



BANK OF ÅLAND

**ANNUAL REPORT
2004**

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BANK OF ÅLAND PLC

(GROUP HIGHLIGHTS)

EUR M **2004** **2003**

INCOME STATEMENT IN BRIEF

Net income from financial items	29.5	29.6
Other income	19.8	19.9
Expenses	-33.3	-34.4
Loan losses	-0.7	0.1
Net operating profit	15.4	15.2

SELECTED BALANCE SHEET ITEMS, DECEMBER 31

Lending	1,631.6	1,385.3
Deposits, including bonds issued	1,537.2	1,398.3
Equity capital	101.6	100.9
Total assets	1,983.7	1,851.5

FINANCIAL RATIOS ETC

Return on equity, %	10.8	11.4
Equity capital per share, EUR	9.25	9.22
Earnings per share after taxes, EUR	0.99	1.02
Risk-based capital ratio, %	11.4	11.4
Number of offices	26	27
Number of employees	392	375
(total hours worked recalculated as full-time equivalents)		

FINANCIAL INFORMATION ON THE BANK OF ÅLAND

The Bank of Åland will publish the following Interim Reports during the 2005 financial year:

- The January–March Interim Report will appear on Tuesday, April 26, 2005
- The January–June Interim Report will appear on Tuesday, August 23, 2005
- The January–September Interim Report will appear on Tuesday, October 25, 2005

These Interim Reports will be published on the Internet: www.landsbanken.fi
They can also be ordered from:

Secretariat, Bank of Åland Plc, P.O. Box 3, AX-22101 Mariehamn, Åland, Finland

The Head Office of the Bank of Åland is in Mariehamn, capital of the autonomous Finnish province of Åland. Located in the Baltic Sea midway between Sweden and Finland, the 6,400-island Åland archipelago has about 26,000 inhabitants. Its official language is Swedish.

This translation of the Swedish-language Annual Report uses the international currency codes for European Central Bank euros (EUR) – which is the currency of Finland – as well as U.S. dollars (USD) and Swedish kronor (SEK). At year-end 2004, the middle rate for EUR 1 was USD 1.3621.

“The Bank” refers to the Bank of Åland Plc (Ålandsbanken Abp), Parent Company of the Bank of Åland Group. Amounts have generally been rounded off to millions or thousands, but percentage figures, totals, ratios etc. are calculated on the exact amounts. The abbreviation M refers to million(s); K means thousand(s). Finnish-language place names are sometimes followed in parentheses by the corresponding Swedish-language place name.



The Executive Team consists of (from the left) Edgar Vickström, Lars Donner, Peter Grönlund, Jan Tallqvist, Dan-Erik Woivalin and Anders Ingves.

COMMENTS BY THE MANAGING DIRECTOR AND THE EXECUTIVE TEAM

The Bank of Åland turned 85 years old in 2004. No other bank in Finland has succeeded in preserving its autonomy for such a long time, without undergoing major changes of ownership or being drawn into mergers. The shareholders and employees of the Bank have always defended its independence and identity in both difficult and successful years. At the same time, our history bears witness to a strong sense of trust among our customers for the work that the Bank of Åland performs.

CHANGES

Continuity is not incompatible with renewal. In 2004, many changes took place in the Bank. On July 1, we began fully applying the Helsinki Stock Exchange's recommendation on rules for corporate governance. For Finnish banks, this recommendation will become a regulation in the near future. The Bank of Åland endeavours to achieve maximum transparency in its operations, within the existing regulations. One innovation during 2004 was that we organised

information meetings for the Bank's shareholders in conjunction with the publication of our Interim Reports, thereby giving shareholders an opportunity to meet the Bank's executives in an informal setting.

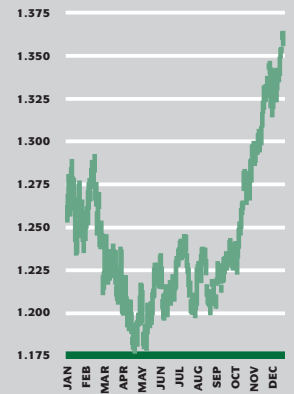
The undersigned assumed the position of Managing Director on March 1, 2004. The Annual Meeting completed the modernisation of the Bank's oversight structure by abolishing the Supervisory Board.

I would like to express our deep gratitude to all of those who have served on the Bank of Åland's Supervisory Board over the years.

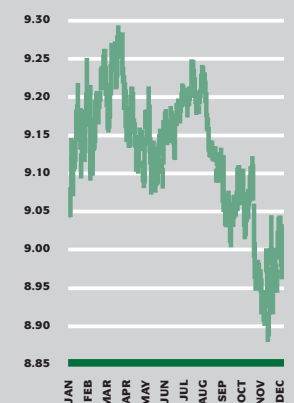
OUR EMPLOYEES

Customers' perceptions of their meetings with our employees are crucial to the credibility and success of our relationship banking strategy. This is why honing the skills and attitudes of our employees is a task close to our heart. During 2004, we approved far-reaching investments in our staff, among other things through a new programme that includes instruction, leadership training, trainee activities and an incentive system.

EUR/USD exchange rates, 2004



EUR/SEK exchange rates, 2004



Interest rates

- 12-mo EURIBOR
- 3-mo EURIBOR
- ECB key rate



OUR CUSTOMERS

Customers form the basis of all our operations. This is why we are strongly customer-focused and we invest extensively in building, developing and deepening our customer relationships. This relationship-building effort, supported by such innovative products as our Premium concept, enabled us to attract many new customers during the year.

EARNINGS

In 2004 our earnings were satisfactory, given a market situation with extremely squeezed margins and persistently low interest rates, which adversely impacted our net income from financial operations – a vital component of the Bank's earnings. During many years, the Bank's earnings have been affected by major nonrecurring items, and this was also true in 2004. For a number of years, the Bank has pursued a policy of disbursing more in dividends than its actual earnings from banking operations have covered. We cannot continue to do so.

The Bank of Åland's total capital ratio is good, but to ensure the resources needed to grow with our customers and welcome new ones, we need to build up additional capital. It is a matter of having the capacity to provide lending for the future projects of individual and corporate customers, as well as to develop the operations of the Bank in other ways. The requirements established by the new Basel 2 capital adequacy rules and the International Financial Reporting Standards (IFRS) will also necessitate investments in systems and staff resources. In short, the Bank of Åland must continue to grow in order to further strengthen its capacity to implement the investments demanded by public authorities and by our customers.

The Bank's Board of Directors has therefore adopted a clear financial strategy that implies a focus on strongly improved profitability over the next few years – an ambition to keep the dividend at its current euro level and meanwhile expand our capital base. We will adhere to our relationship banking strategy, increase our pace and aim for higher profitability.

I would like to express my sincere gratitude to the shareholders, my fellow employees and all our customers, who contributed to a successful 2004.



PETER GRÖNLUND
Managing Director

EXTERNAL FACTORS

During 2004, the world economy grew at a good pace. Meanwhile companies were able to begin reaping the fruits of earlier cost cutbacks, combined with rising demand. In spite of this, financial markets were characterised by uncertainty during the first three quarters of the year. The situation in Iraq remained unstable. Meanwhile disruptions in oil production elsewhere in the world as well contributed to a sharp rise in oil prices until the autumn. The Federal Reserve – the US central bank – began its interest rate hiking cycle during the spring, while in China the authorities signalled that it was time to slow the rapid growth of the Chinese economy. These factors combined to create uncertainty about future economic trends.

In the euro zone, which includes Finland, exports in particular made a manifestly positive contribution to growth. However, private consumption remained listless due to a weak labour market and a slowing pace of wage and salary increases.

The money and bond markets

The European Central Bank (ECB) kept its key interest rate unchanged at 2.0 percent throughout the year, even though inflation and money supply growth exceeded the Bank's official thresholds during much of the year. The ECB did not want to interrupt the gradual economic recovery prematurely. Meanwhile the rise in inflation could largely be ascribed to temporary factors such as oil prices. During the autumn, the sharp decline in the US dollar contributed to a further cooling in growth prospects. At year-end, the yield on 10-year German government bonds again fell below the 4.0 per cent level and thus stood at a lower level than at the beginning of 2004.

The foreign exchange market

The Swedish krona remained comparatively stable and the euro traded at an average of around SEK 9.16. The krona exchange rate strengthened for a while during the autumn, when there were increased expectations that the Riksbank – Sweden's central bank – would raise interest rates, at the same time as more and more observers were postponing the probable date of a rate hike by the ECB. The growth- and inflation-dampening effects of the krona appreciation, combined with continued uncertainty in the labour market, nevertheless led to a new cooling of rate hike expectations late in 2004, and the krona rose to a level of SEK 9.02 per euro by year-end.

The stock market

The Helsinki Stock Exchange performed more strongly than its

counterparts abroad. In December the HEX Portfolio Index stood 17 per cent higher than at the beginning of 2004. Due to the abolition of the *avoir fiscal* system, which eliminates double taxation of dividends, many exchange-listed companies chose to pay extra large dividends during 2004. Counting dividends, the value of the HEX Portfolio Index rose a full 24 per cent. At the sectoral level, the energy industry was among the strongest sectors with an upturn of 66 per cent. During the autumn, commodity-oriented metal companies delivered earnings that far surpassed market expectations. The stock market rally was broad, with the banking and financial services sector also noting share price increases exceeding 20 per cent. The forest product sector was subdued but stable. Difficulties in raising paper prices in Europe, along with the weak dollar exchange rate, contributed to this trend. The telecom and electronics sector was one of the few that experienced reversals. Finnish-based telecom giant Nokia was forced to issue profit warnings on several occasions during the first half of 2004. During the autumn, its share price rose by 30 per cent above the year's lowest quotation in August, but this did not suffice to give Nokia a price increase for the full year.

THE BANK'S OPERATIONS

The Finnish banking industry

During 2004 the Finnish banking industry was stable. No major changes or mergers took place during the year. However, there was a clear tendency for the industry to make an effort to adapt its costs to stiff competition and low margins.

Savings

Regular savings rose in Finland during the year, according to a survey published by the Finnish Bankers' Association in November. More than 70 per cent of respondents stated that they saved regularly or sporadically, and only 28 per cent replied that they had no extra assets left for savings. Most people who save have their money in bank accounts. Of the survey respondents, 27 per cent had funds in savings and investments accounts and 26 per cent in current accounts. Mutual fund savings also rose. Retirement savings declined somewhat due to the uncertainty that prevailed for many years concerning taxation of voluntary retirement savings. According to the survey, three fourths of those with retirement savings intend to continue saving. Euro-denominated deposit accounts in Finnish financial institutions rose by 4.4 per cent in the twelve months from November 2003 to November 2004.

Residential mortgages and consumer lending

According to the interview survey, 56 per cent of respondents had

loans. In the spring of 2004, the corresponding figure was 51 per cent. Those with housing loans rose from 28 per cent in the spring to 31 per cent in October. Consumer lending also showed a similar growth trend.

The total volume of residential mortgage loans in Finland grew by 15.1 per cent during the 12 months to November 2004. The average interest rate on new mortgage loans fell during the same period from 3.32 per cent to 3.12 per cent, while the 12-month market interest rate fell from 2.41 to 2.30 per cent.

Payments

The Internet services of Finnish banks are becoming increasingly popular and, according to the survey, they are used by 62 per cent of respondents. Of Finland's population, 60 per cent already handle their payments regularly via the Net, five per cent pay their bills at the bank and one per cent pay cash at the bank. Other techniques used are ATM cash dispensers, direct debiting, payment services and telephone. Bank-issued debit cards are becoming an increasingly common means of payments for daily purchases, with 43 per cent of respondents stating that they use their debit card for daily purchases.

Sources: FINNISH BANKERS' ASSOCIATION AND BANK OF FINLAND

The Mainland Division

Growth in the Bank of Åland's Mainland Division was stable during 2004. The number of active customers rose by two per cent. Business volume (deposits plus lending) increased by 16 per cent and totalled EUR 1,993 M. During the year, operations focused on continued customer acquisition within the framework of the Bank's relationship banking strategy. The introduction of the Premium concept was a major success on the Finnish mainland and helped us gain many new satisfied customers. The Mainland Division accounted for 63 per cent of the Bank's deposits, 74 per cent of its lending volume and 38 per cent of operating earnings at the Bank's units. The number of employees totalled 108 (112). Operations took place in the same locations as earlier and no new branch offices were opened during the year. The mainland offices report directly to the Managing Director.

Private Banking

The Private Banking unit, located in Helsinki, works to build up long-lasting customer relationships with individuals and companies with growth potential. During the year, there was a special emphasis on deepening existing customer relationships. One positive outcome of this work, among others, is that customers with multiple banking relationships have increasingly chosen to concentrate

their business with us.

The unit showed a stable, positive trend. Our network of business partners also gave us increased business volume. The demand for investment products continued to increase, as did deposits and lending. It was an especially successful year for our Corporate Advisory Service, which offers comprehensive services to small and medium-sized companies as well as to private individuals closely affiliated with them.

It was gratifying that the Private Banking unit maintained its position in the Helsinki region and was recognised as one of Finland's leading players in its market (Euromoney, January 2005).

Investment Banking Division

Investment advisory services and investment products are of growing importance to the Bank's earnings. The Bank's ambition is to strengthen its position in the investment segment and increase its earnings from non-risk-bearing products. The Division was reorganised during the year to create a greater focus on providing back-up to the sales organisation in stock brokerage operations and investment advisory services. As a result, the Bank's liquidity management and foreign payment departments were spun off from the Investment Banking Division, and administration was transferred to the Business and Human Resources Development Division. The launch of Personal Financial Planning, which began during 2003, continued during the year. An evaluation of this product was made during 2004 and development work will continue during 2005.

The year was successful and income from customer stock brokerage and trading for the Bank's own account rose by 64 per cent. During the year, the Bank issued seven stock index-linked loans totalling EUR 50 M. In order to strengthen the Bank's capital base, it issued two debenture loans totalling EUR 20 M.

These products were launched in collaboration with both the Bank's subsidiary Ålandsbanken Asset Management Ab and outside suppliers.

Liquidity Management, Foreign Exchange Dealing and International Operations

This department is responsible for managing the Bank's liquid assets, balance and interest rate risks, its foreign exchange dealing as well as its international payments and correspondent bank contacts.

The Bank tries to avoid interest rate positions and is currently working to introduce a new system for monitoring balance and interest rate risks. The introduction of IFRS, which makes special

demands on calculation and market appraisal of various hedging instruments, is very time-consuming for the department.

The Åland market

We continued to be the market-leading bank in the Åland Islands.

The Business Centre unit was created to serve companies and large private investors. It combines know-how in asset management, legal matters and financing. This collaboration within the new unit gives us an even better opportunity to create comprehensive solutions for customers, which in turn leads to increased business volume. Among other things, the invested assets managed by the Business Centre rose by nearly 70 per cent during the year. Shipping credits, which are traditionally of major importance to the Bank, rose by 22 per cent.

Financing of home purchases by private individuals was lively throughout the year, and the influx of new customers was gratifyingly high. Low interest rates improved the financial situation of customers, who often used their extra funds for supplementary principal payments. In spite of this, the volume of home mortgage loans rose by 13 per cent. In all, the Bank's business volume in Åland rose by 11 per cent.

Premium

The introduction of the Premium package was the biggest innovation for individual customers. The Bank developed this service in order to offer customers economic security combined with greater enjoyment of life. The service includes travel insurance, emergency cash and account blocking services along with travel offers, international concierge services and offers of additional banking services.

During 2004, 2,652 customers chose to begin using this service.

Personalisation

Our strategy of adapting offers and communication to the needs and interests of customers permeates our work, both via digital channels and in our direct contacts with customers. To further refine personalisation, we perform regular follow-ups. We have also improved the personalisation task by deducing customers' needs from their behaviour, which in turn has enabled us to develop and create new customer processes.

Human resources programme

To achieve full business benefits from its long-term relationship banking strategy, the Bank has built up a many-faceted human resources programme. Its three cornerstones are staffing and

leadership strategies, the Relationship Academy and a human resource development programme.

During the spring, the Bank updated its staffing and leadership strategies.

Health profile

The Bank's employees underwent a health profile examination, which will be repeated in 2006. The examination showed that Bank of Åland employees are active and take good care of their health.

Gender equality plan

A new gender equality plan was drafted during the autumn. During preparatory work, a survey of the gender equality situation in the Bank was conducted. A concrete action plan for the period 2005 – 2007 was developed in order to further improve equality between men and women at the Bank of Åland.

Personnel fund

In December the Board of Directors established a personnel fund and approved the introduction of local, target-oriented bonus programmes for employees. The purpose is to increase motivation to achieve the Bank's target of improving its income/expense ratio in the medium term to 2.

The disbursement to the personnel fund will be determined by the extent to which the Bank exceeds a yearly income/expense ratio target and surpasses the unweighted earnings index of a defined group of Nordic banks. The maximum disbursement to the personnel fund and to local target-focused programmes is 3 per cent of the Bank of Åland's earnings.

The Relationship Academy

On September 15, the Relationship Academy began operation. Its objective is to help employees become even more professional relationship builders by knowing how, wanting, daring and having energy to perform their assignments. The Academy endeavours to introduce a solutions-oriented working method, focusing on the customer's overall financial situation. The Academy consists of seven departments.

Ensuring a supply of leadership talent

To safeguard the Bank's long-term need for leadership talent, a long-term human resource development programme was designed. This programme includes trainee activities, and in August the Bank recruited two trainees for one year, out of more than 60 outside applicants. During their year of employment, they will undertake advanced tasks in a number of areas at the Bank.

The 10 openings in the newly established leadership programme attracted applications from 55 of the Bank's employees. During a two-year period, those who were accepted in the programme will undergo specialised academic training, participate in the Bank's management work during certain periods and undergo professional development in collaboration with their mentors.

New units

Digital Business Development and the Department of Concept and Business Development were combined into the Business Development Department.

Administrative departments from several divisions were combined into a new unit – Business Support. This step created a more efficient organization that is responsible for the Bank's back office functions and products.

New subsidiary:

Crosskey Banking Solutions Ab Ltd

The banking software systems sales and development business area was turned into a limited liability company in order to achieve greater efficiency and focus and lay the groundwork for continued growth.

The name of the company is Crosskey Banking Solutions Ab Ltd and it is a wholly owned subsidiary of the Bank of Åland.

The mission of Crosskey is to develop, sell and maintain banking 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.

Those staff members who worked at the Bank of Åland with systems development, operation and maintenance were all transferred to Crosskey, which has a total of 95 employees.

General Manager Peter Wiklöf was appointed as the first Managing Director of the company in August.

The Bank's systems development business was transferred to the new company late in 2004. Crosskey currently works with three banks: Tapiola Bank, Den norske Bank and the Bank of Åland.

The systems sales business area increased its operating income by 13 per cent to SEK 3.0 M (2.7).

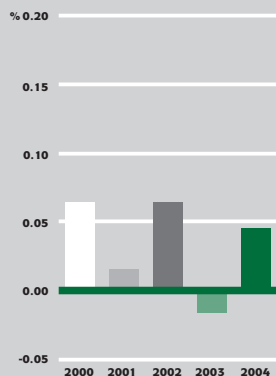


CROSSKEY
BANKING SOLUTIONS

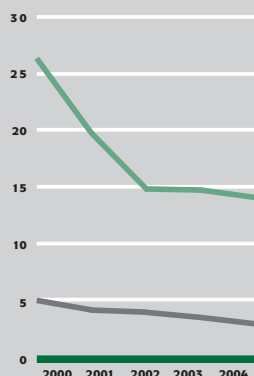
Inspired by the Bank of Åland's old logotype – a compass rose with crossed keys – we created a modern logotype. This, in turn, inspired the name of the company, which is usable in an international marketplace.

REPORT OF THE DIRECTORS

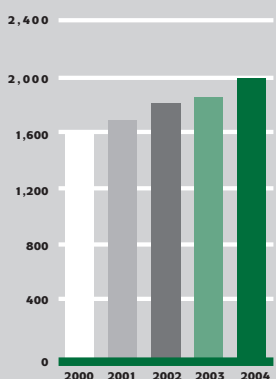
Loan losses as a percentage of receivables and contingent liabilities



Return on equity capital and reserves
Yield on 5-year Finnish government bond



Total assets (balance sheet total), EUR M



The Board of Directors includes (from the left) Sven-Harry Boman, Göran Lindholm, Tom Palmberg, Leif Nordlund och Agneta Karlsson. Missing from the photo is Kent Janér.

OPERATING RESULTS AND PROFITABILITY

Earnings

In 2004, the consolidated net operating profit of the Bank of Åland Group amounted to EUR 15.4 M (15.2). This was an increase of EUR 0.2 M compared to the year before.

Return on equity before taxes, measured as net operating profit divided by average equity capital and reserves, was 14.3 per cent (15.0). The Bank thus yielded a return on shareholders' equity at a level that stood about 11 percentage points (11) above five-year Finnish bond yields. The income/expense ratio amounted to 1.45 (1.44). Earnings per share after taxes reached EUR 0.99 (1.02).

Net income from financial operations

Net income from financial operations totalled EUR 29.5 M (29.6). Despite strong growth in lending volume and a favourable trend in deposit accounts, narrowing customer margins led to nearly unchanged net income from financial operations, compared to the previous year.

Other income

Dividend income amounted to EUR 0.5 M (1.2). In 2003, this income included EUR 0.5 M in dividend income of a nonrecurring nature. Commission income rose by 19.9 per cent to EUR 12.4 M (10.3). The favourable trend in commission income was primarily due to increased income from stock brokerage and from capital market and investment products.

Reported net income from the Bank's own securities trading totalled EUR 0.5 M (1.9). Other operating income amounted to EUR 5.6 M (5.6), which was the same as the previous year's figure. This included EUR 4.0 M (4.5) in income from sales of banking computer systems.

Other income amounted to EUR 19.9 M (19.8).

Total income – net income from financial operations and other income – amounted to EUR 49.4 M (49.4).

Expenses

New staff recruitments and salary adjustments raised staff costs by EUR 1.3 M to EUR 19.0 M (17.7). Also included in the item "Staff costs" was a negative item related to a refund of EUR 1.6 M in surplus contributions to Ålandsbankens Abps pensionsstiftelse, the Bank's pension fund, including tax compensation. During 2003, this item included a provision of about EUR 1 M as a consequence of the dismissal of the Bank's then-Managing Director. Other administrative expenses (office costs, marketing, telecommunications and computer costs) rose by EUR 0.5 M to EUR 8.7 M (8.2). Depreciation/amortisation was EUR 0.2 M lower than the year before and amounted to EUR 2.1 M (2.3), while other operating expenses were unchanged, amounting to EUR 3.9 M.

Total expenses, including planned depreciation, fell by EUR 1.1 M to EUR 33.3 M (34.4). Excluding nonrecurring items in 2003 and 2004, total expenses rose by EUR 1.8 M to EUR 35.1 M (33.3).

Loan losses

Net loan losses amounted to EUR 0.7 M (2003: recovery of EUR -0.1 M). Reported net loan losses as a percentage of the Bank's receivables and contingent liabilities amounted to 0.04 per cent.

Earnings structure

	2004	2003
Contributions from operations		
– branch offices	21.6	21.2
– systems sales ¹	3.0	2.7
– Investment Banking Division, incl. portfolio management	4.8	6.7
Head office expenses	-14.0	-15.4
Net operating profit	15.4	15.2

¹ Including EUR 1.0 M in nonrecurring items affecting comparability in 2004.

Nonperforming receivables

Total nonperforming receivables and other zero-interest receivables amounted to EUR 2.0 M (1.4), or 0.1 per cent of loans and guarantees outstanding.

Imputed taxes due

Imputed taxes due have been calculated according to a tax rate of 26 per cent, compared to the earlier 29 per cent. This reduced taxes by EUR 0.7 M.

Appropriations

The Bank's accumulated appropriations in the form of voluntary reserves amounted to EUR 22.7 M (22.7).

Balance sheet total

The balance sheet total rose by 7.1 per cent to EUR 1,984 M (1,851).

Personnel

At the end of 2004, the number of employees in the Group – recalculated as full-time equivalents – was 392. This represented an increase of 17 positions, compared to year-end 2003.

	Åland	Mainland	Total
Ålandsbanken Abp	185	108	293
Crosskey Banking Solution Ab Ltd	82	4	86
Ålandsbanken Asset Management Ab	0	9	9
Ålandsbanken Fondbolag Ab	4	0	4
Total	271	121	392

Return on equity

Return on equity, measured as net operating profit divided by average equity capital and reserves:¹

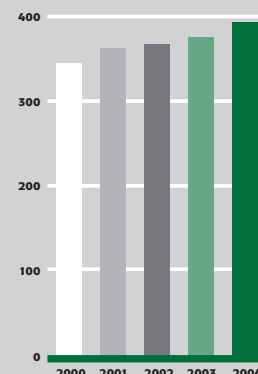
	2004		2003	
	EUR M	Return on equity	EUR M	Return on equity
Net operating income	15.4	14.3 %	15.2	15.0 %

¹ $\frac{\text{Net operating income}}{\text{Average of equity capital} - \text{capital loans} + \text{imputed tax liability}}$

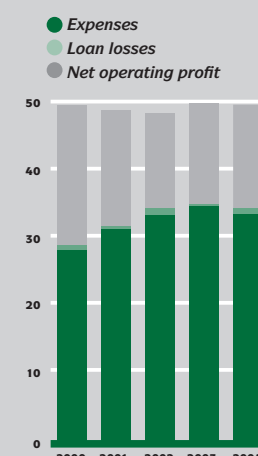
Profit margin

Profit margin calculated as net operating profit minus standard tax as a percentage of total income. The profit margin of the Bank of Åland Group rose from 21.7 per cent in 2003 to 22.1 per cent in 2004.

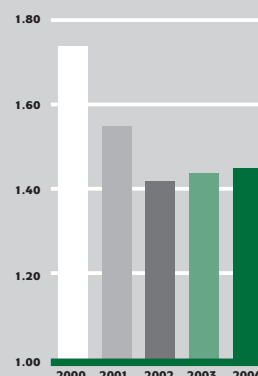
Number of employees (recalculated as full-time equivalents)



Net operating profit, EUR M



Income/expense ratio after loan losses



Income/expense ratio

Efficiency measured as income divided by expenses including depreciation – before and after loan losses, respectively:

	2004	2003
Income/expenses ratio before loan losses	1.48	1.44
Income/expense ratio after loan losses	1.45	1.44

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.

The Group's capital adequacy according to the Credit Institutions Act:

	Dec 31, 2004	Dec 31, 2003
Capital base, EUR M		
Core capital	86.6	86.5
Supplementary capital	33.4	20.3
Total capital base	120.0	106.8
Risk-weighted volume, EUR M	1,052.2	932.7
Total capital ratio, %	11.4	11.4
Core capital as percentage of risk-weighted volume	8.2	9.3

Forecast for 2005

Net income from financial operations is projected to rise, despite stiff competition. Staff costs and other expenses will increase somewhat. Loan losses are projected to remain at a low level. Overall, during the full year 2005 earnings will probably improve somewhat, compared to earnings in 2004.

Long-term financial targets

The Board of Directors of the Bank of Åland has adopted the following long-term financial targets for the Group:

The Bank of Åland endeavours to earn a return on shareholders' equity that will exceed the unweighted average of a defined group of Nordic banks.

The total capital ratio shall amount to at least 10 per cent.

In a medium-term perspective, the Bank's income/expense ratio shall continuously improve to 2.

The Bank of Åland endeavours to pursue a dividend policy in which an increasing percentage of after-tax profit is retained by the Bank, in order to safeguard its sound business development. This is expected to result in a dividend that approaches the industry standard for Nordic banks as a percentage of earnings. It implies a dividend which, in a medium-term perspective, on average will remain at today's level in euro terms.

Shares in Chips Abp

On the balance sheet date, the Bank of Åland owned 227,505 Series A shares and 13,450 Series B shares in Chips Abp, an Åland-based food processing company. The book value of these shares amounted to EUR 17.80 and 17.98 per share, respectively. If Norwegian-based Orkla ASA completes its public offer to purchase Chips Abp for EUR 22.85 per share, this will give the Bank a capital gain of EUR 1.2 M.

IFRS

In accordance with the International Accounting Standards (IAS) Regulation that was adopted by the European Union in 2002, listed companies throughout the EU must apply International Financial Reporting Standards (IFRS) beginning in 2005. The Bank of Åland will prepare its Annual Report for 2005 in compliance with IFRS.

The transitional rules contained in IFRS 1 assume that all standards will be applied retroactively. The comparative figures for 2004 will thus be recalculated according to the new principles, aside from financial instruments, for which the Bank chooses to apply a voluntary exception as provided by IFRS 1.

No later than in conjunction with publication of its Interim Report for the first quarter of 2005, the Bank of Åland will describe the effects of IFRS on the opening balance.

In preparing its Interim Reports during 2005, the Bank will apply the accounting and valuation principles prescribed by IFRS.

Important events after the close of the financial period

No important events have occurred after the close of the financial period.

THE BANK'S CORPORATE GOVERNANCE

General

The Helsinki Stock Exchange has issued a recommendation concerning corporate governance in publicly listed companies. The purpose of the recommendation is to harmonise the practices of these companies' operations, improve transparency, harmonise the information given to investors and shareholders and facilitate the disclosure of company information. This recommendation entered into effect on July 1, 2004.

The Bank's Board of Directors adopted this recommendation on January 2, 2004. The Bank applied the recommendation, to the extent that it affects the Annual Report, as early as the financial year 2003. Otherwise the Bank began applying the recommendation from July 1, 2004.

THE SUPERVISORY BOARD

As one element of its corporate governance reform, the Bank's Annual General Meeting on March 18, 2004 voted to abolish the Bank's Supervisory Board.

The task of the Supervisory Board was to oversee the management of the Bank by the Board of Directors and the Managing Director, fix their remuneration and terms of work and issue a statement to the Annual General Meeting of Shareholders with regard to the Bank's annual financial statements, consolidated financial statements and auditors' report. In addition, the Supervisory Board fixed the number of members of the Board of Directors and appointed and discharged the Chairman of the Board, the members of the Board and the Managing Director.

The Supervisory Board also decided upon matters concerning significant curtailment or expansion of operations.

During 2004, the Supervisory Board of the Bank has the following composition:

KJELL CLEMES <i>Chairman</i>	<i>Managing Director</i> Transmar Ab	born 1948 member since 1994
GÖRAN BENGTZ	<i>Farmer</i>	born 1941 member since 1980
JOHAN EKLUND	<i>Managing Director</i> Baltic Petroleum Ab	born 1953 member since 1997
TRYGVE ERIKSSON	<i>Managing Director</i> Eriksson Capital Ab	born 1947 member since 1990
BEN LUNDQVIST	<i>Managing Director</i> Lundqvist Rederierna Ab	born 1943 member since 1992
TRYGVE SUNDBLOM	<i>Agronomist</i>	born 1962 member since 2002

Fees and other benefits

The fees of the Supervisory Board were fixed by the Bank's Annual General Meeting. Information on the fees paid to the Supervisory Board are provided in Note 40 to the Bank's official financial statements in this Annual Report.

The members of the Supervisory Board enjoyed generally applied Bank employee benefits to a limited extent.

Meetings

The Supervisory Board met four times during 2004. Its last meeting was held on March 18, 2004.

THE BOARD OF DIRECTORS

General

The Board of Directors is elected by the Annual General Meeting for a term covering the period between the Bank's Annual General Meetings. The retirement age of Board members is 67.

The Board has adopted a company charter in keeping with the recommendation for corporate governance in listed companies. This Group-wide company charter provides internal guidelines for the work of the Board and the Executive Team.

The company charter

The Board of Directors is responsible for ensuring that management of the Bank's and the Group's administration and operations occurs in compliance with legislation, the Articles of Association and other rules that encompass the Bank.

The Board is thus responsible for ensuring that the Bank is appropriately organised and carries out its operations in a profitable manner. In addition, the Board is responsible for the Bank's overall policy and strategy issues and its objectives, as well as for ensuring that the Bank's risk control systems are sufficient.

The Board deals with and makes decisions on matters of great economic or business importance to the Bank or the Group, or from the standpoint of principles. The responsibilities of the Board also include appointing and, if necessary, dismissing the Managing Director, the Deputy Managing Director and other members of the Executive Team, as well as deciding their salary benefits and other terms of employment.

The composition of the Board

The Bank's Board of Directors includes two members who hold employment or executive positions with major shareholders and four members with experience from such fields as banking, capital markets, business administration and management. The Board of Directors took office on May 9, 2003 with the following composition:

GÖRAN LINDHOLM born 1955 *Chairman*
Master of Laws Board member since 2003

Göran Lindholm, Chairman of the Board, has served since 1999 as Managing Director of the mutual insurance company Ålands Ömsesidiga Försäkringsbolag. Before being appointed Managing Director, he served from 1987 to 1999 as head of the claims department at the same insurance company.

During 1983–1987, Mr Lindholm served as Administrative Director of the Åland Government and during 1979–1980 he held positions in its law drafting committee. During 1981–1983, Mr Lindholm served as a committee secretary and civil servant at the Åland Parliament.

From 1999 to 2003, Göran Lindholm was a member of the Bank of Åland's Supervisory Board.

Mr Lindholm is a Board member of Chips Abp and Ålands Ömsesidiga Försäkringsbolag. He is also a Deputy Member of the Åland Delegation.

LEIF NORDLUND born 1959 *Deputy Chairman*
Master of Laws Board member since 2003

Leif Nordlund, Board member, has served since 2001 as Director and Department Manager of Alandia Marine, the marine insurance unit of the Alandia Group. In 2004, he was also appointed Deputy Managing Director of the Group's parent company, Redarnas Ömsesidiga Försäkringsbolag and of the subsidiary Försäkringsbolaget Alandia. Mr Nordlund previously worked as a legal counsel at the Alandia Group in 1999–2001, Skuld AB in 1990–1999 and Cool Carriers AB in 1987–1990.

During 2002–2003, Leif Nordlund was a member of the Bank of Åland's Supervisory Board.

He is a Board member of the Swedish Association of Marine Underwriters.

SVEN-HARRY BOMAN born 1944
Master of Economic Sciences Board member since 2003

Sven-Harry Boman, Board member, has served since 2004 as a consultant, Board member and auditor (Certified Public Accountant, CGR).

Mr Boman worked at the Chips Group until his retirement in 2004. By then he had served as Managing Director from 1992 to

2004 and as Deputy Managing Director from 1986 to 1992. Mr Boman has also served as Operations Manager of the Fish Division, Managing Director of Ab Chips Food Oy and Director of the Food business area in the same group.

Mr Boman also has experience from working in various positions at the Bank of Åland Plc. From 1969 to 1986, he served as an internal auditor, as Department Manager of the Controller Department and the central Accounting Department, as well as head of the Accounting Division. In 1979 he was selected as a deputy member of the Bank's then-Board of Management and was appointed in 1982 as a regular member of the Board.

Sven-Harry Boman is a Board member of Chips Abp, Åland Utvecklings Ab, Ålands Centralandelslag, Ålands Tidnings-Tryckeri Ab and Ab Plasto Oy Ltd.

KENT JANÉR born 1961
Master of Business Administration Board member since 2003

Kent Janér, Board member, has served since 1996 as manager of the Nektar national mutual fund at Nektar Asset Management AB, Sweden.

Mr Janér has also been a partner at Brummer & Partners Kapitalförvaltning AB since 1998.

During 1989–1996, Mr Janér served as Deputy Managing Director and head of fixed-income trading at JP Bank, Sweden. In 1986–1988 he worked as a bond trader and Vice President at Citicorp Scrimgeour Vickers in London and during 1984–1986 as a bond trader at Svenska Handelsbanken, Sweden.

Kent Janér is Chairman of Nektar Asset Management AB and a Board member of Brummer & Partners Kapitalförvaltning AB and Zenit Asset Management AB, Sweden. He is also a member of the Scientific Advisory Board of the Stockholm Institute for Financial Research.

AGNETA KARLSSON born 1954
Doctor of Economics Board member since 2003

Agneta Karlsson, Board member, has had an extensive academic career focusing on business administration. Over the years, she has held several prominent academic appointments. For example, she served as Project Leader, Executive MBA, Norwegian School

of Management in 2002–2004 and as Dean of the MBA study programme at the same institution from 1999 to 2002.

Dr Karlsson's research work has resulted in a number of publications in the field of leadership. She has also been a member of various committees and boards and has also served as an advisor, consultant and lecturer for major corporations in Sweden, Norway and Denmark.

In 1988 and 1994 she was named Teacher of the Year at the University of Lund, Sweden, and at Copenhagen Business School, Denmark, respectively.

A complete curriculum vitae is available on the Bank's web site, www.alandsbanken.fi.

TOM PALMBERG born 1940
Master of Social Sciences Chartered Director (IOD, London)
Board member since 2003

Tom Palmberg, Board member, performs advisory work on corporate governance through his own company CV Board Oy Ab (established in 1988), He is a Board member of Oy Elfving Ab, Oy Grönblom Ab, Myllykoski Oyj, Eira Hospital and Halva Oy Ab. Mr Palmberg also serves as an advisor to the private equity company Charterhouse Capital Partners LLP, London.

During 1994–1996 Mr Palmberg served as a partner at Investment Banking Partners AB, Stockholm, and during 1991–1996 as Managing Partner of Scandinavian Financial Research Ltd. At Scandinavian Bank Group plc, London, he served as CEO – Banking and Group Director in 1987–1988, as Deputy Managing Director of the International Department in 1986 and of Finland and PR in 1985. He also served as Executive Director in 1984 and Head of the Finnish Department in 1982.

At Union Bank of Finland, Mr Palmberg served as a member of Senior Management of UBF International in 1980, as Head of the Corporate Division in 1976 and as Head of Branch Administration and the Planning Division in 1972. He also held various managerial assignments in 1967–1971. Mr Palmberg has served as Chairman of Hallitusammattilaiset ry (Finnish Board Professionals) since its establishment in 2001.

Serving as secretary of the Board is the Bank's Chief Legal Counsel, Dan-Erik Woivalin, Attorney at Law, born 1959.

The members of the Board of Directors have no other individual duties related to the administration of the Bank, aside from temporary assignments that the Board may allot to its members.

Private shareholdings in the Bank

The private shareholding of the Board members in Bank of Åland Plc can be seen in Note 40 to the Bank's official financial statements in this Annual Report.

Fees and other benefits

The fees of the members of the Board of Directors are fixed by the Annual General Meeting. Information about the fees paid to the members of the Board of Directors can be found in Note 40 to the Bank's official financial statements in this Annual Report.

The members of the Board of Directors enjoy generally applied employee benefits in the Bank to a limited extent.

The independent position of the members of the Board of Directors in relation to the Bank or major shareholders

The Bank's Board of the Directors has assessed the independent position of members of the Board in relation to the Bank and major shareholders, taking into account the provisions of the recommendation on corporate governance in listed Finnish companies.

All members of the Board are independent in relation to the Bank.

Taking into account that Göran Lindholm, Chairman of the Board, and Leif Nordlund, member of the Board, represent Ålands Ömsesidiga Försäkringsbolag and the Alandia Group, respectively, that these companies each own at least 10 per cent of all of the Bank's shares or total voting power, and that Mr Lindholm and Mr Nordlund are employees or officers of these respective companies, based on the provisions of the above-mentioned recommendation, Göran Lindholm and Leif Nordlund are not to be regarded as independent in relation to major shareholders.

However, the other members of the Board of Directors are independent in relation to major shareholders.

The Board's committees and working groups

Since the Bank's Board of Directors consists of only six members, the Board has decided that until further notice, all tasks incumbent upon the committees stated in the recommendation on corporate governance in listed Finnish companies shall be handled by the Board as a whole.

Meetings

During 2004, the Board of Directors met 16 times. Average attendance by members at Board meetings was 91.7 per cent.

MANAGING DIRECTOR

General

The Managing Director is appointed by the Bank's Board of Directors. The Acting Managing Director during the period December 11, 2003 and February 29, 2004 was Edgar Vickström, Master of Economic Sciences, born 1961. On March 1, 2004, Peter Grönlund, Master of Business Administration, born 1948, assumed the post of Managing Director of the Bank. This appointment is valid until further notice.

Company charter

The Board of Directors has adopted a Group-wide company charter including internal guidelines for the work of the Managing Director.

The Managing Director is responsible for ensuring that the day-to-day management of the Bank complies with the law, the Articles of Association, internal rules of procedure and the instructions and regulations issued by the Board of Directors. The Managing Director is also responsible for ensuring that the decisions of the Board of Directors and the Executive Team are implemented. In particular, the Managing Director's sphere of responsibility includes overall management as well as oversight and development of the daily operational activities of the Bank.

The Managing Director also has overall responsibility for drafting objectives and strategies at the Group level, as well as overseeing and managing the business operations of the Group in accordance with the instructions issued by the Board of Directors.

Work experience and other assignments of the Managing Director

Since 2004 Peter Grönlund, Managing Director, has been Head of the Bank's Mainland Division and Acting Head of the Investment Banking Division.

Mr Grönlund has experience from working in various positions at the Bank of Åland, where he began his career as early as 1973. Mr Grönlund served as Deputy CEO in 1997–1999, as Head of the International Division in 1992–1999, as Head of International Operations in 1989–1992 and as General Manager and Corporate Banking Officer in the Corporate Division in 1986–1989. In 1987, Mr Grönlund was elected a deputy member of the then-Board of Management, and he served from 1992 to 1999 as a regular member. He also headed the Foreign Exchange, Bond and Money Market Department in 1983–1986. Before this, Mr Grönlund participated in the task of establishing the Bank's

Helsinki office, then served during 1981–1983 as its Director. In 1978–1981 Mr Grönlund served as the head of foreign currency lending in the International Department. During 1973–1978 he worked with corporate analysis and loan preparation, as the Deputy Manager of the Loan Department and as Manager of the Deposits Department.

In 1999 Mr Grönlund assumed the post of Åland Manager of Nordea Bank Plc, a position he held until 2004.

Peter Grönlund is a member of the Parliament of Åland, a member of the Supervisory Board of the mutual insurance company Ålands Ömsesidiga Försäkringsbolag, the credit card service company Luottokunta and the retirement insurance company Försäkringsaktiebolaget Pensions-Ålandia.

Mr Grönlund is also Chairman of Ålandsbanken Fondbolag Ab and Ålandsbanken Asset Management Ab, as well as a Board member of Crosskey Banking Solutions Ab.

Private shareholding in the Bank

The private shareholdings of Peter Grönlund, Managing Director of Bank of Åland Plc, can be seen in Note 40 to the Bank's official financial statements in this Annual Report.

Salary and other benefits

The Board of Directors establishes the salary benefits and other terms of employment of the Managing Director.

The Managing Director receives a salary of EUR 14,000 per month, before taxes. In addition, he enjoys free automobile benefits and generally applied employee benefits in the Bank.

EXECUTIVE TEAM

General

The members of the Bank's Executive Team are appointed by the Board of Directors. Their assignments are valid until further notice. The composition of the Executive Team may vary depending on the nature of the business at hand. At present, the Executive Team consists of Heads of Divisions and Department Managers who represent a broad range of expertise from the various divisions into which the Bank is internally organised.

Company charter

The Board of Directors has adopted a Group-wide company charter including internal guidelines for the work of the Executive Team.

The Executive Team has appointed a credit committee and a credit team, which are entrusted with acting as decision-making bodies on certain specified credit matters.

Composition of the Executive Team:

PETER GRÖNLUND born 1948 *Chairman*
Master of Business Administration
Member of the Executive Team since 2003

Peter Grönlund's work experience and other assignments can be seen under the heading Managing Director above.

EDGAR VICKSTRÖM born 1961
Master of Economic Sciences, Deputy Managing Director
Member of the Executive Team since 2003

Since 2003 Edgar Vickström, Deputy Managing Director, has been Head of the Customer Relations Åland Division of the Bank. Mr Vickström was elected in 1994 as a deputy member of the Bank's then-Board of Management and served from 1996 to 2003 as a regular member of this Board.

Mr Vickström also served as Head of the Branch Office Division from 1994 to 2003, as Department Manager of the ÅAB Privat customer advisory service in 1990–1992, as head of Internal Auditing in 1988–1990 and as administrative manager of the Arbitrage Department in 1986–1987. He previously served as a development planner in the Development Department in 1986–1987, as a project manager for the central Loan Department in 1986–1987 and the Corporate Development Group in 1985–1986, and as the administrative manager of Ålands Factoring Ab in 1983–1985.

Edgar Vickström is a Board member of the Åland Chamber of Commerce and Åland Utvecklings Ab.

LARS DONNER born 1948
Bachelor of Arts Member of the Executive Team since 2003

Since 2003 Lars Donner has been Head of the Risk Management and Central Staff Unit Division. Mr Donner served as a regular member of the Bank's then-Board of Management from 1986 to 2003.

Mr Donner also served as Head of the Bank's Loan Division in 1992–2003 and its Corporate Division in 1986–1992. He previously worked with the Bank's corporate analysis and loan preparation in 1976–1986 as well as in the International Department in 1972–1973 and 1974–1975.

Lars Donner is Chairman of Ålands Företagsbyrå Ab.

ANDERS INGVES born 1958
Marketing Economist, Deputy Managing Director
Member of the Executive Team since 2003

Since 2003 Anders Ingves has been Head of the Business and Human Resources Development Division. During 1999–2003

Mr Ingves served as a regular member of the Bank's then-Board of Management.

From 1999 to 2003 Mr Ingves served as Head of the Business Development and IT Division of the Bank. Before that he worked from 1994 to 1999 as a business intelligence analyst and planner at the advertising agency Morgondagen AB, Sweden, and as a corporate development consultant at Ab Signatur B in 1994–1999. He was Managing Director of the Åland Tourist Association in 1989–1994 and Marketing Manager of CarPark AB, Sweden in 1986–1989 and worked in sales at Stena Line AB, Norway in 1983–1986.

Anders Ingves is Chairman of Crosskey Banking Solutions Ab Ltd.

JAN TALLQVIST born 1947
Attorney at Law Member of the Executive Team since 2003

Since 2003 Jan Tallqvist has been Head of the Private Banking unit. Mr Tallqvist was appointed in 1994 as a deputy member of the Bank's then-Board of Management and served from 1997 to 2003 as a regular member of this Board.

Mr Tallqvist began in 1976 as a lawyer at Juristkonsult Ab, a company closely related to the Bank. In 1981 he was appointed as a legal counsel at the Bank's office in Helsinki, and in 1983 he assumed the post of Director of the same office. Concurrent with his service as Director of the Helsinki office, during 1995–1999 he served as Assistant General Manager of the Bank's Branch Office Division and in 1999–2003 as Head of the Private Banking Division.

Jan Tallqvist is a Board member of Ålandsbanken Asset Management Ab, the Economic Society of Finland and of the Security Fund of the Commercial Banks and Postal Bank.

DAN-ERIK WOIVALIN born 1959
Attorney at Law Member of the Executive Team since 2003

Since 1994 Dan-Erik Woivalin has been Chief Legal Counsel of the Bank. Mr Woivalin served as an assistant legal counsel at the Bank's Legal Department from 1985 to 1994 and during 1999 as an attorney at the legal firm of Advokatfirman Vinge Kb in Brussels, Belgium.

Mr Woivalin is a Board member of Crosskey Banking Solutions Ab Ltd, Ålands Telefonandelslag and the Åland Nautical Club.

During 2004 Bengt Lundberg, Executive Team member, stepped down from his time-limited assignment in the Bank's Executive Team. Mr Lundberg represented the Bank's Investment Banking Division in the Executive Team.

Private shareholdings in the Bank

The private shareholdings of the members of the Executive Team of Bank of Åland Plc can be seen in Note 40 to the Bank's official financial statements in this Annual Report.

Salary and other benefits

Figures on salaries paid to the Executive Team can be seen in Note 40 to the Bank's official financial statements in this Annual Report.

The members of the Executive Team enjoy free automobile benefits and generally applied employee benefits in the Bank.

The credit committee and credit team of the Executive Team

The Executive Team has appointed a credit committee and a credit team, which are entrusted with acting as decision-making bodies on certain specified credit matters.

The Executive Team's credit committee makes decisions on all credit matters that exceed the credit team's limit (EUR 1.7 M). If the Executive Team's credit committee is prevented from meeting, the credit matter is delegated to the credit team for a decision.

Peter Grönlund, Managing Director, and Lars Donner, Head of Division, plus one other member of the Executive Team form the Executive Team's credit committee. Mr Grönlund serves as the Chairman of the credit committee.

The credit team handles credit matters that exceed the authority of an individual decision-maker. The credit team also grants credits to individuals who have personal limits for granting credits, Heads of Division, Department Managers, Branch Office Directors and Regional Managers.

Lars Donner, Head of Division, and Dan-Erik Woivalin, Chief Legal Counsel, form the credit team. Mr Donner serves as Chairman of the credit team.

Expanded Executive Team

An expanded Executive Team, consisting of the regular members of the Executive Team plus the Managing Directors of the Bank's subsidiaries Ålandsbanken Asset Management Ab and Crosskey Banking Solutions Ab Ltd was established during 2004. The expanded Executive Team meets once per month.

Meetings

During 2004, the Executive Team met 30 times.

INCENTIVE SYSTEM

The Bank's Board of Directors, Managing Director and Executive Team are not currently included in any incentive system in the Bank that would entitle them to compensation beyond their established fees and salaries.

At its meeting on December 10, 2004, however, the Bank's Board of Directors decided to introduce a profit bonus system at the Bank of Åland Group (currently the Bank of Åland Plc, Ålandsbanken

Asset Management Ab, Ålandsbanken Fondbolag Ab and Crosskey Banking Solutions Ab Ltd) in compliance with Finland's Personnel Fund Act, as part of a long-term incentive system for employees.

However, any profit bonus that is allotted to employees for the year 2005, including any other incentive system in the Group, may never exceed three (3) per cent of the Group's net operating profit for 2005.

The personnel fund, which is being established by the employees of the Bank of Åland Group, will encompass all employees, including the Managing Director and the Executive Team. The intention is that the fund shall commence its activities from the beginning of 2005.

INTERNAL AUDITING

The Internal Auditing Department consists of two positions and reports directly to the Bank's Board of Directors. The task of the Internal Auditing Department is to independently and objectively evaluate whether internal financial controls are sufficient, which implies that the Bank's organisation and working methods are appropriate and efficient, that its financial information is reliable and that the Bank is in compliance with laws and regulatory requirements.

AUDITORS

The latest Annual General Meeting of Shareholders appointed Rabbe Nevalainen, Certified Public Accountant; Marja Tikka, Certified Public Accountant; and Leif Hermans, Certified Public Accountant as Auditors. During the year, auditing fees of EUR 84,000 including value-added tax (VAT) were paid. The Auditors were also consulted on matters concerning IAS/IFRS, VAT and other taxes. As fees for these services, EUR 16,000 including value-added tax was paid.

INSIDER RULES AND ADMINISTRATION

Those persons at the Bank who are insiders are subject to the Finnish Financial Inspection Authority's disclosure regulations on insiders, the insider rules of the Finnish Association of Securities Dealers and the Bank's internal rules.

In addition, the Bank has accepted the Helsinki Stock Exchange's insider regulations and has introduced a trading restriction rule, by which a Bank insider is not entitled to trade in the Bank's securities during a period of 14 days before the publication of the Bank's annual accounts or Interim Reports.

The Bank is also connected to the so-called SIRE system, which means that insiders' trading in listed securities is public information and that this trading is automatically updated in the Bank's insider register.

The register manager of the Bank and the Bank's Internal Auditing Department regularly monitor the information that insiders have disclosed to the Bank's insider register.

FIVE-YEAR GROUP SUMMARY

(EUR M UNLESS OTHERWISE STATED)

	2000	2001	2002	2003	2004	% CHANGE 03-04
Revenue	96.4	99.5	88.8	80.0	74.4	-7.1
Net income from financial operations	32.1	33.4	31.5	29.6	29.5	-0.3
Other income	17.5	15.2	16.7	19.9	19.8	-0.2
Other expenses (incl. depreciation)	27.9	31.2	33.2	34.4	33.3	-3.3
Loan losses	0.6	0.1	0.7	-0.1	0.7	
NET OPERATING PROFIT	21.0	17.4	14.2	15.2	15.4	1.4
As % of revenue	21.8	17.4	16.0	18.9	20.7	
Extraordinary items	0.0	0.0	0.0	0.0	0.0	
Profit before appropriations and taxes	21.0	17.4	14.2	15.2	15.4	1.4
As % of revenue	21.8	17.4	16.0	18.9	20.7	
Equity capital	81.3	87.4	87.5	100.9	101.6	0.7
Total assets	1,597.0	1,685.9	1,812.6	1,851.5	1,983.7	7.1
Contingent liabilities	82.7	86.7	92.7	113.6	110.1	-3.1
Return on equity, % ¹	19.1	14.6	11.5	11.4	10.8	
Return on total assets, % ²	1.0	0.8	0.6	0.6	0.6	
Equity/assets ratio, % ³	5.1	5.2	4.8	5.5	5.1	
Income/expense ratio before loan losses ⁴	1.77	1.56	1.45	1.44	1.48	
Income/expense ratio after loan losses ⁵	1.74	1.55	1.42	1.44	1.45	
Risk-based capital ratio, %	12.6	12.5	11.0	11.4	11.4	

$$1 \frac{\text{Net operating profit minus standard tax}}{\text{Average equity capital}} \times 100$$

$$2 \frac{\text{Net operating profit minus standard tax}}{\text{Average total assets}} \times 100$$

$$3 \frac{\text{Equity capital}}{\text{Total assets}} \times 100$$

$$4 \frac{\text{Net income from financial operations} + \text{other operating income}}{\text{Expenses excluding loan losses}}$$

$$5 \frac{\text{Net income from financial operations} + \text{other operating income}}{\text{Expenses including loan losses}}$$

DEPOSITS

During 2004, the Bank's total deposits, including bonds and certificates of deposit issued to the public and public sector entities, rose by EUR 139 M or 9.9 per cent, amounting to EUR 1,537 M.

Deposit accounts rose by EUR 111 M or 9.8 per cent and amounted to EUR 1,245 M.

Bonds issued to the public rose by EUR 18 M or 12.8 per cent. During the year, seven share index loans were issued and were subscribed at a nominal value of EUR 50 M. During the year, share

index loans with a nominal amount of EUR 51 M fell due and were repaid. In order to strengthen the Bank's capital base, two risk debenture loans were issued. They were subscribed at a nominal value totalling EUR 20 M.

Within the framework of the Bank's bond programme, two bond loans totalling EUR 115 M were also floated via external issuing agents. These loans were targeted mainly to institutional investors.

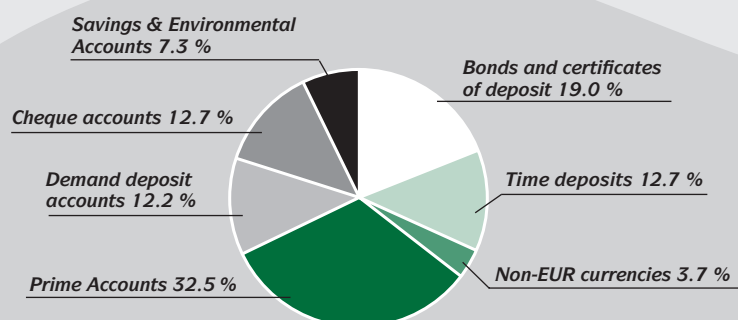
Deposits from the public and public sector entities, including bonds issued and certificates of deposit

(EUR M)	DEC. 31, 2004	DEC. 31, 2003	% CHANGE
DEPOSITS FROM THE PUBLIC AND PUBLIC SECTOR ENTITIES			
Demand deposit accounts	187.3	141.1	32.8
Cheque accounts	195.3	165.9	17.7
Savings and Environmental Accounts	111.5	112.3	-0.7
Prime Accounts	499.1	477.8	4.5
Time deposits	195.1	165.3	18.0
Total deposit accounts in EUR	1,188.3	1,062.4	11.8
Deposit accounts in other currencies	57.0	71.8	-20.6
TOTAL DEPOSIT ACCOUNTS	1,245.2	1,134.2	9.8
Bonds	163.3	144.8	12.8
Certificates of deposit from the public	128.7	119.4	7.7
BONDS AND CERTIFICATES OF DEPOSIT	291.9	264.2	10.5
TOTAL DEPOSITS	1,537.2	1,398.3	9.9



Every year, as a bonus, the Bank of Åland donates an amount equivalent to 0.2 per cent of deposits in Environmental Accounts to regional nature conservation and environmental projects. The number of Environmental Account savers is steadily rising by about two thousand people per year and is more than ten thousand today.

Thanks to all these Environmental Account savers, during 2004 a total of EUR 63,000 was collected. The recipients of the 2004 Environmental Account bonus are UNICEF and the Asian tsunami disaster fund drive. The full amount donated since the launch of the accounts totals EUR 346,000.



◀ Total deposits, Dec. 31, 2004

LENDING

The Bank's total lending volume rose by EUR 246 M or 17.8 per cent, amounting to EUR 1,631 M on December 31, 2004. As in prior years, the increase was mainly attributable to private households and service sector businesses.

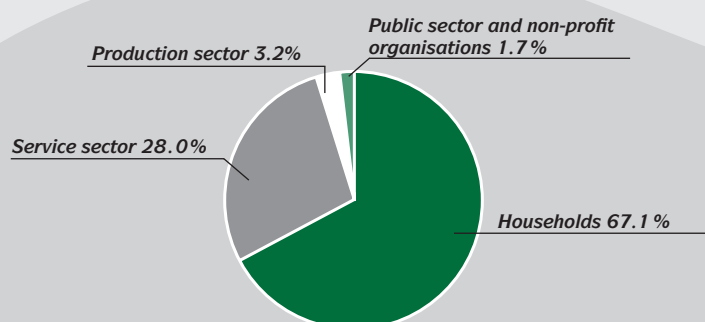
Private households accounted for 67.1 per cent of the Bank's total loans outstanding, while business and professional activities accounted for 31.1 per cent. The corresponding figures in 2003 were 68.1 per cent and 31.0 per cent, respectively.

Lending to the public and public sector entities

(EUR M)	DEC 31, 2004	DEC 31, 2003	% CHANGE
Overdraft facilities utilised	71.8	56.1	28.1
Loans	1,547.2	1,310.0	18.1
Loans disbursed from Åland government funds	4.6	5.7	-18.9
Lending in non-EUR currencies	7.9	13.5	-41.5
TOTAL LENDING	1,631.6	1,385.3	17.8

Lending to the public and public sector entities, by sector

(EUR M)	DEC 31, 2004	DEC 31, 2003	% CHANGE
BUSINESS AND PROFESSIONAL ACTIVITIES			
<i>Service sector</i>			
Shipping	62.1	51.1	
Communications	12.5	11.9	
Hotels, restaurants, tourist cottages etc.	11.0	11.5	
Wholesale and retail trade	47.4	40.8	
Housing corporations	33.0	30.1	
Real estate activities	87.3	70.9	
Financial activities	139.4	113.2	
Other service business	64.6	39.8	
	457.3	369.3	23.8
<i>Production sector</i>			
Agriculture, forestry and fishing	19.5	20.2	
Food processing etc.	10.7	13.1	
Construction	11.8	9.9	
Other industry and crafts	9.2	7.3	
	51.2	50.5	1.4
HOUSEHOLDS			
Home loans	880.5	772.4	
Studies	13.2	12.9	
Other purposes	201.7	157.7	
	1,095.3	943.0	16.2
PUBLIC SECTOR AND NON-PROFIT ORGANISATIONS			
	27.7	22.5	23.0
TOTAL LENDING	1,631.6	1,385.3	17.8



◀ Lending to the public, by sector, Dec 31, 2004

RISK STRUCTURE AND RISK MANAGEMENT

The Bank's ambition is to pursue its operations with small risks. Its focus on the household market and on small and medium-sized companies, as well as the Bank's comparatively modest trading portfolios, are an expression of this ambition.

The Board of Directors has overall responsibility for establishing systems and regulations for limiting and monitoring the Bank's risk exposure. Management and oversight of the Bank's risks is administered by the Risk Control Department.

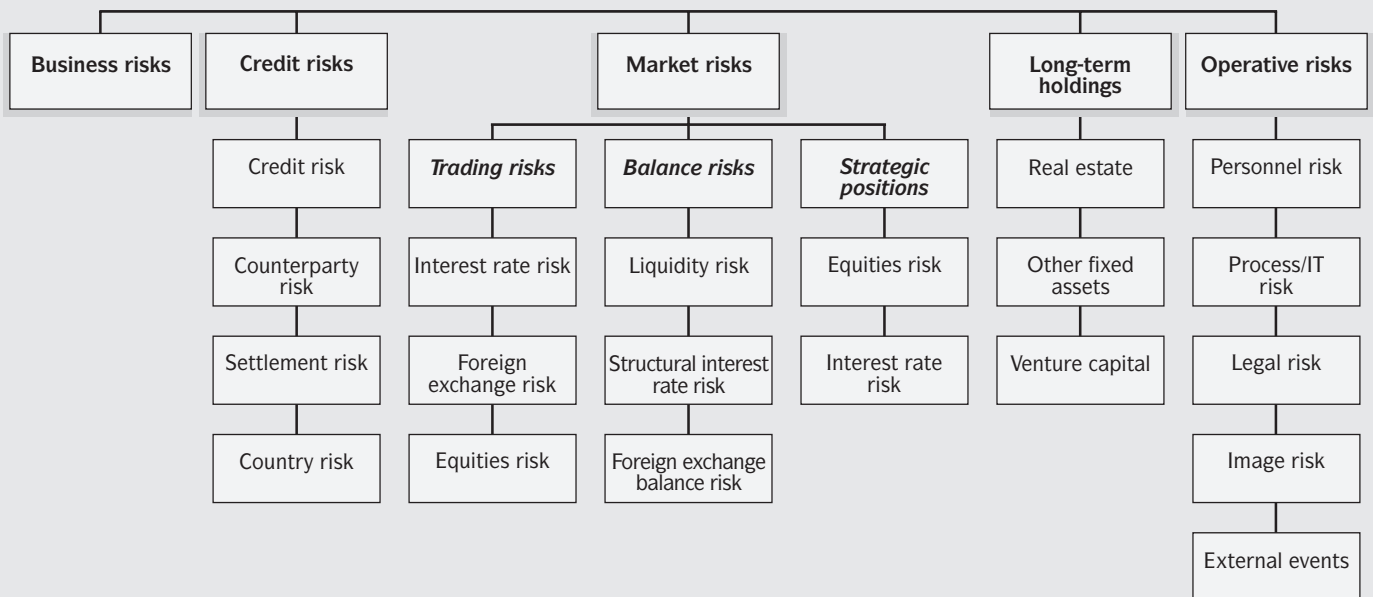
The task of the Risk Control Department is to administer the Bank's risk control and ensure that the Board of Directors, the Managing Director and the Heads of Division receive information about the Bank's risks and that rules and limits are respected.

Risk management includes all activities related to the structure of operations aimed at identifying, measuring, reporting and controlling risks. The cornerstone of risk management is the Bank's internal instructions, limit systems and processes aimed at ensuring that its operations are pursued in a safe, efficient manner. Each unit has primary responsibility for identifying and controlling risks associated with its own operations.

Risk structure

The risks in the Bank of Åland's operations are divided into five main categories: business risks, credit risks, market risks, long-term holdings and operational risks.

RISK STRUCTURE



Business risk

Business risk is a function of the Bank's focus and structure and of the environment/market the Bank operates in.

Credit risk

Credit risk is the risk of losses as a consequence of the inability of a borrower or counterparty to fulfil its obligations towards the Bank. Credit risk applies to receivables from private individuals, companies, banks and public sector institutions. Credit risk also includes the counterparty risk that arises when the Bank deposits funds with other institutions. Settlement risk and country risk belong to the same category of risks.

Credit management assumes that lending decisions will be based

on sufficient knowledge about the customer. The creditworthiness of private individuals is judged on the basis of the disposable income of the borrower and the collateral offered. A majority of the Bank's loans to private individuals are granted to customers residing in one of the five regions where the Bank operates, with homes as collateral.

In the case of corporate loans, all customers have a contact person at the Bank. This person is familiar with the customer's operations and the loan collateral and risks. The Bank has an internal credit evaluation system, which the Bank employs for regular monitoring of corporate customers' financial position and the Bank's credit risk. Work is under way in the Bank to evaluate models for more advanced credit risk management in compliance with the Basel 2

rule system. The Bank's rating of corporate customers will occur in collaboration with Suomen Asiakastieto Oy, the leading business and credit information company in Finland.

The loan portfolio includes very modest receivables from customers domiciled abroad, and no commitments are located in crisis-affected parts of the world.

The Treasury unit invests the Bank's surplus liquidity as deposits in other banks. For this type of risks, the Board of Directors establishes counterparty limits. Monitoring of these limits occurs continuously.

Credit risk management is based on formal credit and limit decisions. The customer relationship manager has a personal decision limit, within which he/she takes responsibility for the decision. If a larger decision-making capacity is needed, the case is referred to another person with a larger limit or alternatively to the Bank's credit team. Credit matters involving more than EUR 1,700,000 are dealt with by the Executive Team or its credit committee.

Large loans are pre-screened by credit control officers. Follow-up inspections of credit documentation occur on a test basis. Nonperforming loan commitments are reported monthly to the Executive Team. Large customer commitments are reported both internally and to the Financial Supervision Authority.

Market risk

Market risk is the risk of losses in the Bank's operations due to changes in interest rates as well as currency exchange rates and the prices of equities (company shares).

Market risk is divided into three categories:

A. Trading risks

Trading risks are connected to interest-bearing securities, foreign exchange positions and equities/securities that are held for speculative purposes and that are evaluated daily.

Interest rate risk

For trading in long-term bonds and interest rate futures, there is a nominal limit and a loss limit at which the position is to be unwound (stop-loss limit).

Foreign exchange risk

In foreign exchange dealing, there is a limit on the total volume of the foreign exchange position, and there are limits on individual currencies as well as a stop-loss limit. Open positions both during the day and overnight are subject to limits.

Equities risk

The brokerage portfolio has a limit on overall volume, limits for individual securities and a stop-loss limit for individual securities. The trading portfolio has an overall limit as well as limits for

individual securities. Only purchased options may be used to cover positions in equities portfolios.

B. Balance risks

Balance risks refer to risks that are connected to the Bank's liquidity and to the interest rate refixing structure of the balance, i.e. the sensitivity of the balance to changes in the fixed-income market. The former risk is called liquidity risk and the latter is called structural interest rate risk. Also part of this category is foreign exchange balance risk, i.e. the sensitivity of the balance to changes in currency exchange rates.

Liquidity risk

Liquidity risk is measured with the help of maturity analyses and liquidity budgets. Maturity analyses show how the Bank's deposit and lending positions are allocated by maturity (due dates). Liquidity budgets show the Bank's preparedness for payments in case of any market disruptions.

Structural interest rate risk

At the Bank of Åland, structural interest rate risk is measured with the help of gap analysis. Today, gap analysis places only EURIBOR-indexed assets and liabilities in time gaps according to interest rate refixing dates. With the help of these gaps, the Bank calculates the sensitivity of its net interest items to changes during a 12-month period.

For the structural interest rate risk (0–12 months), there is a limit established by the Board of Directors stating the maximum permitted change in net interest items in case of a 1 percentage point shift in the yield curve.

Foreign exchange balance risk

Foreign exchange positions in the balance are subject to limits established by the Board of Directors.

Derivative contracts

Derivative contracts are used to protect positions. Interest rate swaps and interest rate forward contracts are used for the purpose of decreasing/eliminating interest rate risk in underlying balance sheet items, for example share index loans and fixed-interest products.

C. Strategic positions

Strategic positions contain positions taken by the Board of Directors in shares of interesting companies, in mutual funds and in interest-bearing instruments.

The Investment Banking Division manages these positions according to instructions from the Board of Directors.

Long-term holdings

This category of risks includes such long-term holdings as the Bank's real estate portfolio and other fixed assets, as well as venture capital investments.

The Bank's real estate holdings are small. Most of the properties are used in its own operations. The risks attributable to the decline in market value of these holdings or deterioration in return on assets are thus small. The Board of Directors decides on purchases and divestments.

The Executive Team/Heads of Divisions decide on acquisition and divestments of other fixed assets.

Venture capital investments are limited. The Board of Directors decides on the holdings in this portfolio.

Operational risks

Operational risks are defined as the risk of losses and of damage to the Bank's reputation due to faulty or erroneous procedures, processes, behaviour or unexpected events in the Bank's surroundings.

Operational risk management is in the midst of a development phase and will be reorganised during the 2005 financial year. This task will include development of policy documents, internal instructions and reporting procedures.

Technology has been developed in the Group to identify, evaluate and reduce operational risks. Continuity plans for high-priority processes have been established. It is the task of every department and branch office to manage the operational risks that are associated with their own work. Departments and branch offices document the operational risks in their processes, products and projects. The Risk Control Department co-ordinates the task of risk documentation and will be responsible for reporting major operational risks to the Board of Directors and the Executive Team. The Bank's Internal Auditing Department monitors compliance by departments and branch offices with internal and external rules and instructions related to operational risks, providing qualitative assessments in report form to the Board. The Internal Auditing Department also reports regularly on expenses that have arisen due to poor procedures, misunderstandings, crime etc.

The task of improving the management of operational risks also encompasses the subsidiaries Ålandsbanken Asset Management Ab, Ålandsbanken Fondbolag Ab and Crosskey Banking Solutions Ab Ltd.

CAPITAL ADEQUACY

Today's regulation presupposes that the Bank's capital adequacy – its capital base as a percentage of risk-weighted assets – amounts to at least 8 per cent. However, the Board of Directors' policy is that the Bank of Åland should have a risk-weighted total capital ratio of at least 10 per cent.

Monitoring of capital adequacy

The Accounting Department calculates the Bank's risk-weighted total capital ratio and reports it regularly to the Executive Team and the Board of Directors. The Department also provides forecasts of changes in the ratio.

Allocation of the capital base

On December 31, 2004, the allocation of the capital base by different types of risks (provided that the entire capital base is allocated proportionally) was

– credit risks	94.5 %
– counterparty risks	2.7 %
– other	2.8 %
<hr/>	
Total	100.0 %

New capital adequacy rules

The Basel Committee on Banking Supervision has submitted principles for new capital adequacy rules. The European Commission is implementing these principles in the EU by means of amendments to the European Parliament and Council directive on the right to start and run operations in credit institutions and the Council directive on capital adequacy requirements for companies in the securities business and credit institutions. The purpose of the rules is to ensure that capital adequacy requirements will better reflect the actual risk in operations. They are intended to enter into force at the beginning of 2007.

Preparations for adjustment to the new rules are under way in the Bank. This work is being co-ordinated by the Risk Control Department. The Bank's intention is to manage credit risks according to the standard method and operational risks according to the base method. The efforts that are under way to improve risk management systems will, however, lay the groundwork that will enable the Bank to switch at the appropriate time to the more advanced risk calculation models in the Basel 2 rule system.

FACTS ON BANK OF ÅLAND SHARES

Share capital

The share capital of the Bank of Åland is EUR 22,164,049.83. The maximum share capital according to the Articles of Association is EUR 32,292,081.88. The book value equivalent of a share is EUR 2.02.

The shares are divided into 5,180,910 Series A and 5,800,878 Series B shares. Each Series A share represents twenty (20) votes at shareholders' meetings and each Series B share one (1) vote. Series B shares enjoy priority over Series A shares for dividends of up to six (6) per cent of their previous nominal value.

Changes in share capital, reported in EUR

	Share capital, EUR	Series A shares	Series B shares
2000	19,698,854.14	5,180,910	4,579,429
2001	20,254,392.98	5,180,910	4,854,686
2002	20,318,016.45	5,180,910	4,886,210
2003	22,086,413.60	5,180,910	5,762,411
2004	22,164,049.83	5,180,910	5,800,878

Convertible capital loan

During the spring of 1997, the Bank of Åland issued a convertible capital loan of FIM 100 M to the public. The capital loan pays annual interest of six (6) per cent and falls due for payment in its entirety on April 2, 2007.

	Issued	Conversions recorded in Finnish Trade Registry	Remaining
Loan amount in EUR:	16,818,792.65	7,363,267.56	9,455,525.09
Number of loan certificates:	10,000	4,378	5,622
Equivalent number of Series B shares	1,095,546	471,504	624,042

By January 31, 2005, an additional 37 loan certificates, equivalent to EUR 62,229.56 or 4,107 Series B shares, had been converted. The remaining principal amount of the capital loan is EUR 9,393,295.53.

Conversion terms

The conversion price per share is EUR 15.13929. Each loan certificate with a nominal value of EUR 1,681.88 may thus be converted into 111 Series B shares. The resulting difference of EUR 1.42 is being repaid in cash.

The right of conversion for the loan began on April 2, 1998 and ends when the loan reaches maturity. Conversion may take place each year during the period April 2 – January 31. By converting the loan certificates remaining on December 31, 2004, the number of Series B shares in the Bank may rise by 624,042, equivalent to an increase of EUR 1,259,475.97 in share capital.

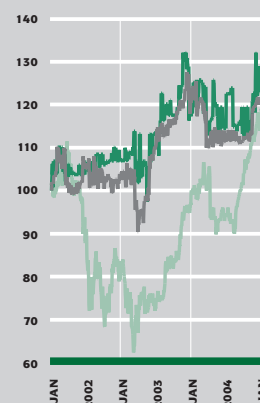
Trading in the Bank's shares

During 2004, the volume of trading in the Bank's Series A shares on the Helsinki Stock Exchange was EUR 6.1 M. Their average price was EUR 18.91. The highest quotation per share was EUR 21.00, the lowest EUR 17.70. Trading in Series B shares totalled EUR 6.9 M at an average price of EUR 18.35. The highest quotation was EUR 19.70, the lowest EUR 17.25.

On December 31, 2004, the number of registered shareholders was 9,025. There were also 127,824 shares registered in the names of nominees.

Stock market indexes
2002–2004
(January 2002 = 100)

● Bank of Åland, Series A
● Bank of Åland, Series B
● HEX Bank & Finance Index



The ten largest shareholders, December 31, 2004

	SHAREHOLDER	SERIES A SHARES	SERIES B SHARES	TOTAL NUMBER OF SHARES	% OF SHARES	% OF VOTES
1	Alandia-Bolagen (insurance group)	733,886	325,145	1,059,031	9.6	13.7
	Redarnas Ömsesidiga Försäkringsbolag (marine insurance)	408,282	177,735	586,017	5.3	7.6
	Försäkrings Ab Pensions Alandia (retirement insurance)	129,960	83,040	213,000	1.9	2.5
	Försäkringsaktiebolaget Alandia (property insurance)	127,548	4,132	131,680	1.2	2.3
	Försäkringsaktiebolaget Liv-Alandia (life insurance)	68,096	60,238	128,334	1.2	1.3
2	Aktia Sparbank Abp (savings bank)	105,000	877,100	982,100	8.9	2.7
3	Ålands Ömsesidiga Försäkringsbolag (insurance company)	612,331	111,960	724,291	6.6	11.3
4	Wiklöf Anders	578,589	90,358	668,947	6.1	10.6
	Wiklöf Anders	231,506	89,504	321,010	2.9	4.3
	Wiklöf Holding Ab	135,000	0	135,000	1.2	2.5
	Ålandsbaronen Ab (foods)	73,828	19	73,847	0.7	1.3
	Oy Alva-Line Ab (shipping company)	67,000	0	67,000	0.6	1.2
	Ab Mathias Eriksson (ship chandlers)	70,120	79	70,199	0.7	1.3
	Ab Mariehamns Parti (wholesale goods)	1,135	756	1,891	0.0	0.0
5	Mattsson Rafael	422,406	15,638	438,044	4.0	7.7
	Mattsson Rafael	241,494	15,096	256,590	2.3	4.4
	Ab Rafael	180,912	542	181,454	1.7	3.3
6	Veritas bolagen (insurance group)	277,734	153,900	431,634	3.9	5.2
	Pensionsförsäkringsaktiebolaget Veritas (retirement insurance)	198,934	84,700	283,634	2.6	3.7
	Livförsäkringsaktiebolaget Veritas (life insurance)	78,800	69,200	148,000	1.3	1.5
7	Caelum Oy (investment company)	65,340	162,178	227,518	2.1	1.3
8	Svenska litteratursällskapet i Finland (literary society)	167,000	0	167,000	1.5	3.1
9	Palkkiyhtymä Oy (investment company)	60,000	76,000	136,000	1.2	1.2
	Palkkiyhtymä Oy	60,000	40,000	100,000	0.9	1.2
	Palcmills Oy	0	36,000	36,000	0.3	0.0
10	Baltic Petroleum Oy	100,070	1,700	101,770	0.9	1.8
	Baltic Trading Company Ab	50,920	1,700	52,620	0.5	0.9
	Baltic Petroleum Oy	49,150	0	49,150	0.4	0.9

Shareholders by size of holding

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	TOTAL NUMBER OF SHARES HELD	AVERAGE HOLDING
1–100	3,837	177,432	46
101–1,000	4,057	1,408,937	347
1,001–10,000	1,046	2,534,813	2,423
10,001–	85	6,732,782	79,209
Shares registered in name of nominee		127,824	

Shareholders by category

CATEGORY	NUMBER OF SHARES	% OF SHARES
Private individuals	4,851,281	44.2
Corporations	1,594,916	14.5
Insurance companies	2,214,956	20.2
Banks	997,876	9.1
Other financial institutions	1,520	0.0
Government organisations	296,109	2.7
Non-profit organisations	534,697	4.9
Foreign investors	362,609	3.3
Shares registered in name of nominee	127,824	1.1

Shareholdings in Bank of Åland by members of the Board of Directors

	SERIES A SHARES	SERIES B SHARES	% OF SHARES	% OF VOTES
Board of Directors	1,968	1,873	0.0	0.0

Bank of Åland shares traded, Helsinki Stock Exchange

YEAR		THOUSANDS OF SHARES	VOLUME AS % OF SHARES	PRICE PAID, EUR: HIGHEST / LOWEST	AVERAGE PRICE, EUR
2000	Series A	319	6.2	18.00 – 15.30	16.88
2000	Series B	556	12.1	18.00 – 15.00	16.10
2001	Series A	80	1.5	20.00 – 15.00	16.87
2001	Series B	297	6.3	19.10 – 14.86	16.67
2002	Series A	665	12.8	17.50 – 16.02	16.40
2002	Series B	501	10.2	17.40 – 15.50	16.21
2003	Series A	271	5.2	21.00 – 15.50	18.37
2003	Series B	505	8.8	20.00 – 14.20	17.33
2004	Series A	320	6.2	21.00 – 17.70	18.91
2004	Series B	375	6.5	19.70 – 17.25	18.35

Bank of Åland (Group) share data

	2000	2001	2002	2003	2004	% CHANGE 2003–2004
Number of shares, M	9.76	10.04	10.07	10.94	10.98	
Average number of shares, M, adjusted for issues	9.76	10.04	10.07	10.56	10.98	
Number of shares at year-end, M, adjusted for issues	9.76	10.04	10.07	10.94	10.98	
Earnings per share, EUR ¹	1.50	1.23	1.00	1.02	0.99 ⁸	-2.5
Dividend per share, EUR ²						
Series A	1.01	1.00	1.00	1.00	1.00	
Series B	1.01	1.00	1.00	1.00	1.00	
Dividend per share, EUR, adjusted for issues						
Series A	1.01	1.00	1.00	1.00	1.00	0.0
Series B	1.01	1.00	1.00	1.00	1.00	0.0
Dividend payout ratio ³	48.3	57.8	71.6	72.2	71.5	
Equity capital and reserves per share, EUR ⁴	8.33	8.71	8.69	9.22	9.25 ⁸	0.3
Market price per share, EUR ⁵						
Series A	18.00	15.90	17.10	18.65	19.62	
Series B	17.00	15.69	16.30	19.10	19.04	
Market price, adjusted for issues, EUR ⁵						
Series A	18.00	15.90	17.10	18.65	19.62	5.2
Series B	17.00	15.69	16.30	19.10	19.04	-0.3
Price/earnings ratio, Series A ⁶	12.0	13.0	17.1	18.3	19.7	
Price/earnings ratio, Series B ⁶	11.3	12.8	16.3	18.7	19.2	
Effective dividend yield, % ⁷						
Series A	5.6	6.3	5.8	5.4	5.1	
Series B	5.9	6.4	6.1	5.2	5.3	
Market capitalization, EUR M ⁵	171.1	158.5	168.2	206.7	212.1	2.6

¹ $\frac{\text{Net operating income} - \text{standard tax}}{\text{Average number of shares, adjusted for new issues}}$

⁴ $\frac{\text{Equity capital} + \text{reserves} - \text{imputed taxes due}}{\text{Number of shares on year-end, adjusted for new issues}}$

⁷ $\frac{\text{Dividend, adjusted for new issues}}{\text{Year-end share price, adjusted for new issues}}$

² The Board of Management's proposal to the Annual General Meeting.

⁵ At year-end.

³ $\frac{\text{Dividend for the year}}{\text{Net operating profit}} \times 100$

⁶ $\frac{\text{Year-end share price, adjusted for new issues}}{\text{Earnings per share}}$

⁸ If all warrants and subscription rights to which the convertible capital loan is entitled are exercised, earnings per share are EUR 0.98 and the ratio "equity capital and reserves per share" is higher than the figure presented in the table.

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. The strategy of Ålandsbanken Fondbolag is that its mutual funds shall be competitive and adapted to the investment needs of Bank of Åland customers. In 2004, most of the mutual funds had clearly better returns than their comparative indexes. On several occasions during 2004, the Bank of Åland's mutual funds were mentioned in the trade press and other media as being among Finland's most successful mutual funds, as part of their comparisons of mutual funds and fund companies. During the financial year, the company managed the following mutual funds:

Placeringsfonden Ålandsbanken Corporate Bond, a bond fund that invests in euro-denominated corporate bonds.

Placeringsfonden Ålandsbanken Euro Bond, a medium-term bond fund with euro-denominated investments.

Placeringsfonden Ålandsbanken Europe Active Portfolio, a flexible European balanced fund, with active allocation between bond and equity investments.

Placeringsfonden Ålandsbanken Europe Value, a European equities fund with an active value-oriented investment strategy.

Placeringsfonden Ålandsbanken Global Value, an international equities fund with an active value-oriented investment strategy.

Placeringsfonden Ålandsbanken Nordic Value, a Nordic equities fund with an active value-oriented investment strategy.

New investment fund – Ålandsbanken Cash Manager

On December 31, 2004, a new investment fund, Placeringsfonden Ålandsbanken Cash Manager, began its operations. Ålandsbanken Cash Manager is a short-term bond fund that invests in euro-denominated assets. The fund is intended to offer an alternative to investors who desire a better interest return than on traditional savings accounts, at the lowest possible risk.

Mutual fund investment operations

The portfolio management of the mutual funds managed by the company is handled under an agreement by Ålandsbanken Asset Management Ab.

Growth of the funds

As of December 31, 2004, the number of unit holders totalled 6,480 (5,337 on Dec. 31, 2003), which represented an increase of about 21 per cent from one year earlier. Total assets under management amounted to EUR 162.5 M (117.4), an increase of EUR 45.1 M or about 38 per cent from one year earlier. Further information is provided in the table below.

Marketing and sales of the funds

All of these mutual funds are marketed and sold by the Bank of Åland. Investments in the funds may also be made via unit-link insurance plans provided by the Veritas and Liv Alandia insurance companies as well as Skandia Life.

PLACERINGSFONDEN ÅLANDSBANKEN	CASH MANAGER ¹	CORPORATE BOND	EURO BOND	EUROPE ACTIVE PORTFOLIO	EUROPE VALUE	GLOBAL VALUE	NORDIC VALUE	TOTALT
NUMBER OF UNIT HOLDERS								
December 31, 2003	0	29.2	44.9	13.3	18.5	11.5	0	117.4
December 31, 2004	0.3	29.4	61.9	14.6	24.7	10.9	20.6	162.5
Change, % ¹	100	0.7	37.9	9.8	33.5	-5.2	100	38.4
RETURN IN 2004								
The fund ²		3.06	3.51	13.83	16.31	5.64	17.70 ⁴	
Comparative index		7.74	3.40	8.87	9.36	5.05	5.70 ⁴	
NUMBER OF UNIT HOLDERS								
December 31, 2003	0	54	926	1,745	570	2,042	0	5,337
December 31, 2004	1	59	1,397	1,824	701	2,015	483	6,480
Change, %	100	9.3	50.9	4.5	23.0	-1.3	100	21.4

¹ The size of the fund is affected by net divestments as well as by change in the value of the fund's investments

² B units (growth units)

³ Fund started December 31, 2004

⁴ January 19 – December 31, 2004

ÅLANDSBANKEN ASSET MANAGEMENT AB

Ålandsbanken Asset Management Ab is a subsidiary of the Bank of Åland Plc. The company offers a comprehensive range of asset management services. The company's task is to manage its customers' finances in their entirety, i.e. in partnership with the Bank to create comprehensive solutions consisting of portfolio management, insurance alternatives, financing arrangements and banking services. Aside from direct equity and bond investments, the company's portfolio management uses share index loans as well as mutual funds.

The company's expertise is sufficiently broad to cover any kind of macroeconomic situation, enabling us to pursue the customer's interests in the securities market both when share prices are rising

and falling. Our managed portfolio volume continued to grow during 2004, as a consequence of successful investment decisions and numerous new asset management mandates.

Peter Grönlund was elected to the company's Board of Directors and appointed as Chairman of the Board at the company's annual general meeting on March 4, 2004. Serving as Chairman until that day was Bengt Lundberg, who has continued as a Board member. The other Board members have been Jan Tallqvist and Stefan Törnqvist.

During the year, the company hired two new employees, and today its staff amounts to 10 people. We have plans to recruit two more specialists during 2005.

ÅLANDS FÖRETAGSBYRÅ AB

Ålands Företagsbyrå Ab is part of the Bank of Åland Group. The company is a successful accounting agency with its office at Nygatan 9 in Mariehamn. The agency has 25 employees who specialise in accounting services. On behalf of its customers, Ålands

Företagsbyrå handles bookkeeping, value-added tax reporting, financial statements and tax returns, wage and salary accounting, tax advisory services and more.

The Managing Director of the company is Erika Sjölund.

CONSOLIDATED INCOME STATEMENT

(EUR K)

	JAN 1 – DEC 31, 2004			JAN 1 – DEC 31, 2003		
Interest income			54,299			59,971
Interest expenses			<u>-24,803</u>			<u>-30,379</u>
NET INCOME FROM FINANCIAL OPERATIONS			29,496			29,593
Income from equity investments			538			1,223
Commission income			12,360			10,306
Commission expenses			-1,348			-1,271
Net income from securities transactions and foreign exchange dealing						
<i>Net income from securities transactions</i>			534			1,904
<i>Net income from foreign exchange dealing</i>			<u>880</u>	1,414		<u>779</u>
Other operating income			5,568			5,568
Administrative expenses						
<i>Staff costs</i>						
<i>Wages and salaries</i>	15,492			15,168		
<i>Pensions</i>	588			2,395		
<i>Other social security costs</i>	<u>1,124</u>	17,204		<u>1,297</u>	18,860	
<i>Other administrative expenses</i>		<u>8,664</u>	-25,868		<u>8,163</u>	-27,023
Depreciation/amortisation and write-downs of tangible and intangible assets			-2,145			-2,300
Other operating expenses			-3,949			-3,855
Loan and guarantee losses			-654			133
Write-downs and reversals of write-downs on securities held as financial fixed assets			0			0
Share of operating results of companies consolidated according to the equity method			<u>-50</u>			<u>95</u>
NET OPERATING PROFIT			15,361			15,152
PROFIT BEFORE APPROPRIATIONS AND TAXES			15,361			15,152
Income taxes						
<i>Taxes for the year and previous years</i>			4,752			4,424
<i>Change in imputed tax due</i>			<u>-679</u>	-4,073		<u>0</u>
Minority share of profit for the year			<u>-195</u>			<u>-130</u>
PROFIT FOR THE YEAR			11,092			10,598

CONSOLIDATED BALANCE SHEET

(EUR K)

ASSETS	DEC 31, 2004		DEC 31, 2003	
Liquid assets		72,065		39,962
Debt securities eligible for refinancing with central banks				
<i>Treasury bills</i>	19,794		208,896	
<i>Other</i>	<u>92,402</u>	112,196	<u>54,489</u>	263,384
Claims on credit institutions				
<i>Repayable on demand</i>	3,657		1,888	
<i>Other</i>	<u>106,792</u>	110,449	<u>75,088</u>	76,976
Claims on the public and public sector entities		1,631,614		1,405,301
Lease assets		487		791
Debt securities		1,769		7,508
Shares and participations		8,762		14,718
Shares and participations in associated companies		5		5
Shares and participations in Group companies		962		2,009
Intangible assets		3,947		3,388
Tangible assets				
<i>Real estate as well as shares and participations in real estate corporations</i>	11,347		12,033	
<i>Other tangible assets</i>	<u>2,796</u>	14,143	<u>2,411</u>	14,444
Other assets		18,973		15,049
Accrued income and prepayments		<u>8,326</u>		<u>7,942</u>
TOTAL ASSETS		1,983,697		1,851,477

CONSOLIDATED BALANCE SHEET

(EUR K)

LIABILITIES AND EQUITY CAPITAL	DEC 31, 2004		DEC 31, 2003	
LIABILITIES				
Liabilities to credit institutions				
<i>Repayable on demand</i>		1,441		1,627
<i>Other</i>		<u>22,134</u>	23,575	<u>91,479</u> 93,107
Liabilities to the public and public sector entities				
<i>Deposits</i>				
<i>Repayable on demand</i>	1,039,539		959,796	
<i>Other</i>	<u>205,208</u>	1,244,747	<u>174,217</u>	1,134,013
<i>Other liabilities</i>		<u>4,620</u>	1,249,367	<u>5,637</u> 1,139,650
Debt securities issued to the public				
<i>Bonds</i>		224,542		109,601
<i>Other</i>		<u>275,506</u>	500,048	<u>323,271</u> 432,872
Other liabilities			36,286	29,916
Accrued expenses and deferred income			12,395	13,729
Subordinated liabilities			44,524	24,507
Imputed taxes due			5,895	6,574
Minority share of capital			532	389
EQUITY CAPITAL				
Share capital			22,164	22,086
Share premium account			25,463	24,966
Revaluation reserve			350	350
Reserve fund			25,129	25,129
Capital loan			9,456	9,820
Profit brought forward			17,420	17,782
Profit for the year			<u>11,092</u>	<u>10,598</u>
TOTAL LIABILITIES AND EQUITY CAPITAL			1,983,697	1,851,477
OFF-BALANCE SHEET COMMITMENTS				
Commitments given to a third party on behalf of customers				
<i>Guarantees and pledges</i>		<u>13,342</u>	13,342	<u>9,767</u> 9,767
Irrevocable commitments given in favour of customers			<u>96,730</u>	<u>103,802</u>
			110,072	113,569

PARENT COMPANY INCOME STATEMENT

(EUR K)

	JAN 1 – DEC 31, 2004			JAN 1 – DEC 31, 2003		
Interest income			54,190			59,867
Net leasing income			60			88
Interest expenses			<u>-25,047</u>			<u>-30,598</u>
NET INCOME FROM FINANCIAL OPERATIONS			29,204			29,358
Income from equity investments						
<i>In Group companies</i>			760			1,115
<i>In associated companies</i>			339			308
<i>In other companies</i>			<u>386</u>	1,485		<u>1,106</u>
Commission income			9,951			8,517
Commission expenses			-1,124			-1,053
Net income from securities transactions and foreign exchange dealing						
<i>Net income from securities transactions</i>			586			1,870
<i>Net income from foreign exchange dealing</i>			<u>880</u>	1,466		<u>779</u>
Other operating income			5,591			5,587
Administrative expenses						
<i>Staff costs</i>						
<i>Wages and salaries</i>	14,197			14,645		
<i>Pensions</i>	369			2,309		
<i>Other social security costs</i>	<u>1,078</u>	15,644		<u>1,276</u>	18,229	
<i>Other administrative expenses</i>		<u>9,108</u>	-24,752		<u>7,937</u>	-26,167
Depreciation/amortisation and write-downs on tangible and intangible assets			-2,113			-2,280
Other operating expenses			-3,843			-3,778
Loan and guarantee losses			-659			121
Write-downs and reversals of write-downs on securities held as financial fixed assets			<u>339</u>			<u>0</u>
NET OPERATING PROFIT			15,544			15,483
PROFIT BEFORE APPROPRIATIONS AND TAXES			15,544			15,483
Appropriations			0			0
Income taxes			<u>-4,571</u>			<u>-4,488</u>
PROFIT FOR THE YEAR			10,973			10,995

PARENT COMPANY BALANCE SHEET

(EUR K)

ASSETS	DEC 31, 2004		DEC 31, 2003	
Liquid assets		72,065		39,962
Debt securities eligible for refinancing with central banks		112,196		263,081
Claims on credit institutions				
<i>Repayable on demand</i>		3,657		1,888
<i>Other</i>		<u>106,792</u>		<u>75,088</u>
Claims on the public and public sector entities		1,631,614		1,405,301
Lease assets		487		791
Debt securities		1,526		6,924
Shares and participations		7,907		14,148
Shares and participations in associated companies		5		5
Shares and participations in Group companies		4,786		2,754
Intangible assets		1,632		3,345
Tangible assets				
<i>Real estate as well as shares and participations in real estate corporations</i>		11,347		12,033
<i>Other tangible assets</i>		<u>2,291</u>		<u>2,381</u>
Other assets		18,376		14,824
Accrued income and prepayments		<u>7,709</u>		<u>7,981</u>
TOTAL ASSETS		1,982,390		1,850,506

PARENT COMPANY BALANCE SHEET

(EUR K)

LIABILITIES AND EQUITY CAPITAL	DEC 31, 2004		DEC 31, 2003	
LIABILITIES				
Liabilities to credit institutions				
<i>Repayable on demand</i>		1,441		1,627
<i>Other</i>	<u>22,134</u>	23,575	<u>91,479</u>	93,107
Liabilities to the public and public sector entities				
<i>Deposits</i>				
<i>Repayable on demand</i>	1,040,030		959,958	
<i>Other</i>	<u>205,208</u>	1,245,238	<u>174,217</u>	1,134,175
<i>Other liabilities</i>		<u>4,620</u>	1,249,858	<u>5,637</u>
Debt securities issued to the public				
<i>Bonds</i>		224,196		110,431
<i>Other</i>		<u>276,356</u>	500,552	<u>322,879</u>
Other liabilities			36,105	29,986
Accrued expenses and deferred income			11,377	13,608
Subordinated liabilities			44,524	24,507
ACCUMULATED APPROPRIATIONS				
Difference between recorded and planned depreciation			220	220
Reserves			22,450	22,450
EQUITY CAPITAL				
Share capital			22,164	22,086
Share premium account			25,463	24,966
Revaluation reserve			350	350
Reserve fund			25,129	25,129
Capital loan			9,456	9,820
Profit brought forward			194	159
Profit for the year			<u>10,973</u>	<u>10,995</u>
TOTAL LIABILITIES AND EQUITY CAPITAL			1,982,390	1,850,506
OFF-BALANCE SHEET COMMITMENTS				
Commitments given to a third party on behalf of customers				
<i>Guarantees and pledges</i>		<u>13,342</u>	13,342	<u>9,767</u>
Irrevocable commitments in favour of a customer			<u>96,730</u>	<u>103,802</u>
			110,072	113,569

ACCOUNTING PRINCIPLES

General

The accounts of the Bank of Åland Plc (Ålandsbanken Abp) and the Bank of Åland Group have been drawn up in accordance with the current provisions of the Finnish Credit Institutions Act and the Ministry of Finance ordinance on annual accounts and consolidated annual accounts of credit institutions and securities companies, and in compliance with the regulations of the Financial Supervision Authority. Figures in the financial statements are based on the original values of business transactions unless otherwise mentioned. Income and expenses booked in the income statements are accrued in accordance with the performance principle. Comparative figures for previous accounting periods have been recalculated according to current rules.

Consolidated financial statements

The consolidated financial statements include figures on the Bank of Åland Plc, Ålandsbanken Fondbolag Ab, Ålandsbanken Asset Management Ab, Crosskey Banking Solutions AB Ltd and Ålands Företagsbyrå Ab. In accordance with the regulations of the Financial Supervision Authority, subsidiaries and associated companies whose balance sheet total is less than one per cent of the Bank's balance sheet total, and whose impact on the Group's financial position and equity capital is negligible, have been excluded from the consolidated financial statements.

Ålands Företagsbyrå Ab has been consolidated according to the equity method of accounting. This means that in the consolidated accounts, the value of the parent Bank's share in these companies reflects any changes in their equity capital. The consolidated income statement reports the Bank's share in these companies' earnings. The accounts of Ålandsbanken Fondbolag Ab, Crosskey Banking Solutions Ab Ltd and Ålandsbanken Asset Management Ab have been consolidated according to the purchase method of accounting.

By way of exception to the income statements of Group companies, the item "Net leasing income" only consists of the difference between leasing rents and planned depreciation on lease assets. Additional depreciation on lease assets and capital gains/losses on the sale of lease assets are entered in the consolidated income statement under the item "Loan and guarantee losses".

In the consolidated balance sheet, voluntary provisions made by Group companies, including the difference between planned and recorded depreciation, have been apportioned between the earnings for the financial year and equity capital and between the change in imputed taxes due and imputed taxes due.

Items denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are translated to euro (EUR) at the European Central Bank's year-end middle rate.

Valuation of securities

Debt securities, shares and participations are broken down into two categories: current-asset securities and securities held as fixed financial assets. Debt securities held as fixed financial assets shall comprise debt securities which are meant to be held until the date of maturity, shares and participations in subsidiaries and associated companies, and other shares that the Bank owns in order to obtain necessary services.

Securities classified as current-asset which are traded by the Bank are valued in the balance sheet at their probable sale price on the balance sheet date. Other current-asset securities are valued at their purchase price or their probable sale price on the balance sheet date, whichever is lower. Securities held as fixed financial assets are valued at their purchase price. If the probable sale price of such a security is permanently lower, the difference is entered as an expense.

If the amount paid for a debt security was above or below its nominal value, the difference is accrued over the maturity of the debt security as interest income or a deduction from interest income.

Depreciation/amortisation

Assets subject to wear and tear are depreciated according to a plan based on the projected economic service life of the items. Buildings and structures are depreciated on a straight-line basis over 40 years. Technical equipment in buildings is depreciated over 12 years. Machinery and equipment are depreciated on a straight-line basis over 3–10 years. Land and revaluations are not depreciated. Computer systems among intangible assets are amortised on a straight-line basis over 3–5 years, while other intangible assets are amortised over 5–10 years. Depreciation on lease items is calculated by accrual of acquisition prices over the contract period according to the annuity method, using as the residual value a conservative estimate of the probable value of the equipment at the end of the contract period.

Loan and guarantee losses

Actual or probable loan losses during the year are reported in the accounts as loan losses. A loss whose amount has been established through a final bankruptcy audit or a bankruptcy receiver's estimate of the distribution of assets, a composition agreement or other agreement where the Bank abstains from a claim or it has otherwise been forgiven, is reported as an actual loss. A claim or part thereof is reported as a probable loan loss if the customer is deemed insolvent and, on the balance sheet date:

- it is not considered likely that the customer's ability to pay will improve to such a degree that payment can be made and
- the probable value of the collateral or other security provided

for the claim does not cover the portion of the receivable reported as a loan loss.

When estimating the probable value of the collateral that has been posted as security for a claim, the main principle applied is its market value. In cases where this principle cannot be applied, the value reported is based on the estimated earnings of the collateral.

Previously booked loan losses that have been recovered are reported as reductions in the year's loan losses.

Write-downs and reversals of write-downs on securities held as fixed financial assets

If, on the balance sheet date, the probable sale price of securities included in the balance sheet items "Share and participations in Group companies" or of securities held as fixed financial assets included in the balance sheet items "Shares and participations" or "Debt securities" or of shares and participations in real estate corporations included in the balance sheet item "Tangible assets" is permanently lower than the book value, the difference between book value and the probable sale price is reported as an expense under this item in the income statement. If such a write-down proves unfounded, it is recovered under this item in the income statement.

Property that served as security for unpaid claims and property acquired for the reorganisation of a client's business operations is included among the above balance sheet items.

Nonperforming loans

A loan is classified as nonperforming when interest or principal has fallen due for payment and the agreed payment has not been received within 90 days. Guarantee commitments honoured by the Bank are reported as nonperforming loans. In case of bankruptcy, a loan is booked as nonperforming the day an application for bankruptcy is submitted. When a loan is booked as nonperforming, accrued interest income is cancelled at the same time, in keeping with the performance principle.

Extraordinary items

Substantial income and expenses that are exceptional in nature and are not attributable to actual business operations are reported as extraordinary income and expenses. During 2004, no extraordinary items arose.

Sales of banking computer systems

User licences are recognised as revenue in stages that correspond to the degree of completion of the agreed systems adaptation work. Completed implementation and systems adaptation work is recognised as revenue in keeping with the performance principle.

Annual licences are recognised as revenue on a straight-line basis during the respective year.

Pension arrangements

The legally mandated pension coverage for employees has been arranged through the retirement insurance company Försäkringsaktiebolaget Pensions-Alandia. Other pension benefits are handled through the Bank's pension fund, Ålandsbanken Abp:s Pensionsstiftelse. Pension liabilities are fully covered.

Provisions

Transfers to or from reserves have been reported in the financial statements as changes in the reserves.

Derivative contracts

Income and expenses on interest rate-related derivative contracts intended for hedging purposes are included in the income statement under interest income and expenses. Income and expenses on interest-related derivative contracts not intended for hedging purposes are included under securities transactions in the income statement. Income and expenses on currency-related derivative contracts are included under foreign exchange dealing, except that the difference between the forward and spot exchange rate is included under interest income and expenses. Income and expenses on equity-related derivative contracts are included under securities transactions in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

(EUR K)

The contents of these notes follow regulations 106.1 and 106.2 of the Financial Supervisory Authority. Notes for which there is nothing to report have been omitted. Since the figures for the parent Bank and the Group do not differ significantly from each other, these notes provide figures only for the parent Bank, unless otherwise stated.

Numbering	
1–8	Notes to the income statement
9–32	Notes to the balance sheet
33	Note concerning income taxes
34–39	Notes concerning assets pledged, contingent liabilities and derivative contracts
40	Note concerning staff and members of administrative and supervisory bodies
41–42	Other notes
43–47	Notes concerning the consolidated financial statements

1. Interest income and interest expenses

INTEREST INCOME:	2004	2003
Credit institutions and central banks	2,139	5,531
Public and public sector entities	48,051	48,073
Debt securities	3,948	6,149
Other interest income	53	115
	<u>54,190</u>	<u>59,867</u>

INTEREST EXPENSES:	2004	2003
Credit institutions and central banks	1,389	2,587
Public and public sector entities	13,288	15,693
Debt securities issued to the public	8,429	10,826
Subordinated liabilities	1,148	895
Capital loan	572	587
Other interest expenses	221	9
	<u>25,047</u>	<u>30,598</u>

2. Net leasing income

	2004	2003
Rental income	288	368
Planned depreciation	-233	-294
Net capital gains and losses from the sale of lease assets	5	14
	<u>60</u>	<u>88</u>

3. Net income from securities transactions

	2004	2003
Trading in debt securities	20	-15
Trading in shares and participations	566	1,886
	<u>586</u>	<u>1,870</u>

4. Total amount of current-asset securities bought and sold

DEBT SECURITIES	2004	2003
Bought	220,116	87,945
Sold	26,940	14,072
Matured	158,486	38,569

SHARES	2004	2003
Bought	295,108	71,070
Sold	301,451	74,029

5. Other operating income and expenses

OTHER OPERATING INCOME	2004	2003
Rental and dividend income from real estate and real estate corporations	372	418
Gains from divestments of real estate and shares in real estate corporations	577	0
Other income from normal operations	<u>4,642</u>	<u>5,169</u>
	5,591	5,587

OTHER OPERATING EXPENSES	2004	2003
Rental expenses	1,216	1,207
Expenses for real estate and real estate corporations	788	826
Other expenses from normal operations	<u>1,839</u>	<u>1,744</u>
	3,843	3,778

6. Loan and guarantee losses

	2004		2003	
	LOAN LOSSES		LOAN LOSSES	
	GROSS	DEDUCTIONS	GROSS	DEDUCTIONS
Claims on the public and public sector entities	852	192	159	280
Write-downs and reversals of write-downs on securities held as financial fixed assets	0	339	0	0
Actual loan losses	241		412	
Actual loan losses for which specific loan loss provisions were previously made	-194		-338	
Recoveries on actual loan losses from prior years	-176		-114	
Specific loan loss provisions	804		85	
Reversals of previous specific loan loss provisions	-17		-166	
Loan and guarantee losses in the accounts	<u>659</u>		<u>-121</u>	

7. Appropriations

	2004	2003
Change in difference between recorded and planned depreciation	0	0
Change in loan loss reserve	<u>0</u>	<u>0</u>
	0	0

8. Income and staff by field of operations and market

GROUP	2004	2003
Banking operations	46,020	46,975
Mutual fund (unit trust) operations	1,577	1,091
Securities company operations	1,779	1,307

Amounts are without eliminations.
All income arose in Finland.

Staff, recalculated to average full-time equivalents during the year, by field of operations:

Banking operations	379	364
Mutual fund (unit trust) operations	4	3
Securities company operations	<u>9</u>	<u>7</u>
	392	375

9. Debt securities eligible for refinancing with central banks

	2004	2003
Treasury bills	90,331	208,896
Bonds issued by the Finnish government	19,865	52,028
Other bonds	<u>1,999</u>	<u>2,158</u>
	112,195	263,081

10. Claims on credit institutions

The balance sheet item "Claims on credit institutions" does not include claims on central banks.

11. Claims on the public and public sector entities by sectors and specific loan loss provisions

	2004	2003
<i>Breakdown of the balance sheet item "Claims on the public and public sector entities" according to the official sectoral classification of Statistics Finland:</i>		
Enterprises	470,406	390,405
General government	11,974	25,618
Non-profit institutions	15,725	7,580
Households	1,099,095	947,185
Foreign	34,414	34,513
Total	1,631,614	1,405,301
<i>Specific loan loss provisions on January 1</i>	616	1,035
New provisions made during the year	804	85
Provisions reversed during the year	-17	-166
Actual loan losses during the year, for which specific loan losses provisions were previously made	-194	-338
<i>Specific loan loss provisions on December 31</i>	1,209	616

12. Nonperforming claims and other zero-interest receivables

	2004	2003
Nonperforming claims	1,973	1,393
Other zero-interest receivables	30	30
	2,004	1,423

13. Book value of property serving as collateral for unpaid claims and property acquired for the reorganisation of clients' business operations

	2004	2003
Real estate and shares and participations in real estate corporations	589	589
Other shares and participations	0	426
	589	1,015

14. Subordinated claims

	2004	2003
Claims on the public and public sector entities	256	367
Debt securities	5	5

15. Lease assets

	2004	2003
Machinery and equipment	470	768
Other lease assets	17	23
	487	791

16. Debt securities eligible for refinancing with central banks and other debt securities held

	2004		2003	
	PUBLICLY LISTED	OTHER	PUBLICLY LISTED	OTHER
Current assets	73,478	1,487	35,203	1,334
Other	18,963	19,794	24,573	208,896
	92,441	21,281	59,776	210,230
Difference between probable sale price and lower book value of debt securities held as current assets	86		56	
Difference between book value and lower nominal value of debt securities held as fixed assets	151		374	
Difference between nominal value and lower book value of debt securities held as fixed assets	50		271	
<i>Debt securities specified by type:</i>				
Treasury bills	90,331		208,896	
Other bond loans	23,391		61,110	
	113,722		270,006	

17. Shares and participations

	2004		2003	
	PUBLICLY LISTED	OTHER	PUBLICLY LISTED	OTHER
Current assets	4,556	3,224	10,572	3,447
Other	0	127	0	129
	<u>4,556</u>	<u>3,351</u>	<u>10,572</u>	<u>3,576</u>
<i>Difference between probable sale price and lower book value of publicly listed shares held as current assets</i>				
Current assets	1,204		10	

18. Increases and decreases in shares and participations held as fixed financial assets and in tangible assets

SHARES AND PARTICIPATIONS IN SUBSIDIARIES AND ASSOCIATED COMPANIES AND OTHER SHARES AND PARTICIPATIONS HELD AS FIXED FINANCIAL ASSETS	2004	2003
Book value on January 1	4,681	4,681
+ increases during the year	2,514	0
- decreases during the year	-1,841	0
+ accumulated write-downs on January 1 related to decreases	1,778	0
- accumulated write-downs on January 1	<u>-2,214</u>	<u>-1,793</u>
Book value on December 31	4,918	2,888
LAND, BUILDINGS AND SHARES AND PARTICIPATIONS HELD IN REAL ESTATE CORPORATIONS		
Book value on January 1	18,192	18,090
+ increases during the year	30	102
- decreases during the year	-1,281	0
- planned depreciation during the year	-198	-211
- write-downs during the year	-13	-21
+ accumulated depreciation on January 1 related to reductions	777	0
- accumulated depreciation on January 1	-6,033	-5,822
- accumulated write-downs on January 1	<u>-126</u>	<u>-105</u>
Book value on December 31	11,347	12,033
MACHINERY, EQUIPMENT AND OTHER TANGIBLE ASSETS		
Book value on January 1	8,421	9,077
+ increases during the year	1,056	565
- decreases during the year	-3,348	-1,221
- planned depreciation during the year	-550	-598
+ accumulated depreciation on January 1 related to decreases	2,752	1,214
- accumulated depreciation on January 1	<u>-6,041</u>	<u>-6,656</u>
Book value on December 31	2,291	2,381

19. Real estate holdings and shares and participations in real estate corporations

	2004		2003	
	BOOK VALUE	TIED-UP CAPITAL	BOOK VALUE	TIED-UP CAPITAL
LAND, WATER AND BUILDINGS				
In own use	7,329	7,329	7,779	7,779
Other	393	393	522	522
	<u>7,723</u>	<u>7,723</u>	<u>8,301</u>	<u>8,301</u>
SHARES AND PARTICIPATIONS IN REAL ESTATE CORPORATIONS				
For housing own premises	1,085	1,112	1,113	1,132
Other	<u>2,539</u>	<u>3,047</u>	<u>2,619</u>	<u>3,156</u>
	3,624	4,158	3,732	4,288

20. Other assets

	2004	2003
Cash items in the process of collection	43	86
Guarantee claims	0	5
Derivative contracts	8,300	7,179
Other	<u>10,033</u>	<u>7,554</u>
	18,376	14,824

21. Accrued income and prepayments (under assets)

	2004	2003
Interest	6,092	6,409
Other	<u>1,617</u>	<u>1,572</u>
	7,709	7,981

22. Difference between the nominal value and the book value of liabilities

DEBT SECURITIES ISSUED TO THE PUBLIC	2004	2003
Difference between nominal value and lower book value	5,971	6,290
Difference between book value and lower nominal value	157	0
SUBORDINATED LIABILITIES		
Difference between book value and lower nominal value	12	16

23. Debt securities issued to the public

	2004	2003
Certificates of deposit	276,356	322,879
Bonds	224,196	110,431
	<u>500,552</u>	<u>433,311</u>

24. Other liabilities

	2004	2003
Cash items in the process of collection	13,857	13,101
Derivative contracts	8,300	7,179
Other	13,948	9,705
	<u>36,105</u>	<u>29,986</u>

25. Accrued expenses and deferred income (under liabilities)

	2004	2003
Interest	8,559	8,251
Other	2,818	5,357
	<u>11,377</u>	<u>13,608</u>

26. Subordinated liabilities

1999 DEBENTURE LOAN	2004	2003
Amount of liability	10,000	10,000
Interest rate: 3-month EURIBOR + 1.94 %		
Repayment: January 15, 2009		
2000 DEBENTURE LOAN		
Amount of liability	12,489	12,489
Interest rate: 5.25 %		
Repayment: May 20, 2005		
2003 DEBENTURE LOAN		
Amount of liability, nominal	2,002	2,002
Interest rate: 3.50 %		
Repayment: May 5, 2008		
2004 DEBENTURE LOAN 1		
Amount of liability, nominal	5,597	0
Interest rate: 12-month EURIBOR + 0.25 %		
Repayment: 20 % of nominal amount yearly beginning June 4, 2005		
2004 DEBENTURE LOAN 2		
Amount of liability, nominal	14,424	0
Interest rate: 12-month EURIBOR + 0.50 %, starting June 4, 2009 12-month EURIBOR + 2.00%		
Repayment: June 4, 2014		

The loans may be repurchased before maturity, but this is possible only with the permission of the Financial Supervision Authority. In case the Bank is dissolved, the loans are subordinate to the Bank's other obligations.

27. Change in equity capital

SHARE CAPITAL	2004	2003
January 1	22,086	20,318
Conversion of capital loan	49	5
Subscription by exercising warrants	29	1,764
December 31	<u>22,164</u>	<u>22,086</u>
RESERVE FUND		
January 1	25,129	25,129
December 31	25,129	25,129

REVALUATION RESERVE	2004	2003
January 1	350	350
December 31	350	350
SHARE PREMIUM ACCOUNT		
January 1	24,966	13,746
Conversion of capital loan	316	31
Subscription by exercising warrants	181	11,189
December 31	25,463	24,966
CAPITAL LOAN		
January 1	9,820	9,856
Conversion	-365	-35
December 31	9,456	9,820
UNRESTRICTED EQUITY		
January 1	11,155	10,328
Dividend distribution	-10,960	-10,168
Profit for the year	10,973	10,995
December 31	11,167	11,155
GROUP – UNRESTRICTED EQUITY		
January 1	28,380	27,950
Dividend distribution	-10,960	-10,168
Profit for the year	11,092	10,598
December 31	28,512	28,380

28. Non-distributable items in unrestricted equity

Of unrestricted equity in the consolidated balance sheet, EUR 16,777,000 is undistributable. This is the equity capital portion of untaxed reserves in the parent Bank. The distributable equity in the Group is thus EUR 11,735,000 and in the Parent Company EUR 11,167,000.

29. Rights, equity warrants and convertible loan issues approved during the financial year

There are currently no valid authorisations by the General Meeting regarding rights issues, the issuance of equity warrants and convertible loans.

30. Capital loan

CONVERTIBLE CAPITAL LOAN	2004	2003
Amount outstanding	9,456	9,820

The interest rate on the loan is 6 per cent and the maturity date is April 2, 2007. Lenders are not entitled to demand early repayment. The Annual Report explains the terms for conversion to shares. During the period January 1, 2005 – January 31, 2005, holders applied for conversion of EUR 62,000 of the capital loan, which entitles them to 4,107 shares.

31. Maturity breakdown of claims and liabilities

CLAIMS	TOTAL	-3 MO	3-12 MO	1-5 YRS	5- YRS
Debt securities eligible for refinancing with central banks	112,196	90,872	1,993	19,330	0
Credit institutions	110,449	110,449	0	0	0
The public and public sector entities	1,631,614	149,596	207,700	637,212	637,108
Other debt securities	1,526	575	951	0	0
	1,855,785	351,492	210,644	656,542	637,108
LIABILITIES					
Credit institutions and central banks	23,575	6,756	0	16,819	0
The public and public sector entities	1,249,858	1,193,407	43,167	9,986	3,298
Debt securities issued to the public	500,552	187,721	109,397	203,434	0
Subordinated liabilities	44,524	0	12,489	17,611	14,424
	1,818,509	1,387,884	165,053	247,850	17,722

The Bank has no claims on the public and public sector entities that are payable on demand. Deposits other than time deposits are classified in the shortest maturity category.

32. Assets and liabilities in euro and other currencies

CLAIMS	2004		2003	
	EURO	OTHER CURRENCIES	EURO	OTHER CURRENCIES
Debt securities eligible for refinancing with central banks	112,196	0	263,081	0
Credit institutions and central banks	62,503	47,946	15,501	61,475
The public and public sector entities	1,623,725	7,889	1,391,791	13,510
Other debt securities	1,526	0	6,924	0
Other assets	123,050	3,556	92,227	5,996
	<u>1,923,000</u>	<u>59,390</u>	<u>1,769,525</u>	<u>80,982</u>
LIABILITIES				
Credit institutions and central banks	21,714	1,861	84,441	8,666
The public and public sector entities	1,192,883	56,975	1,068,034	71,778
Debt securities issued to the public	500,552	0	433,311	0
Subordinated liabilities	44,524	0	24,507	0
Other liabilities	47,186	295	43,548	46
	<u>1,806,860</u>	<u>59,131</u>	<u>1,653,840</u>	<u>80,490</u>

33. Income taxes

	2004	2003
Income taxes on normal operations	4,571	4,488
Income taxes on extraordinary items	0	0
	<u>4,571</u>	<u>4,488</u>

34. Assets pledged on own behalf or on behalf of others

LIABILITIES AND OTHER COMMITMENTS ON OWN BEHALF FOR WHICH COLLATERAL HAS BEEN PLEDGED IN THE FORM OF A MORTGAGE OR PROPERTY LIEN	2004	2003
Other commitments	29,020	29,711

BOOK VALUE OF ASSETS PLEDGED FOR ABOVE LIABILITIES AND COMMITMENTS	2004	2003
Debt securities	87,676	53,423

No assets have been pledged as collateral other than on the Bank's own behalf.

35. Pension liabilities

	2004	2003
Actuarial liability of Ålandsbanken Abp:s Pensionsstiftelse	13,244	12,635
Actuarial deficit in the book value of the pension fund	0	0

The probable market value of the pension fund's assets exceeded its actuarial liability by about EUR 3.5 M. During 2004 the pension fund refunded EUR 1.1 M in surplus contributions to the Bank.

The section on "Accounting principles" explains how employees' pension coverage is organised.

36. Lease liabilities

	2004	2003
Leasing rentals to be paid the following year	1,329	1,126
Leasing rentals to be paid during subsequent years	1,680	1,079

37. Off-balance sheet commitments

	2004	2003
Guarantees	13,342	9,767
Unutilised overdraft facilities	57,151	60,987
Lines of credit	<u>39,580</u>	<u>42,815</u>
	<u>110,072</u>	<u>113,569</u>
<i>Contingent liabilities on behalf of Group companies</i>		
Irrevocable commitments	25	119
<i>Contingent liabilities on behalf of associated companies</i>		
Irrevocable commitments	34	68

38. Derivative contracts

VALUE OF UNDERLYING PROPERTY	2004		2003	
	FOR HEDGING PURPOSES	OTHER	FOR HEDGING PURPOSES	OTHER
<i>Interest rate derivatives</i>				
Option contracts				
Purchased	15,000	0	15,000	0
Written	0	15,000	0	15,000
Interest rate swap contracts	329,509	4,514	241,300	4,565
<i>Currency derivatives</i>				
Forward contracts	2,638	3,300	2,318	2,718
Interest rate and currency swap contracts	0	180	0	163
<i>Equity derivatives</i>				
Option contracts				
Purchased	125,085	703	112,289	673
Written	0	125,085	0	112,289
	<u>472,233</u>	<u>148,782</u>	<u>370,907</u>	<u>135,407</u>
<i>Equivalent credit values of the contracts</i>				
Interest rate derivative contracts	2,480		4,737	
Currency derivative contracts	139		112	
Equity derivatives	<u>18,250</u>		<u>15,304</u>	
	<u>20,868</u>		<u>20,154</u>	

39. Accounts receivable and payable due to assets sold and purchased on behalf of clients

	2004	2003
Accounts receivable	1,662	1,301
Accounts payable	8,271	2,050

40. Figures on staff and members of administrative and supervisory bodies

	2004	2003
Average number of full-time employees during year	317	317
Change from previous year	0	+ 10
Average number of part-time employees during year	94	88
Change from previous year	+ 6	+ 3
<i>Salaries and fees paid to</i>		
Members of the Supervisory Board	4	32
Members of the Board of Directors	67	45
Managing Director and CEO	183	216
Other members of the Executive Team	702	538

The amount includes the value of fringe benefits.
There is no bonus programme for the Bank's Board of Directors or Executive Team.
There are no pension commitments to the members of the Board of Directors.
The pension benefits of the Managing Director are based on customary terms of employment.

Loans to members of administrative and supervisory bodies and to companies which they control:

Members of the Board of Directors	308	266
Managing Director and Deputy Managing Director	218	141
Auditors	1	1

GROUP

Salaries and fees paid to		
Members of the Supervisory Board	4	32
Members of Boards of Directors	68	45
Managing Directors	361	357
Other members of the Executive Team	702	538

List of private shareholdings in the Bank of Åland Plc by members of the Board of Directors

	SERIES A SHARES	SERIES B SHARES	TOTAL SHARES	% OF SHARES	% OF VOTES
Göran Lindholm	1,861	1,309	3,170	0.03 %	0.04 %
Sven-Harry Boman	55	524	579	0.01 %	0.00 %
Kent Janér	0	0	0	0.00 %	0.00 %
Agneta Karlsson	40	28	68	0.00 %	0.00 %
Leif Nordlund	12	12	24	0.00 %	0.00 %
Tom Palmberg	0	0	0	0.00 %	0.00 %
Total	<u>1,968</u>	<u>1,873</u>	<u>3,841</u>	<u>0.03 %</u>	<u>0.04 %</u>

List of private shareholdings in the Bank of Åland Plc by members of the Executive Team

	SERIES A SHARES	SERIES B SHARES	TOTAL SHARES	% OF SHARES	% OF VOTES
<i>Peter Grönlund</i>	0	0	0	0.00 %	0.00 %
<i>Anders Ingves</i>	13	1	14	0.00 %	0.00 %
<i>Edgar Vickström</i>	0	0	0	0.00 %	0.00 %
<i>Lars Donner</i>	747	0	747	0.01 %	0.01 %
<i>Jan Tallqvist</i>	0	0	0	0.00 %	0.00 %
<i>Dan-Erik Woivalin</i>	0	0	0	0.00 %	0.00 %
Total	760	1	761	0.01 %	0.01 %

41. Shares held as financial fixed assets

SHARES AND PARTICIPATIONS HELD AS FINANCIAL FIXED ASSETS	2004	2003
Number of companies	11	11
Total book value	127	129

This note does not include Group and associated companies or real estate corporations.

42. Asset management

THE BANK OF ÅLAND PROVIDES THE FOLLOWING ASSET MANAGEMENT SERVICES, AMONG OTHERS:

- property deed and mortgage services
- estate inventory and administration services
- securities custody and brokerage
- portfolio management

43. Changes in Group structure

During 2004, the subsidiaries Klintens Trä Ab and Byggfast Ab were liquidated. They were previously consolidated in the accounts of the Bank of Åland Group using the equity method of accounting. By means of a transfer of operations from the Bank of Åland at the end of 2004, the wholly owned subsidiary Crosskey Banking Solutions Ab Ltd was formed. These changes do not, however, affect opportunities to compare the year's results for the Bank of Åland Group with the results from prior years.

44. Subsidiaries included in the consolidated financial statements

COMPANY	REGISTERED OFFICE	OWNERSHIP
Crosskey Banking Solutions Ab Ltd	Mariehamn	100 %
Ålandsbanken Fondbolag Ab	Mariehamn	100 %
Ålandsbanken Asset Management Ab	Helsinki	74 %
Ålands Företagsbyrå Ab	Mariehamn	21 %

45. Subsidiaries excluded from the consolidated financial statement

The number of subsidiaries excluded from the consolidated financial statements is 6, with an aggregate balance sheet total of EUR 2.8 M according to the most recently available accounts. These companies consist of 4 housing and real estate corporations with an aggregate balance sheet total of EUR 2.2 M, and 2 other companies with an aggregate balance sheet total of EUR 0.5 M. Inclusion of these companies in the consolidated financial statements would have a negligible impact on the Group's unrestricted equity capital.

46. Associated companies excluded from the consolidated financial statements

The number of associated companies excluded from the consolidated financial statements is 10, with an aggregate balance sheet total of EUR 8.7 M according to the most recently available accounts. These companies consist of 9 housing and real estate corporations with an aggregate balance sheet total of EUR 8.2 M and 1 other company with an aggregate balance sheet total of EUR 0.5 M. Inclusion of these companies in the consolidated financial statements would have a negligible impact on the Group's unrestricted equity capital.

47. Imputed taxes due

Imputed taxes due, EUR 5,895,000, are based on appropriations in the accounts of the parent Bank.

PROPOSED DISTRIBUTION OF PROFIT

The Board of Directors proposes that the Bank's profit for the year, EUR 10,973,155.30, and its profit brought forward from prior years, EUR 194,187.54, totalling EUR 11,167,342.84, be distributed as follows:

	EUR
1. For Series A and Series B shares outstanding as of December 31, 2004, a dividend of EUR 1.00 per share, totalling	10,981,788.00
2. For Series B shares subscribed through conversion of the capital loan during the period January 1, 2005–January 31, 2005, a dividend of EUR 1.00 per share, totalling	4,107.00
3. To remain in the accounts as undistributed earnings	<u>181,447.84</u>
	11,167,342.84

Mariehamn, February 14, 2005

Göran Lindholm

Kent Janér

Peter Grönlund, Managing Director

Leif Nordlund

Agneta Karlsson

Sven-Harry Boman

Tom Palmberg

AUDITORS' REPORT

TO THE SHAREHOLDERS OF THE BANK OF ÅLAND PLC

We have examined the accounts, financial statements and administration of the Bank of Åland Plc for the accounting period January 1-December 31, 2004. The financial statements, which were submitted by the Board of Directors and the Managing Director, comprise the Report of the Directors and the consolidated and Parent Company income statements and balance sheets as well as the notes to the financial statements. Having completed this examination, we herewith submit our statement of opinion on the financial statements and administration.

Our examination was conducted according to generally accepted auditing standards. In doing so, we examined the accounts, the accounting principles applied and the contents as well as the presentation of the financial statements to a sufficient extent to conclude that the financial statements do not contain significant errors or omissions. In examining the administration, we have studied whether the members of the Supervisory Board and Board of Management as well as the Managing Director have handled

the administration of the Bank's affairs in compliance with the provisions of the legislation in force.

In our view, the financial statements, which show a profit of EUR 10,973,155.30 for the Parent Company, were prepared in accordance with the Accounting Act and other legal provisions and regulations as to how financial statements shall be prepared. The financial statements provide accurate and sufficient information on the results of Group and Parent Company operations and on their financial position, in the manner intended by the Accounting Act. The financial statements, including the consolidated financial statements, may be adopted and the members of the Parent Company's Supervisory Board and Board of Directors as well as the Managing Director may be discharged from liability for the accounting period examined by us. The proposal of the Board of Management for the distribution of the unrestricted equity stated in the balance sheet is in compliance with the provisions of the Companies Act.

Mariehamn, February 14, 2005

Leif Hermans

Certified Public Accountant

Rabbe Nevalainen

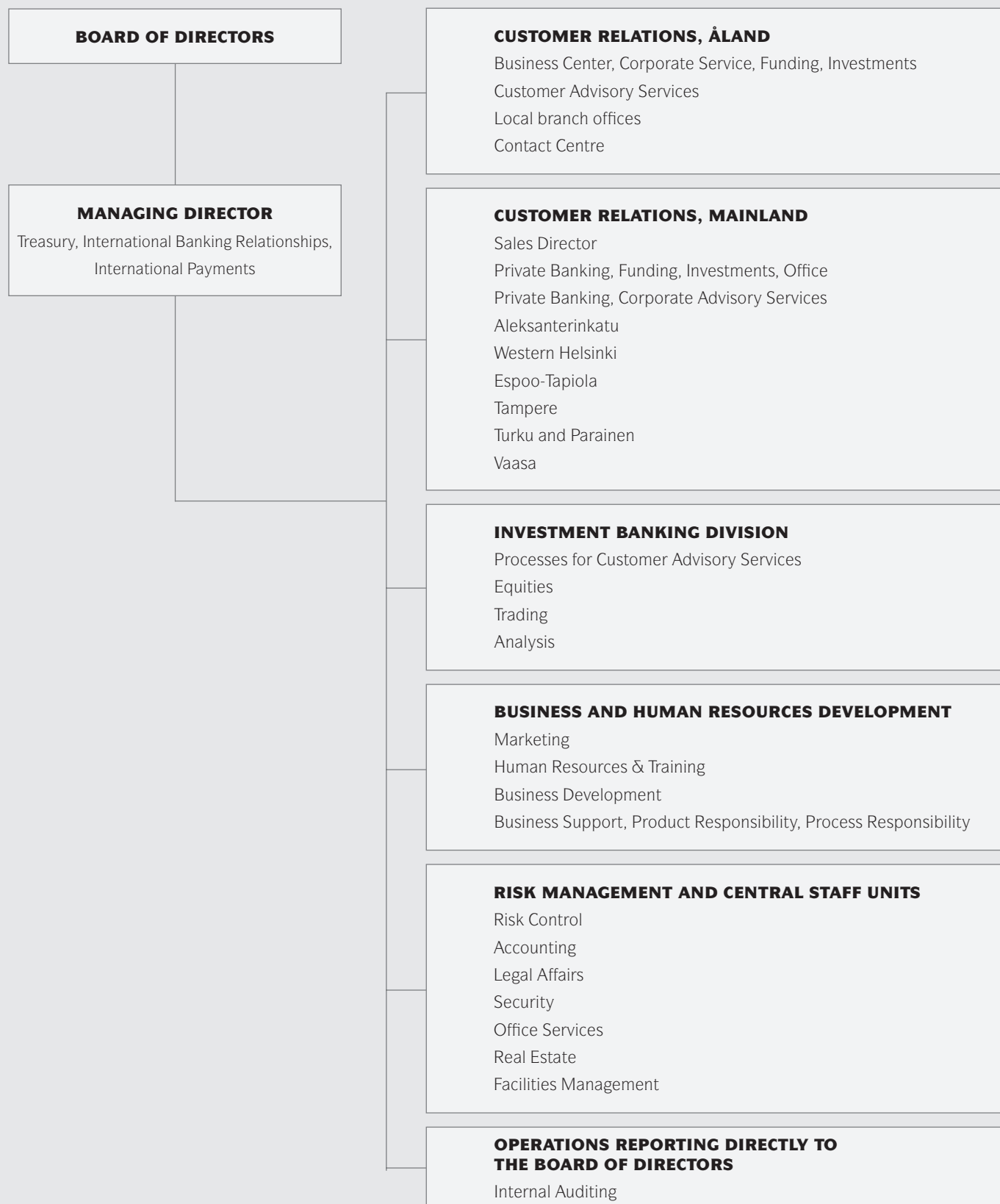
Certified Public Accountant

Marja Tikka

Certified Public Accountant

ORGANISATION FROM MARCH 1, 2005

BANK OF ÅLAND PLC



BOARD OF DIRECTORS, MANAGING DIRECTOR AND SENIOR MANAGERS

BOARD OF DIRECTORS

Göran Lindholm, Chairman
Leif Nordlund, Deputy Chairman
Sven-Harry Boman
Kent Janér
Agneta Karlsson
Tom Palmberg

MANAGING DIRECTOR

Peter Grönlund

Treasury, International Banking Relationships, International Payments
Terttu Ahtianen, Department Manager

Executive Team

Peter Grönlund, Chairman
Lars Donner
Anders Ingves
Jan Tallqvist
Edgar Vickström
Dan-Erik Woivalin

CUSTOMER RELATIONS, ÅLAND

Edgar Vickström, Deputy Managing Director, Head of Division,
General Manager

Business Centre, Bengt Lundberg, General Manager
Customer Advisory Services, Birgitta Dahlén, General Manager
Branch Offices, Kenneth Mörn, Regional Manager
Gunilla Roberts, Deputy Regional Manager
Contact Centre, Nina Granqvist, Department Manager

CUSTOMER RELATIONS, MAINLAND

Peter Grönlund, Managing Director, Head of Division
Sales Support, Maarit Vesala, Sales Director
Private Banking, Jan Tallqvist, General Manager
ADMINISTRATION, Monica Mickos, Administrative Manager
CORPORATE ADVISORY SERVICES, Pekka Nuutinen, General Manager
INVESTMENTS, Merja Simberg, Investment Director
FUNDING, Maria Bernas-Hilli, General Manager
Aleksanterinkatu (Alexandersgatan), Anne-Marie Salenius,
General Manager
Western Helsinki, Tuula Lehmukoski, General Manager
Espoo-Tapiola (Esbo-Hagalund), Marja Latola, General Manager
Tampere (Tammerfors), Leena Honkasalo-Lehtinen, General Manager
Turku (Åbo), Beatrice Ramström, General Manager
Parainen (Pargas), Jan-Peter Pomrén, Branch Director
Vaasa (Vasa), Lars Lönnblad, General Manager

INVESTMENT BANKING DIVISION

Peter Grönlund, Managing Director, Head of Division

Processes for Customer Advisory Services, Ola Sundberg
Equities, Tomas Storgård, Department Manager
BROKERAGE SERVICES, Carl Magnus Gardberg, Investment Director
Yngve Söderlund, Broker
TRADING, Magnus Ljungars, Trader
ANALYSIS, Danny Lindqvist and Pontus Blomster, Analysts

BUSINESS AND HUMAN RESOURCES DEVELOPMENT

Anders Ingves, Deputy Managing Director, Head of Division,
General Manager
Marketing, Leif Wikbäck, Acting Marketing Manager
Personnel and Training, Gunilla Blomroos, Personnel Manager
REALTIONSHIP ACADEMY, Gerd Haglund
Business Development, Jan Erik Sundberg, Department Manager
Business Support, Thomas Nordlund, Department Manager

RISK MANAGEMENT AND CENTRAL STAFF UNITS

Lars Donner, Head of Division, General Manager
Risk Control, Bernt-Johan Jansson, Department Manager
Financial Control, Michael Hilander, Department Manager
ACCOUNTING, Tom Bengtsson, Accounting Manager
Legal Affairs, Dan-Erik Woivalin, Department Manager
Real Estate, Göran Sundblom, Department Manager
Physical Security, Conny Sjöberg
Office Services, Lars-Olof Hellman, Supervisor
Facilities Management, Annika Lundqvist, Manager

OPERATIONS REPORTING DIRECTLY TO THE BOARD OF DIRECTORS

Internal Auditing, Monica Österlund, Acting Department Manager

COMPANIES IN THE BANK OF ÅLAND GROUP

Crosskey Banking Solutions Ab Ltd

Peter Wiklöf, Managing Director
Security and Architecture, Kjell Berndtsson, Department Manager
Customer Relations, Barbro M. Andersson, Department Manager
Project Department, Henrik Granholm, Department Manager
Specialist Department, Harry Lindqvist, Department Manager
Operating Department, Brage Styrström, Department Manager

Ålandsbanken Asset Management Ab

Stefan Törnqvist, Managing Director

Ålandsbanken Fondbolag Ab

Tom Pettersson, Managing Director

Ålands Företagsbyrå

Susan Skogberg, Acting Managing Director

Ålands Fastighetskonsult Ab

Erolf Fellman/Roger Karlsson

ADDRESS LIST

BANK OF ÅLAND PLC

Head Office
Street address:
Nygatan 2, MARIEHAMN, Åland
Postal address:
P.O.Box 3
AX-22101 MARIEHAMN
Åland, FINLAND

Telephone +358 204 29 011
Fax +358 204 291 228

S.W.I.F.T.: AABA FI 22

www.alandsbanken.fi
info@alandsbanken.fi

Åland

Business Center
Individual Customer Advisory Services
19 branch offices
Telephone +358 204 29 011
Fax +358 204 291 228
aland@alandsbanken.fi

Private Banking, Helsinki (Helsingfors)

Bulevardi (Bulevarden) 3, 5th fl.
FI-00120 HELSINKI
Telephone +358 204 293 600
Fax +358 204 293 670
private.banking@alandsbanken.fi

Offices in the Helsinki (Helsingfors) Region

Aleksanterinkatu
(Alexandersgatan) 46 A, 2nd fl.
FI-00100 HELSINKI
Telephone +358 204 293 400
Fax +358 204 293 410
aleksanterinkatu@alandsbanken.fi

Tampere (Tammerfors) Office

Hämeenkatu 8
FI-33100 TAMPERE
Telephone +358 204 293 200
Fax +358 204 293 210
tampere@alandsbanken.fi

Bulevardi (Bulevarden) 3
Individual Customer Advisory Services
FI-00120 HELSINKI
Telephone +358 204 293 600
Fax +358 204 293 610
bulevardi@alandsbanken.fi

Vaasa (Vasa) Office

Alatori (Nedre torget) 1 A, 3rd fl.
FI-65100 VAASA
Telephone +358 204 293 300
Fax +358 204 293 310
vaasa@alandsbanken.fi

Bulevardi (Bulevarden) 3
Corporate Unit
FI-00120 HELSINKI
Telephone +358 204 293 600
Fax +358 204 293 660
yritys.helsinki@alandsbanken.fi

Turku (Åbo) Office

Eerikinkatu (Eriksgatan) 8
FI-20100 TURKU
Telephone +358 204 293 100
Fax +358 204 293 110
turku@alandsbanken.fi

Western Helsinki (Helsingfors)
Munkkiniemen puistotie (Munksnäs allén) 13
FI-00330 HELSINKI
Telephone +358 204 293 900
Fax +358 204 293 910
lansi-helsinki@alandsbanken.fi

Parainen (Pargas) Office

Kauppiaskatu (Köpmansgatan) 24
FI-21600 PARAINEN
Telephone +358 204 293 150
Fax +358 204 293 155
parainen@alandsbanken.fi

Espoo-Tapiola (Esbo-Hagalund)
Länsituulentie (Västanvindsvägen) 4
FI-02100 ESPOO
Telephone +358 204 293 500
Fax +358 204 293 510
espoo-tapiola@alandsbanken.fi

Ålandsbanken Asset Management Ab

Bulevardi (Bulevarden) 3, 3th fl.
FI-00120 HELSINKI
Telephone +358 204 293 700
Fax +358 204 293 710
aam@alandsbanken.fi

BANK OF ÅLAND

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