

# Interim report for the period January - September 2006

23.10.2006

Bank of Åland Plc STOCK EXCHANGE RELEASE 23.10.2006 09.00 hrs Interim report for the period January - September 2006 The report period in brief . Consolidated net operating profit climbed 20.8 per cent to 16.6 million euros (Jan-Sep 2005: EUR 13.8 M) . Net interest income rose by 2.6 per cent to EUR 24.1 M (23.5) . Commission income rose by 15.3 per cent to EUR 13.6 M (11.8) . Expenses rose by 11.7 per cent to EUR 28.5 M (25.5) . Loan losses (reversal) totalled EUR 0.1 M (-0.3) . Lending volume rose by 8.7 per cent to EUR 1,838 M (Sep 2005: 1,692) . Deposit accounts rose by 4.3 per cent to EUR 1,246 M (Sep 2005: 1,194) . Mutual fund capital under management rose by 17.1 per cent to EUR 315 M (Dec. 31, 2005: 269) . Return on equity after taxes (ROE) was 14.3 per cent (12.6) . The total capital ratio amounted to 11.1 per cent (11.5) . Earnings per share after taxes amounted to EUR 1.06 (0.93)

**EARNINGS AND PROFITABILITY** This Interim Report has been prepared according to the International Financial Reporting Standards (IFRSs) approved by the European Union, as well as in compliance with IAS 34, "Interim Financial Reporting". Earnings During the first nine months of 2006, consolidated net operating profit amounted to EUR 16.6 M (13.8). This was an increase of 20.8 per cent<sup>1</sup> compared to the corresponding period of 2005. Return on equity after taxes (ROE) was 14.3 per cent (12.6). The main reasons for the positive trend of earnings were increased commission income from asset management and from providing investment products, as well as increased revenue from computer systems sales and development (Crosskey Banking Solutions Ab Ltd). Net interest income Net interest income amounted to EUR 24.1 M (23.5). As a result of higher interest rates as well as larger lending volume, net interest income rose by 2.6 per cent despite the continued narrowing of customer margins. Other income Commission income rose by 15.3 per cent to EUR 13.6 M (11.8). Income from asset management and from providing investment products rose the most. Net income from securities trading for the Bank's own account was EUR 0.6 M (0.5). Net income from dealing in the foreign exchange market amounted to EUR 0.8 M (0.7). Net income from financial assets available for sale was EUR 0.2 M (1.5). The divestment of the Bank's shareholding in the Åland-based food processing company Chips Abp during the first quarter of 2005 yielded a capital gain of EUR 1.2 M. Net income from investment properties amounted to EUR 0.1M (0.2). Other operating income totalled EUR 6.6 M (2.5), due to increased revenue from the sale and development of computer systems as well as capital gains from the divestment of properties. Total income rose by 13.9 per cent to EUR 44.8 M (39.3). Expenses Staff costs rose by 9.1 per cent to EUR 16.1 M (14.7) as a consequence of new recruitments, mainly at Crosskey Banking Solutions Ab Ltd. Changes in pension liabilities and the fair value of assets in Ålandsbanken Abp:s Pensionsstiftelse, the Bank's pension fund, reduced staff costs by EUR 0.8 M (0.4). Other administrative expenses (office costs, marketing, telecommunications and computer costs) amounted to EUR 6.3 M (6.4). Production for own use amounted to EUR 0.4 M (1.3) and was related to expenses for computer software, which in accordance with IFRS must be capitalised. Depreciation/amortisation rose to EUR 3.0 M (2.6). Other operating expenses amounted to EUR 3.5 M (3.1). Total expenses, including planned depreciation/amortisation, rose to EUR 28.5 M (25.5). Impairment loss on loans and other commitments Net loan losses amounted to EUR 0.1 M (reversal). Personnel Hours worked in the Group, recalculated to full-time equivalent positions, totalled 439 (410) in the first nine months of 2006. This represented an increase of 29 positions compared to the same period last year. Most of the increase was due to new recruitments at Crosskey Banking Solutions Ab Ltd. 1 All percentages are calculated on the basis of exact values. Expense/income ratio Efficiency measured as expenses divided by income, including and excluding loan losses, respectively: Bank of Åland Group Sep 30 Sep 30 Dec 31 2006 2005 2005 including loan losses 0.63 0.65 0.64 excluding loan losses 0.63 0.65 0.64 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 September, the Group's capital adequacy according to the Credit Institutions Act was 11.1 per cent (11.5). Bank of Åland Group Sep 30 Sep 30 Dec 31 2006 2005 2005 Capital base, EUR M Core capital 87.0 80.7 83.8 Supplementary capital 53.0 49.7 51.3 Total capital base 140.0 130.4 135.1 Risk-weighted volume, EUR M 1,256.5 1,131.3 1,192.7 Total capital ratio, % 11.1 11.5 11.3 Core capital as a percentage of risk-weighted volume 6.9 7.1 7.0 Profit for the report period is not included in the capital base. Cash flow statement Bank of Åland Group Jan-Sep Jan-Sep 2006 2005 Liquid assets, January 1 217.4 252.2 Cash flow from operating activities Net operating profit 16.6 13.8 Adjustment for net operating profit items not affecting cash flow 4.3 5.1 Profits/losses from investing -0.9 -3.4 activities Income taxes paid -3.5 -2.7 Change in assets and liabilities in operating activities 62.2 78.8 -261.9 -249.1 Cash flow from investing -1.3 2.1 activities Cash flow from financing -2.3 134.9 activities Liquid assets, September 30 292.6 140.1 Deposits Deposits from the public, including bonds issued and certificates of deposit, rose during the 12 months to September 30, 2006 by 16.1 per cent to EUR 1,750 M (1,507). Deposit accounts increased by 4.3 per cent to EUR 1,246 M (1,194). Bonds and certificates of deposit issued to the public rose by 60.8 per cent to EUR 504 M (313). During the report period, the Group floated bond issues with a nominal value of EUR 35.9 M. Lending The volume of lending to the public increased by 8.7 per cent to EUR 1,838 M (1,692) during the 12 months to September 30, 2006. Most of the increase went towards residential financing. Lending to private households rose by 10.4 per cent to EUR 1,295 M (1,173). Private households accounted for 70.5 (69.3) per cent of the Group's total lending. Crosskey Banking Solutions Ab Ltd Crosskey Banking Solutions Ab Ltd is a wholly-owned subsidiary of the Bank of Åland Plc (Ålandsbanken Abp). 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 and support contracts for its deliveries. Crosskey currently works with four banks: Tapiola Bank, DnB NOR, S-Bank and the Bank of Åland. Crosskey currently has about 115 employees and offices in Mariehamn, Turku and Helsinki. In November, Crosskey will open a branch office in Sweden. Ålandsbanken Asset Management Ab Ålandsbanken Asset Management Ab is a subsidiary of the Bank of Åland Plc. The company offers discretionary and consultative asset management services to institutions and private individuals. The company currently has about 300 customers and EUR 650 M in managed assets. The company has strong growth in the form of new customers. Ålandsbanken Fondbolag Ab Ålandsbanken Fondbolag Ab is a wholly-owned subsidiary of the Bank of Åland Plc. The mutual funds (unit trusts) that the company manages are registered in Finland and comply with the Act on Mutual Funds. On September 30, 2006, the total assets under management amounted to EUR 315 M (Dec. 31, 2005: 269), an increase of EUR 46 M or 17.1 per cent during the report period. The number of unit holders totalled 11,651 (Dec 31, 2005: 9,443). This represented an increase of 2,208 or 23 per cent during the report period. Ålandsbanken Kapitalmarknadstjänster Ab Ålandsbanken Kapitalmarknadstjänster Ab (Allcap Ab) is a subsidiary of the Bank of Åland Plc. The company provides discretionary asset management as well as consulting services related to securities and financing. The company currently has more than 200 customers, with an aggregate portfolio value of more than EUR 400 M. Forecast for 2006 Full-year earnings in 2006 are expected to be better than in 2005. Mariehamn, October 23, 2006 THE BOARD OF DIRECTORS Review report To the shareholders of the Bank of Åland Abp We have conducted a review of the Interim Report of the Bank of Åland Abp for the period January 1 - September 30, 2006. The Interim Report, which was issued by the Board of Directors and the Managing Director, includes a condensed income statement, balance sheet, cash flow statement, changes in equity capital and certain additional disclosures. After completing our assignment, we are issuing our statement of opinion about the Interim Report. Our review was conducted in accordance with the recommendations of the Finnish Institute of Authorised Public Accountants concerning reviews. A review is planned and carried out on a sufficient scope to confirm that the Interim Report does not contain essential errors or omissions. A review is mainly limited to interviews with the staff of the Bank and analytical examination measures. We have not conducted a

complete audit and will thus not issue an audit report. On the basis of this review, to our knowledge no circumstances have emerged that would give reason to assume that the Interim Report has not been prepared essentially in accordance with the accounting and valuation principles of the IFRS standards approved by the EU as well as other Finnish rules and regulations concerning Interim Reports and that the Interim Report should not provide accurate and sufficient disclosures about the operating results and financial position of the Bank. Mariehamn, October 23, 2006 Marja Tikka Authorised Public Accountant Leif Hermans Au thorised Public Accountant Rabbe Nevelainen Authorised Public Accountant FINANCIAL RATIOS ETC Bank of Åland Group Jan-Sep Jan-Sep Jan-Dec 2006 2005 2005 Earnings per share before dilution, EUR 1 1.06 0.93 1.24 Earnings per share after dilution, EUR 2 1.03 0.90 1.21 Market price per share, end of period, EUR Series A 24.50 22.40 24.00 Series B 23.50 20.71 24.00 Equity capital per share, EUR 3 10.58 9.97 10.32 Return on equity after taxes, % (ROE) 4 14.3 12.6 12.5 Return on total assets (ROA), % 5 1.1 1.0 0.7 Equity/assets ratio, % 6 5.11 5.33 5.22 Total lending volume, EUR M 1,838 1,692 1,796 Total deposits from the public, EUR M 1,750 1,507 1,631 Equity capital, EUR M, 117 110 113 Balance sheet total, EUR M 2,293 2,055 2,170 Expense/income ratio Including loan losses 0.63 0.65 0.64 Excluding loan losses 0.63 0.65 0.64 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 Equity capital / Balance sheet total SUMMARY BALANCE SHEET Bank of Åland Group Sep 30 Sep 30 Dec 31 (EUR M) 2006 2005 2005 ASSETS Liquid assets 46 51 78 Debt instruments eligible for refinancing with central banks 161 113 96 Claims on credit institutions 151 109 128 Claims on the public and public sector 1,838 1,692 1,796 entities Debt instruments 1 1 0 Shares and participations 4 4 5 Shares and participations in associated 2 2 2 companies Derivative instruments 19 14 15 Intangible assets 4 4 4 Tangible assets 23 24 24 Other assets 25 29 9 Accrued income and prepaid expenses 18 12 14 Imputed taxes 1 0 0 TOTAL ASSETS 2,293 2,055 2,170 LIABILITIES AND EQUITY CAPITAL Liabilities to credit institutions 62 74 73 Liabilities to the public and public sector 1,248 1,198 1,303 entities Debt instruments issued to the public 705 540 558 Derivative instruments 19 15 15 Other liabilities 51 38 30 Accrued expenses and prepaid income 17 15 11 Subordinated liabilities 61 55 55 Imputed taxes due 12 11 12 TOTAL LIABILITIES 2,176 1,945 2,057 EQUITY CAPITAL AND MINORITY INTEREST Share capital 22 22 22 Share issue 1 0 0 Share premium account 27 26 26 Reserve fund 25 25 25 Fair value reserve 0 0 0 Profit brought forward 28 25 25 Profit for the period 12 10 14 Minority interest in capital 1 1 1 TOTAL EQUITY CAPITAL 117 110 113 TOTAL LIABILITIES AND EQUITY CAPITAL 2,293 2,055 2,170 SUMMARY INCOME STATEMENT Bank of Åland Group Jan-Sep Jan-Sep Jan-Dec (EUR M) 2006 2005 2005 Net interest income 24.1 23.5 31.4 Income from equity instruments 0.0 0.1 0.1 Commission income 13.6 11.8 16.1 Commission expenses -1.2 -1.4 -2.0 Net income from securities transactions and foreign exchange dealing 1.4 1.1 1.5 Net income from financial assets available for sale 0.2 1.5 1.1 Net income from investment properties 0.1 0.2 0.3 Other operating income 6.6 2.5 3.5 Total income 44.8 39.3 52.0 Staff costs -16.1 -14.7 -17.8 Other administrative expenses -6.3 -6.4 -8.5 Production for own use 0.4 1.3 1.1 Depreciation/amortisation -3.0 -2.6 -3.9 Other operating expenses -3.5 -3.1 -4.2 Total expenses -28.5 -25.5 -33.2 Loan and guarantee losses 0.1 -0.3 -0.3 Share of profit/loss in associated companies 0.3 0.3 0.2 Net operating profit 16.6 13.8 18.7 Profit before appropriations and taxes Profit for the period -4.2 -3.3 -4.6 Minority share of profit for the period -0.7 -0.3 -0.5 Profit for the period 11.7 10.2 13.6 INCOME STATEMENT BY QUARTER 1 Bank of Åland Group Q III Q II Q I Q IV Q III (EUR M) 2006 2006 2005 2005 Net interest income 8.2 7.8 8.1 7.9 7.9 Income from equity instruments 0.0 0.0 0.0 0.0 0.0 Commission income 4.3 4.9 4.4 4.4 3.9 Commission expenses -0.4 -0.4 -0.4 -0.6 -0.5 Net income from securities transactions and foreign exchange dealing 0.1 0.6 0.7 0.4 0.6 Net income from financial assets available for sale 0.0 -0.1 0.3 -0.4 0.0 Net income from investment properties 0.1 0.0 0.0 0.0 0.0 Other operating income 2.4 2.0 2.3 1.0 0.7 Total income 14.6 14.6 15.5 12.7 12.6 Staff costs -5.2 -5.6 -5.3 -3.1 -4.5 Other administrative expenses -1.8 -2.5 -1.9 -2.1 -2.0 Production for own

use 0.1 0.1 0.1 -0.2 0.4 Depreciation/amortisation -1.0 -1.0 -1.0 -1.3 -0.9 Other operating expenses  
 -1.2 -1.2 -1.1 -1.1 -1.0 Total expenses -9.1 -10.2 -9.3 -7.7 -7.9 Loss impairment on loans and other  
 commitments 0.0 0.1 0.0 0.0 -0.3 Share of profit/loss in associated companies 0.0 0.1 0.1 -0.1 0.1 Net  
 operating profit 5.6 4.6 6.4 4.9 4.5 1 Quarterly figures for 2005 have been adjusted for the effect of  
 the "fair value option" introduced in Q IV 2005. CHANGES IN EQUITY CAPITAL Bank of Åland Group  
 Share Share Share Legal capital issue premium reserve (EUR M) account Equity capital, December 31,  
 2004 Introduction of IAS 39 incl. fair value option 0.5 Equity capital, January 1, 2005 22.2 0.0 26.0  
 25.1 Dividend to shareholders Conversion of capital loan 0.0 0.1 Change in fair value Change in  
 minority interest of equity capital Profit for the period Equity capital, September 30, 2005 22.2 0.0  
 26.1 25.1 Conversion of capital loan 0.0 0.0 Change in fair value Change in minority share of equity  
 capital Profit for the period Equity capital, December 31, 2005 22.2 0.0 26.1 25.1 Dividend to  
 shareholders 1 Conversion of capital loan 2 0.2 1.5 1.1 Change in fair value Change in minority share  
 of equity capital Profit for the period Equity capital, September 30, 2006 22.3 1.5 27.2 25.1 Bank of  
 Åland Group Fair value Retained Minority Total reserve earnings interest Equity capital, December 31,  
 2004 0.0 34.5 0.5 107.8 Introduction of IAS 39 incl. fair value option 1.1 1.6 3.3 Equity capital, January  
 1, 2005 1.1 36.1 0.5 111.1 Dividend to shareholders -11.0 -11.0 Conversion of capital loan 0.1 Change  
 in fair value -1.0 -1.0 Change in minority interest of equity capital 0.1 0.1 Profit for the per iod 10.2  
 10.2 Equity capital, September 30, 2005 0.2 35.3 0.7 109.6 Conversion of capital loan 0.0 Change in  
 fair value 0.2 0.2 Change in minority share of equity capital 0.3 0.3 Profit for the period 3.4 3.4 Equity  
 capital, December 31, 2005 0.4 38.7 1.0 113.4 Dividend to shareholders 1 -11.0 -11.0 Conversion of  
 capital loan 2 2.8 Change in fair value 0.1 0.1 Change in minority share of equity capital 0.1 0.1 Profit  
 for the period 11.7 11.7 Equity capital, September 30, 2006 0.4 39.4 1.1 117.1 1 Dividend payment for  
 Series A shares EUR 5.2 M and for Series B shares EUR 5.8 M. 2 During the report period, 84,804 new  
 Series B shares subscribed in exchange for convertible loan certificates were recorded in the Finnish  
 Trade Registry. This was equivalent to an increase in equity capital of EUR 0.2 M and an increase in  
 the share premium account by EUR 1.1 M. An additional 98,901 Series B shares were subscribed in  
 exchange for convertible loan certificates. This was equivalent to an increase in equity capital of EUR  
 0.2 M and an increase in the share premium account by EUR 1.3 M. The shares will be recorded in the  
 Finnish Trade Registry on October 31, 2006 SEGMENT REPORT Bank of Åland Group 30.09.2006 Retail  
 Investment Information Treasury Group Elimi- Total banking banking technology and portfolio staff  
 units nations (EUR M) operations operations operations management etc. External income 28.1 7.3 6.0  
 1.9 1.5 44.8 Internal income 0.9 7.0 1.9 1.0 -10.9 0.0 Total income 29.0 7.3 13.0 3.8 2.5 - 10.9 44.8  
 Costs incl. depreciation etc. -10.4 -2.8 -9.9 -1.9 -14.4 10.9 -28.5 Loan losses 0.1 0.1 Share of  
 profit/loss in associated companies 0.3 0.3 Net operating profit 18.8 4.5 3.0 2.2 -11.9 0.0 16.6 Assets  
 1,890 31 8 168 199 -4 2,293 Liabilities 1,562 326 3 7 187 91 2,176 Equity capital 117 Bank of Åland  
 Group 30.09.2005 Retail Investment Information Treasury Group Elimi- Total banking banking  
 technology and portfolio staff units nations (EUR M) operations operations oper ations management  
 etc. External income 26.8 5.1 2.2 4.4 0.8 39.3 Internal income 0.9 0,0 8.1 0.9 1.2 -11.1 0.0 Total  
 income 27.7 5.1 10.3 5.3 2.0 -11.1 39.3 Costs incl. depreciation etc. -10,2 -2.3 -8.9 -1.8 -13.4 11.1  
 -25.5 Loan losses -0,3 -0.3 Share of profit/loss in associated companies 0.3 0.3 Net operating profit  
 17.3 2.8 1.4 3.7 -11.5 0.0 13.8 Assets 1,739 26 8 130 154 -3 2,055 Liabilities 1,492 161 3 17 189 83  
 1,945 Equity capital 110 LENDING TO THE PUBLIC AND PUBLIC SECTOR ENTITIES BY PURPOSE Bank of  
 Åland Group Sep 30 Sep 30 Dec 31 (EUR M) 2006 2005 2005 BUSINESS AND PROFESSIONAL  
 ACTIVITIES Service sector Shipping 58 75 60 Hotels. restaurants. tourist cottages 12 12 11 etc.  
 Wholesale and retail trade 45 46 46 Housing corporations 53 39 40 Real estate operations 84 90 95  
 Financial operations 126 99 137 Other service business 79 76 78 456 436 467 Production sector  
 Agriculture. forestry and fishing 21 21 21 Food processing etc 6 9 9 Construction 22 16 27 Other  
 industry and crafts 10 9 9 59 55 66 HOUSEHOLDS Home loans 1,039 949 977 Studies 13 13 13 Other  
 purposes 242 211 246 1,295 1,173 1,236 PUBLIC SECTOR AND NON-PROFIT ORGANISATIONS 27 27 28  
 TOTAL LENDING 1,838 1,692 1,796 DEPOSITS FROM THE PUBLIC AND PUBLIC SECTOR ENTITIES.

including bonds issued and certificates of deposit Bank of Åland Group Sep 30 Sep 30 Dec 31 (EUR M)

	2006	2005	2005
Demand deposit accounts	170	171	187
Current accounts	198	186	197
Savings and Environmental Accounts	99	106	109
Prime Accounts	415	474	494
Time deposits	288	181	228
Total deposit accounts in euros	1,170	1,118	1,214
Deposit accounts in other currencies	75	76	85
Total deposit accounts	1,246	1,194	1,300
Bonds	183	190	174
Certificates of deposit issued to the public	321	123	157
Bonds and certificates of deposit	504	313	331
Total deposits	1,750	1,507	1,631

DERIVATIVE CONTRACTS Bank of Åland Group Sep 30, Sep 30, 2006 2005 For For hedging hedging (EUR M) purposes Other purposes Other Value of underlying property Interest rate derivatives Option contracts Purchased 0 0 15 0 Written 0 0 0 15 Interest rate swap contracts 324 8 311 4 Currency derivatives Forward contracts 6 6 1 2 Interest rate and currency swap 0 1 0 1 contracts Equity derivatives Option contracts Purchased 156 0 162 1 Written 0 156 0 162 486 171 489 183 Equivalent credit values of the contracts Interest rate derivatives 3 2 Currency derivatives 0 0 Equity derivatives 28 25 32 27

OFF-BALANCE SHEET COMMITMENTS Bank of Åland Group Sep 30 Sep 30 Dec 31 (EUR M)

	2006	2005	2005
Guarantees and pledges	15	13	13
Other commitments	163	141	132
	178	154	145