

## INTERIM REPORT for the period January -

24.10.2003

1877Bank of Åland Plc STOCK EXCHANGE RELEASE 24.10.2003 09.00 hrs INTERIM REPORT for the period January - September 2003 Improved earnings during the report period · Consolidated net operating profit rose by 11.1 per cent to 12.1 million euros (EUR 10.9 M in the corresponding period of last year) · The Bank's net operating profit rose by 30.4 per cent to EUR 12.6 M (9.6) · Return on equity before taxes rose to 17.1 per cent (16.0) Return on equity (ROE) was 12.2 per cent (11.8). · Other income after taxes rose by 20.9 per cent to EUR 13.7 M (11.4), primarily as a result of growing income from the computer systems sales business area · Expenses declined by 2.0 per cent to EUR 24.2 M (24.6) · Ålandsbanken Asset Management Ab is showing continued good growth in business volume. During the third quarter, assets under management increased by 20 per cent · Ålandsbanken Fondbolag Ab has shown 38 per cent growth in assets managed since year-end 2002. This is primarily due to good new sales of fixed-income mutual funds and appreciation in the value of investments in the funds. The number of unit holders rose by 12 per cent News · A feasibility study with Aktia Savings Bank concerning purchase of the Bank of Åland's banking computer system as well as establishment of a joint resources company is proceeding as planned · Delivery of a complete banking computer system to Tapiola Bank, which is starting its operations in 2004, is going according to plan · The Bank of Åland has signed a partnering agreement with WM-data and designated that company as the Bank's certified partner · Successful issues of two US equity-related bond loans: Aktieindexobligation USA Ränta and Aktieobligation USA 2003-2007. Bonds totalling more than EUR 14 M were issued Earnings During the report period, consolidated net operating profit rose by 11.1 per cent or EUR 1.2 M to EUR 12.1 M, compared to the same period of 2002. The improvement in earnings was primarily due to appreciation in the value of the Bank's share portfolios and growing income from the 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 17.1 per cent. The Bank thus yielded a return on its shareholders' equity at a level about 14 percentage points higher than five-year bond yields. During the report period, income from financial operations amounted to EUR 22.2 M. This was EUR 1.7 billion or 7.4 per cent lower than during the same period of 2002. The lower income from financial operations was due to narrowing customer margins owing to tough competition, as well as to poorer return on the Bank's core capital as a consequence of the lower prevailing interest rates. Dividend income of EUR 0.7 M rose by EUR 0.3 M. Commission income amounted to EUR 7.3 M, which was EUR 0.8 M lower than during the same period of last year. Net income from the Bank's own securities trading rose sharply and amounted to EUR 2.0 M. Net income on foreign exchange dealing, EUR 0.5 M, amounted to the year-earlier level. Other operating income rose by EUR 1.6 M to EUR 3.5 M. This included income from the sale of banking computer systems. Other income totalled EUR 13.7 M, an increase of EUR 2.3 M or 20.9 per cent. Total income - net income from financial operations and other income - rose by 1.7 per cent or EUR 0.6 M to EUR 35.9 M. New staff recruitments and salary adjustments in compliance with collective agreements raised staff costs by EUR 0.9 M to EUR 13.2 M. Other administrative expenses (office costs, marketing, telecommunications and computer costs) declined by EUR 0.8 M to EUR 5.6 M, mainly due to lower marketing costs. Depreciation fell by EUR 0.5 M to EUR 1.7 M and other operating expenses declined by EUR 0.2 M to EUR 2.7 M. Total expenses including planned depreciation declined by 2.0 per cent or EUR 0.4 M to EUR 24.2 M. Net loan losses amounted to EUR -0.01 M (recovery) during the report period, compared to EUR 0.11 M (loss) in the same period last year. Deposits Deposits from the public, including bonds issued and certificates of deposit, rose during the 12 months to September 30, 2003 by 0.2 per cent to EUR 1,333 M (1,330). Deposit accounts fell slightly to EUR 1,067 M (1,069). During the year, the Bank floated bond issues

with a nominal value of EUR 40 M. Lending During the 12 months to September 30, 2003, the Bank's volume of lending to the public increased by 8.1 per cent to EUR 1,309 M (1,211). Most of the increase went towards residential financing. During the report period, total lending volume rose by EUR 50.0 M or 4.0 per cent. Private households accounted for 68.2 (66.5) per cent of total lending. Personnel At the end of September 2003, the number of employees - recalculated as full-time equivalents - was 375, compared to 369 on the same date in 2002, that is, an increase of 6 positions. Nonperforming receivables Total nonperforming receivables and other zero-interest receivables amounted to EUR 2.0 M (2.9), or 0.2 per cent of loans and guarantees outstanding. Capital adequacy At the end of September, the Group's total capital ratio according to the Credit Institutions Act was 11.5 per cent. The core capital ratio was 9.3 per cent. During the year, core capital rose due to an increase in the Bank's share capital, which boosted shareholders' equity by EUR 11.5 M. Profit during the report period is not included in core capital. The capital base amounted to EUR 107.2 M. Forecast for the year Compared to recent years, other income from both banking operations and the banking computer sales business area are expected to rise, while the Bank's expenses fall. Due to tough competition and falling interest rates, net income from financial operations will not reach the level of recent years. Altogether, this will lead to improved net operating profit in the Bank. For the Group as well, net operating profit is expected to exceed last year's level. Mariehamn, Åland, October 24, 2003 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 - September 30, 2003. 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, October 24, 2003 Leif Hermans Authorised Public Accountant Per-Olof Johansson Authorised Public Accountant Marja Tikka CGR Authorised Public Accountant Sep 30, 2003 Sep 30, 2002 Dec 31, 2002 Capital adequacy The Group's capital adequacy according to the Credit Institutions Act: Capital base, EUR M Core capital 86.9 73.7 73.3 Supplementary capital 20.3 23.2 23.2 Total capital base 107.2 97.0 96.5 Risk-weighted volume, EUR M 931,4 857.6 879.4 Total capital ratio, % 11,5 11.3 11.0 Core capital as % of risk-weighted volume 9.3 8.6 8.3 Profit for the report period is not included in core capital. Nonperforming loans, EUR M 2.0 2.9 2.0 Nonperforming loans amounted to 0.2 per cent of total loans and contingent liabilities. Financial ratios Net operating profit per share, EUR 1) 0.82 0.77 1.00 Equity capital per share, EUR 2) 9.04 8.47 8.69 Return on equity after taxes % (ROE) 3) 12.2 11.8 11.5 before loan losses 1.50 1.45 1.45 after loan losses 1.50 1.45 1.42 1 Net operating profit minus imputed taxes/Average number of shares, adjusted for new issue 2 Equity capital and reserves minus imputed taxes/Number of shares on balance sheet date, adjusted for new issue 3 Net operating profit minus imputed taxes / Average shareholders' equity INCOME STATEMENT (EUR M) The Group 1-9/03 1-9/02 1-12/02 Net income from financial 22.2 23.9 31.5 operations Income from investment in form of equity capital 1.0 0.8 0.8 Commission income 7.3 8.1 10.5 Net income from securities trans- actions and foreign exchange 2.0 0.6 1.2 dealing Other operating income 3.5 1.9 3.9 TOTAL INCOME 35.9 35.3 47.9 Commission expenses -0.9 -0.9 -1.2 Staff costs -13.2 -12.3 -16.4 Other administrative expenses -5.6 -6.4 -8.9 Depreciation -1.7 -2.2 -2.9 Other operating expenses -2.7 -2.9 -3.9 TOTAL EXPENSES -24.2 -24.6 -33.2 Loan and guarantee losses 0.0 -0.1 -0.8 Write-downs in securities held as financial fixed assets 0.0 0.0 0.0 Share in operating results of company consolidated according to equity method 0.3 0.3 0.3 NET OPERATING PROFIT 12.1 10.9 14.2 PROFIT BEFORE APPRO- PRIATIONS AND TAXES 12.1 10.9 14.2 Income taxes -3.5 -3.1 -4.2 Share of profit for the financial year attributable to minority interests -0.1 -0.3 -0.3 Profit for the year 8.6 7.5 9.7 BALANCE SHEET (EUR M) The group 09/03 09/02 12/02 ASSETS Cash 95 45 89 Claims usable as collateral at central bank 195 209 176 Claims on credit institutions 171 128 202 Claims on the public and public sector entities 1 309 1 211 1 260 Leasing assets 1 1 1 Debt securities 38 27 26 Shares and participations 17 16 16 Shares and participations in associ- ated companies and subsidiaries 2 2 2 Intangible assets 3 4 4 Tangible assets 14 15 15 Other assets 11 12 11 Accrued income and prepayments 9 11 11 TOTAL ASSETS 1 866 1 680

1 813 LIABILITIES AND EQUITY CAPITAL Liabilities Liabilities to credit institutions and central banks 96  
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 Subordinated liabilities 25 22 22 Imputed taxes due 7 7 7 Minority share of capital 0 1 0 Equity capital  
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