

# INTERIM REPORT for the period January -

25.04.2003

9200Bank of Åland Plc STOCK EXCHANGE RELEASE 25.04.2003 09.00 hrs INTERIM REPORT for the period January - March 2003 EARNINGS During the report period, consolidated income from financial operations amounted to EUR 7.4 million. This was EUR 0.4 M or 5.8 per cent lower than during the same period of 2002. The lower income from financial operations was attributable to narrowing customer margins due to toughening competition, as well as to a poorer return on the Bank's core capital due to the low prevailing interest rates. Dividend income amounted to EUR 0.3 M, which was equivalent to the year-earlier level. Commission income decreased by EUR 0.3 M to EUR 2.3 M. Net income from the Bank's own securities trading fell by EUR 0.7 M to EUR 0.3 M. Net income on foreign exchange dealing declined somewhat to EUR 0.2 M. Other operating income rose by EUR 0.3 M to EUR 0.7 M. Total income - net income from financial operations and other income - declined by EUR 1.1 M to EUR 11.2 M. New staff recruitments and salary adjustments in compliance with collective agreements raised staff costs by EUR 0.1 M to EUR 4.2 M. Other administrative expenses (office costs, marketing, telecommunications and computer costs) fell by EUR 0.1 M to EUR 1.8 M, mainly due to lower marketing costs. Depreciation of EUR 0.7 M and other operating expenses of EUR 1.0 M were equivalent to year-earlier levels. Total expenses including planned depreciation fell by EUR 0.1 M to EUR 7.9 M. Net loan losses amounted to EUR -0.1 M (recovery). Taken together, this caused net operating profit to decline by EUR 1.0 M to EUR 3.5 M. Return on equity for the report period was 15.2 per cent. The Bank thus yielded a return on its shareholders' equity at a level about 12 percentage points higher than five-year bond yields. DEPOSITS Deposits from the public, including bonds issued and certificates of deposit, fell during the 12 months to March 31, 2003 to EUR 1,351 M (1,352). Deposit accounts declined by 1.4 per cent to EUR 1,065 M (1,080). During the year, the Bank floated bond issues with a nominal value of EUR 9.5 M. LENDING During the 12 months to March 31, 2003, the Bank's volume of lending to the public increased by 12.2 per cent to EUR 1,270 M (1,132). Most of the increase went towards residential financing. During the report period, total lending volume rose by EUR 10.8 M or 0.9 per cent. Private households accounted for 66.9 (65.7) per cent of the Bank's total loans outstanding. PERSONNEL At the end of March 2003 the number of employees - recalculated as full-time equivalents - was 368, compared to 361 on the same date in 2002, that is, an increase of 7 positions. INSIDER RULES The Bank has accepted the Helsinki Stock Exchange's insider regulations and has established trading restrictions by which a Bank insider is not entitled to trade in the Bank's securities during a period of 14 days before publication of the Bank's annual accounts or Interim Report. CAPITAL ADEQUACY The Group's capital adequacy according to the Credit Institutions Act: Capital base, EUR M Mar 31, 2003 Mar 31, 2002 Dec 31, 2002 Core capital 74.9 73.2 73.3 Supplementary capital 23.2 27.7 23.2 Total capital base 98.1 100.9 96.5 Risk-weighted volume, EUR M 876.7 835.3 879.4 Total capital ratio, % 11.2 12.1 11.0 Core capital ratio as % of risk-weighted volume 8.5 8.8 8.3 Profit for the report period is not included in core capital. NONPERFORMING LOANS, EUR M Mar 31, 2003 Mar 31, 2002 Dec 31, 2002 3.9 2.7 2.0 Nonperforming loans amounted to 0.3 per cent of total loans and contingent liabilities. FINANCIAL RATIOS ETC Mar 31, 2003 Mar 31, 2002 Dec 31, 2002 Net operating profit per 0.24 0.31 1.00 share, EUR1 Equity capital per share, 7.99 8.04 8.69 EUR2 Income/expense ratio - before loan losses 1.43 1.56 1.45 after loan losses 1.44 1.55 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 FORECAST FOR THE YEAR Due to tough competition and falling interest rates, net income from financial operations will probably not reach the level of recent years. Other income from banking operations and other expenses are not expected to undergo significant changes. Any new licensing

income from the sale of banking computer systems has not been taken into account. Such income may boost income noticeably. Mariehamn, Åland, Finland, April 25, 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 - March 31, 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, April 25, 2002 Leif Hermans Authorised Public Accountant Per-Olof Johansson Authorised Public Accountant Marja Tikka Authorised Public Accountant

**INCOME STATEMENT (EUR M)**

	The Group 1-3/03	1-3/02	1-12/02
Net income from financial operations	7.4	7.8	31.5
Income from investment in form of equity capital	0.3	0.3	0.8
Commission income	2.3	2.6	10.5
Net income from securities transactions and foreign exchange dealing	0.5	1.2	1.2
Other operating income	0.7	0.4	3.9
<b>TOTAL INCOME</b>	<b>11.2</b>	<b>12.3</b>	<b>47.9</b>
Commission expenses	-0.4	-0.3	-1.2
Staff costs	-4.2	-4.1	-16.4
Other administrative expenses	-1.8	-1.9	-8.9
Depreciation	-0.7	-0.7	-2.9
Other operating expenses	-1.0	-1.0	-3.9
<b>TOTAL EXPENSES</b>	<b>-7.9</b>	<b>-8.0</b>	<b>-33.2</b>
Loan and guarantee losses	0.1	0.0	-0.7
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	0.2	0.1	0.3
<b>NET OPERATING PROFIT</b>	<b>3.5</b>	<b>4.5</b>	<b>14.2</b>
<b>PROFIT BEFORE APPRO- PRIATIONS AND TAXES</b>	<b>3.5</b>	<b>4.5</b>	<b>14.2</b>
Income taxes	-1.0	-1.3	-4.2
Share of profit for the financial year attributable to minority interests	0.0	0.0	-0.3
<b>Profit for the year</b>	<b>2.5</b>	<b>3.1</b>	<b>9.7</b>

**BALANCE SHEET (EUR M)**

	The group 03/03	03/02	12/02
<b>ASSETS</b>			
Cash	97	59	89
Claims usable as collateral at central bank	174	169	176
Claims on credit institutions	134	243	202
Claims on the public and public sector entities	1	270	1
Leasing assets	1	1	1
Debt securities	22	31	26
Shares and participations	16	16	16
Shares and participations in associated companies and subsidiaries	2	2	2
Intangible assets	4	5	4
Tangible assets	14	15	15
Other assets	11	24	11
Accrued income and prepayments	9	11	11
<b>TOTAL ASSETS</b>	<b>1 756</b>	<b>1 707</b>	<b>1 813</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>			
Liabilities to credit institutions and central banks	95	96	111
Liabilities to the public and public sector entities	1	072	1
Debt securities issued to the public	424	319	433
Other liabilities	29	29	24
Accrued expenses and deferred income	16	12	16
Subordinated liabilities	22	22	22
Imputed taxes due	7	7	7
Equity capital	21	20	20
Share capital	21	20	20
Share premium reserve	15	13	14
Reserve fund	25	25	25
Capital loan	10	10	10
Profit brought forward	18	16	18
Other equity capital	2	13	10
<b>TOTAL LIABILITIES AND EQUITY CAPITAL</b>	<b>1 756</b>	<b>1 686</b>	<b>1 813</b>
<b>OFF-BALANCE SHEET COMMITMENTS</b>	<b>102</b>	<b>87</b>	<b>93</b>

**INCOME STATEMENT (EUR M)**

	Bank of Åland Plc 1-3/03	1-3/02	1-12/02
Net income from financial operations	7.3	7.8	31.3
Income from investment in form of equity capital	1.6	0.5	1.0
Commission income	1.9	2.2	8.2
Net income from securities transactions and foreign exchange dealing	0.5	1.2	1.1
Other operating income	0.7	0.4	3.9
<b>TOTAL INCOME</b>	<b>12.0</b>	<b>12.1</b>	<b>45.6</b>
Commission expenses	-0.3	-0.3	-1.0
Staff costs	-4.0	-3.9	-15.8
Other administrative expenses	-1.7	-1.8	-8.7
Depreciation	-0.6	-0.7	-2.8
Other operating expenses	-0.9	-0.9	-3.8
<b>TOTAL EXPENSES</b>	<b>-7.6</b>	<b>-7.7</b>	<b>-32.1</b>
Loan and guarantee losses	0.1	0.0	-0.5
Write-downs in securities held as financial fixed assets	0.0	0.0	0.0
<b>NET OPERATING PROFIT</b>	<b>4.5</b>	<b>4.3</b>	<b>13.3</b>
<b>PROFIT BEFORE APPRO- PRIATIONS AND TAXES</b>	<b>4.5</b>	<b>4.3</b>	<b>13.3</b>
Provisions	0.0	0.0	0.7
Income taxes	-1.3	-1.3	-4.0
<b>Profit for the year</b>	<b>3.2</b>	<b>3.1</b>	<b>10.0</b>

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<b>TOTAL ASSETS</b>	<b>1 756</b>	<b>1 706</b>	<b>1 812</b>
<b>LIABILITIES AND EQUITY CAPITAL</b>			
Liabilities to credit institutions and central banks	95	86	111
Liabilities to the public and public sector entities	1	072	1
Debt securities issued to the public	424	364	434
Other liabilities	30	34	24
Accrued expenses and deferred income	16	16	16
Subordinated liabilities	22	22	22
Imputed taxes due	7	7	7
Accumulated appropriations	23	23	23
Equity capital	21	20	20
Share capital	21	20	20
Share premium reserve	15	14	14
Reserve fund	25	25	25
Capital loan	10	10	10
Profit brought forward	0	0	0
Other equity capital	3	3	10
<b>TOTAL</b>	<b>1 756</b>	<b>1 686</b>	<b>1 813</b>

