets	26	23	-----
----- Other assets	21	17	-----
----- Accrued income and prepaid expenses	21	16	-----
----- Imputed taxes	1	1	-----
----- TOTAL ASSETS	2,592	2,189	-----
LIABILITIES AND EQUITY CAPITAL			-----
Liabilities to credit institutions	53	62	-----
Liabilities to the public and public sector	1,534	1 261	entities -----
----- Debt securities issued to the public	739	621	-----
----- Derivative instruments	3	3	-----
----- Other liabilities	39	35	-----
----- Accrued expenses and prepaid income	21	12	-----
----- Subordinated liabilities	52	60	-----
----- Imputed taxes due	16	13	-----
TOTAL LIABILITIES	2,457	2 066	-----
EQUITY CAPITAL AND MINORITY INTEREST			-----
--- Share capital	23	23	-----
----- Share issue	0	0	-----
----- Share premium account	33	29	-----
----- Reserve fund	25	25	-----
----- Fair value reserve	0	0	-----
----- Profit brought forward	51	42	-----
----- Shareholders' interest in capital	133	120	-----
----- Minority interest in capital	2	2	-----

----- TOTAL EQUITY CAPITAL 135 122 -----	
----- TOTAL LIABILITIES AND EQUITY CAPITAL 2,592 2,189 -----	
----- SUMMARY INCOME STATEMENT -----	
----- Bank of Åland Group Jan-Dec Jan-Dec 2007 2006 ----- EUR M -	
----- Net interest income 39.3 32.7 -----	
----- Income from equity instruments 0.0 0.0 -----	
----- Commission income 20.3 18.4 -----	
----- Commission expenses -2.0 -1.7 -----	
----- Net income from securities trading and foreign exchange dealing 4.2 2.3	
----- Net income from financial assets available for sale 1.1 0.3	
----- Net income from investment properties 0.6 0.2 -----	
----- Other operating income 11.9 9.4 -----	
----- Total income 75.4 61.6 -----	
----- Staff costs -26.2 -22.5 ----- Other administrative expenses -10.3 -9.4 -----	
----- Production for own use 1.0 0.5 -----	
----- Depreciation/amortisation -4.9 -4.0 -----	
----- Other operating expenses -5.6 -5.4 -----	
----- Total expenses -46.0 -40.9 -----	
----- Impairment loss on loans and other commitments -1.0 0.0 -----	
----- Share of profit/loss in associated companies 0.2 0.3 -----	
----- Net operating profit 28.6 21.1 -----	
----- Income taxes -7.6 -5.4 -----	
----- Profit for the year 21.0 15.7 -----	
----- Shareholders' interest in profit for the year 20.2 14.7 -----	
----- Minority interest in profit for the year 0.8 1.0 -----	
----- Total 21.0 15.7 -----	
----- Earnings per share before dilution, EUR 1 1.75 1.29 -----	
----- Earnings per share after dilution, EUR 2 1.75 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 Q4 Q3 Q2 Q1 Q4 2007 2007 2007 2007 2006 ----- EUR M -----	
----- Net interest income 10.5 9.9 9.7 9.2 8.6 -----	
----- Income from equity instruments 0.0 0.0 0.0 0.0 0.0 -----	
----- Commission income 5.1 4.6 5.2 5.4 4.9 -----	
----- Commission expenses -0.5 -0.5 -0.6 -0.5 -0.5 -----	
----- Net income from securities trading and foreign exchange dealing 1.5 0.1 1.7 0.9 0.8	
----- Net income from financial assets available for sale 0.2 0.0 0.3 0.5 0.1	
----- Net income from investment properties 0.1 0.0 0.5 0.1 0.2	
----- Other operating income 4.2 2.3 2.5 2.9 2.8 -----	
----- Total income 21.0 16.5 19.3 18.5 16.8 -----	
----- Staff costs -7.0 -6.5 -6.7 -6.0 -6.5 -----	

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 Helsinki Stock Exchange. This Year-end Report for the financial period January 1-December 31, 2007 was approved by the Board of Directors on February 29, 2008.

2. BASIS FOR PREPARATION AND ESSENTIAL ACCOUNTING PRINCIPLES

Basis for preparation This Year-end Report has been prepared in compliance with the International Financial Reporting Standards (IFRSs) that have been adopted by the European Union.

Essential accounting principles The financial statements of the Bank of Åland Group have been prepared in compliance with the International Financial Reporting Standards (IFRSs) that have been adopted by the European Union. The consolidated financial statements are presented in millions of euro (EUR M) unless otherwise stated. The consolidated financial statements have been prepared according to original cost, if not otherwise stated in the accounting principles. New accounting norms and standards in effect starting in 2007: IAS 1, amendments Amended as a consequence of IFRS 7, requiring the Group to provide disclosures that explain its capital management objectives and processes. The Group is applying IAS 1 starting in 2007. IFRS 7, "Financial Instruments: Disclosures" A new standard containing disclosure requirements aimed at improving information about financial instruments in companies' financial reports and applying to all companies that possess financial instruments. The Group is applying IFRS 7 starting in 2007. IFRIC 9, "Reassessment of Embedded Derivatives" This interpretation clarifies certain aspects of the treatment of embedded derivatives in compliance with IAS 39. The Group already meets the criteria according to IFRIC 9. IFRIC 10, "Interim Financing 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. The Group is not affected by amendments to the following: IFRIC 7, "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies" IFRIC 8, "Scope of IFRS 2 Share-based Payment" New accounting norms and standards that did not enter into force in 2007 but may be applied in advance: 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 8 replaces IAS 14, "Segment Reporting". The Group will present its financial statements in compliance with the revised 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 already meets the criteria stated in IFRIC 14. The Group is not affected by amendments to the following: IAS 23, "Borrowing Costs" IFRIC 11, "IFRS 2 ' Group and Treasury Share Transactions" IFRIC 12, "Service Concession Arrangement" IFRIC 13, "Customer Loyalty Programmes"

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 these estimates.

----- | 4. ACQUISITIONS OF COMPANIES | | During the report period, the Group made the following acquisitions, which | | are reported in compliance with IFRS 3, "Business Combinations". | ----- | Name of company | Line
