



BANK OF ÅLAND
REPORT ON 2002
OPERATIONS

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REPORT ON 2002 OPERATIONS

On February 13, 2003, the Board of Management of the Bank approved the accounts for 2002. The Supervisory Board met the same day and issued its annual declaration on the financial statements.

The Annual General Meeting will be held at 3 p.m. on Thursday, March 13, 2003 at the Hotel Arkipelag in Mariehamn, Åland, Finland.

BANK OF ÅLAND

CHIEF EXECUTIVE OFFICER'S COMMENTS



Folke Husell, CEO

External factors

At the beginning of 2002, various leading indicators showed that after a year of recession, the United States was poised for economic recovery. This is also what happened. The American economy grew continuously, and its growth during 2002 was 2.4 per cent. Strong private consumption was the most important growth factor. US unemployment kept climbing and reached 6 per cent by year-end. Capacity utilisation in manufacturing was as low as 75 per cent. However, manufacturing output achieved a positive growth rate during the summer and rose to an annualised rate of 2.1 per cent in December. Manufacturing confidence indicators also strengthened in December. The Federal Reserve left the federal funds rate unchanged until November, when it lowered this rate to 1.25 per cent. With inflation at 2.2 per cent, this gave the US a clearly negative real key interest rate.

The Japanese economy, which had already long been plagued by major difficulties, showed no signs of recuperation during 2002. Industrial output fell by about 2 per cent. Retail sales also fell and 2002 looks as if it will be the second consecutive year of declining gross domestic product (GDP). Instability in the financial service system, rising unemployment and falling wage and salary income are increasing Japanese households' concern about the future. Their traditionally high savings ratio is thus hardly likely to decline. It may therefore be a long time before we see consumption-led growth in Japan. In the twelve-country Economic and Monetary Union (EMU), growth during 2002 was lower than the year before and is expected to end up at below one per cent. Manufacturing output continued to decline, but a slight improvement trend was discernible, fuelling

hopes that the final months of the year will perhaps show rising production after all. Private consumption in the EMU area was weak, due among other things to labour market uncertainty. Unemployment thus climbed during the year to about 8.5 per cent. During 2002 the European Central Bank stimulated the economy by cutting its key interest rate. In December the ECB lowered this rate by half a percentage point to 2.75 per cent. Annual inflation amounted to 2.2 per cent.

In the best case, one can hope that Europe will follow the upward US trend, with a certain time lag. The rigid economic structures in some central European countries and the initial costs of the recently approved EU enlargement may slow such a development, however.

The Finnish economy grew again during the second quarter of 2002, after having fallen during the previous two quarters. During April, industrial output again showed positive growth. GDP growth in 2002 is projected to reach 1.5-2.0 per cent. The economic slowdown was thus not as deep and serious as in the early 1990s. Unchanged unemployment despite the weak economy, tax cuts, pay increases and falling inflation helped to preserve an optimistic outlook among the general public, which led to increased private consumption.

The stock market

Despite the economic recovery, stock markets continued their decline for the third consecutive year. After previous US post-war recessions, stock markets climbed sharply within 12 months, counting from the first quarter of positive economic growth. This time, share prices fell by an additional 16 per cent. The reason for this is believed to be that valuations re-

mained high at the beginning of the year and that none of the previous recessions had been preceded by such a sizeable speculative bubble, using valuations and the market participation level of the general public as yardsticks. After an initial upturn, equity prices began falling again during the summer, as more and more accounting and corporate scandals were unearthed in the US. Small information technology (IT) and telecom companies worldwide were among the losers. But old, well-reputed major corporations in Europe also suffered scandals and dramatic price slides. In October, optimism returned when earnings reports showed rising corporate profits. Despite weak sales growth, companies had managed to boost their profits by means of cost cutbacks. At the end of 2002, however, markets suffered another downturn due to the mounting risk of war in Iraq.

Having previously valued growth, during 2002 investors were more inclined to prioritise financial strength and high direct yield.

During 2002, indexes changed as follows: In Helsinki, the HEX Portfolio Index fell by 16.7 per cent, the HEX General Index by 16.7 per cent and the HEX All-Share Index by 34.4 per cent. In Frankfurt, the DAX dropped by 44.9 per cent. In London, the FTSE declined 23.0 per cent. In New York, the Dow Jones Industrials were down 16.8 per cent, while the Nasdaq Composite slid 31.5 per cent. In Tokyo, the Nikkei 225 fell 18.6 per cent. The MS World Index was down 24.7 per cent.

All leading stock exchanges fell during 2002 – a truly miserable stock market year.

The banking industry

Generally speaking, the banking industry was characterised by over-supply, especially with regard to investment banking services. Demand for corporate finance and brokerage services fell drastically, but demand for asset management services was also dominated by the cautiousness that arose due to declining share prices. In Sweden, decreased demand led to many restructuring deals among smaller investment banks and brokerage houses. In Finland, too, a constant dialogue was under way among market participants. No major deals were completed, though. However, traditional banking operations in Finland underwent certain structural changes. Two different insurance groups decided to initiate banking operations. Among other things, this led to a split in the savings bank group in certain respects. The concrete results of these decisions to establish new operations will be visible in the markets beginning in 2004.

Traditional banking operations in Finland were characterised by keen and increasing competition. Margins were squeezed. Nevertheless, in the banking industry there was a renewed trend towards thinking in terms of market share instead of profitability. Hopefully, this will not lead to a situation where reasonable loan collateral standards begin to be loosened in an effort to increase market share.

Finnish legislation was changed by a parliamentary decision

in December that allows even ordinary limited companies and co-operatives, for example shop owners, to begin accepting repayable funds in “customer accounts”. The effects of this reform are still difficult to foresee.

The Finnish banking industry has now also begun to prepare itself for the requirement that beginning in 2005, financial statements must be drawn up according to International Financial Reporting Standards (IFRS, formerly IAS standards). This seemingly simple project is nevertheless rather extensive and will require sizeable resources over the coming two years.

In keeping with an agreement that the banking industry made with the Finnish government in 2002, the banks have assumed an active role in debt restructuring of entities that became excessively indebted during the financial crisis of the early 1990s. The banks have sent numerous letters to these entities, offering them the opportunity to contact their respective banks for a discussion of how their debts should be settled by means of voluntary debt restructuring, including partial write-offs of claims by the banks. Despite considerable efforts on the part of the banks, the results to date have been rather modest.

The Bank of Åland

The loan portfolio of the Bank of Åland rose by 13.5 per cent during the year. However, home mortgage loans rose by 15.8 per cent. Deposit accounts decreased by 0.2 per cent. Total deposits from the public rose by 4.3 per cent, however.

During 2002, the work of the Bank was characterised by the same important activities as the year before – that is, a focus on business growth, on systems and concept development as well as continued improvement of the service level in all operations.

The Bank has now refined its Personal Financial Planning product to the point where in June 2002, it was launched both in the Åland Islands and in Helsinki. The concept is based on the theories developed by Professor Harry Markowitz and for which he received the Nobel Prize in 1990. The Nobel laureate himself participated during the product launch. The new product was received with both enthusiasm and caution. It will obviously take time before customers, in practice, fully regard return as a function of the risk taken and view their investments from a portfolio perspective – that is, as assets that co-vary, not merely as the sum of the individual securities included in the portfolio.

During the period that we have applied portfolio theory, the Bank of Åland's test portfolios have yielded very encouraging returns for the levels of risk assumed. In order for this model also to make a broad-based breakthrough among others besides institutional investors, we will presumably need help from some large participant in the Finnish banking market. There are indications that such a development may materialise as early as 2003-2004.

We received an important confirmation of the quality of the banking computer system developed by the Bank of Åland

when the newly established Tapiola Bank decided to acquire a copy of our system for its banking operations. Co-operation with Tapiola Bank will mean that we will receive good compensation for costs that we invested in systems development over many years. We will also have a partner with which to share future development costs. Nowadays, systems development is a high-priority business area at the Bank. It is apparent that at the moment, there are additional banks that are interested in our system.

In concept development and systems, the Bank is continuing efforts to personalise its digital services, that is, to create specially tailored solutions for customers via digital channels as well. We are seeing more and more concrete results in this pioneering work. Aside from the large number of settings and sorting options that customers themselves can perform in the Internet bank, it is also a matter of segmenting the customer database in such a way that personalised product or service offers can be supplied digitally. Thus customers can already receive optimised, specially tailored portfolio advice today via the Internet bank, which takes into account both their individual risk profile and existing assets in investment accounts at the Bank of Åland as well as at other custodial institutions.

Ålandsbanken Asset Management Ab (ÅAM), established by the Bank in 2000, enjoyed considerable success during 2002 despite the hard times on world stock exchanges. Among the reasons was that the company almost immediately embraced a value-based investment philosophy, instead of the growth-oriented philosophy that prevailed among competitors. ÅAM's portfolios have performed very favourably in both relative and absolute terms, something that customers have noted and appreciated.

Another Group company that performed very favourably during 2002 was Ålands Företagsbyrå Ab. This company provides accounting services and, despite keen competition, has grown steadily and is now Åland's clear leader in its field. This has occurred at the same time as its productivity and profitability have continuously increased.

Problem loans

Net loan losses in the Bank of Åland Group amounted to EUR 0,7 M (0,1 M). The year's loan losses were again mainly attributable to old company loans in Åland.

During the year, remaining major commitments were removed from the Bank of Åland's own "bad bank", Byggfast Ab. Byggfast Ab is the company in which the Bank placed collateral from nonperforming loan commitments dating from the banking crisis of the early 1990s. Nowadays this company, which is no longer consolidated in the Bank of Åland Group, is a property company that in principle owns only a few urban land parcels in Mariehamn.

At year-end, total nonperforming receivables and other zero-interest receivables amounted to EUR 2.0 M, or 0.2 per cent of loans and guarantees outstanding.

Earnings

In 2002, the Bank of Åland Group's consolidated net operating profit was EUR 14.2 M (17.4). Despite larger total volume, net income from financial operations decreased somewhat, due to the prevailing interest rates as well as considerable pressure on margins as a consequence of tough competition.

Customer activity in capital markets remained low, which was also reflected in the Bank's earnings.

During 2002, the Bank derived sizeable revenues from the sale of computer systems.

The Bank's total expenses rose by 6.6 per cent. This included increases in computer and telecommunications costs as well as marketing costs. The increase in computer costs was, however, partly due to a change in accounting practices.

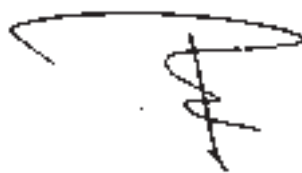
In 2003, the Bank intends to grow, however, not at the expense of unprofitable new deposits and lending volume. The main focus will be on the cultivation and development of business with the existing customer base. The competitive situation will nevertheless lower the marginal utility of new volume at the Bank of Åland as well.

On the deposit side, an interesting situation will arise when a large proportion of the share index loans issued by the Bank of Åland falls due for payment during the year. This means that the Bank will have the opportunity to sell new share index loans to its customers, without this sale affecting its stock of deposit accounts in the same way as earlier. This change should have a favourable impact on the Bank's volume of deposit accounts.

Gratitude

In closing, I would like to express my gratitude to our shareholders and all our customers for the confidence you have shown us. Thanks to our smooth collaboration, the Bank of Åland once again performed very favourably during this past year.

I would also like to thank all my fellow employees. Despite the fact that the Bank of Åland is a small market player, we are at the absolute forefront in developing new concepts, new technology and service in our industry. This makes heavy demands on our staff in today's keen competitive environment, but thanks to you we will face future challenges with optimism and confidence.



Folke Husell

OPERATING RESULTS AND PROFITABILITY

Net income from financial operations

Lower interest rates than in 2001, as well as tough competition which further squeezed customer margins, narrowed the margin between interest rates on deposits and lending. As a result, despite larger total volume, the Bank of Åland Group's consolidated net income from financial operations fell by 5.7 per cent to EUR 31.5 million.

Other income

Dividend income amounted to EUR 0.8 M. Commission income rose by 17.2 per cent to EUR 10.5 M. This increase came primarily from asset management services. Income from stock brokerage and capital market products were at a continued low level, caused by decreased demand. Net income from the Bank's own securities trading amounted to EUR 0.4 M, compared to EUR 1.1 M the preceding year. Foreign exchange dealing resulted in a net income somewhat lower than in 2001, totalling EUR 0.8 M. Other operating income amounted to EUR 3.9 M. This included income from the sale of banking computer systems.

Total income – net income from financial operations and other income – amounted to EUR 47.9 M, which was equivalent to the 2001 figure.

Expenses

New recruitments and salary adjustments in compliance with collective agreements raised staff costs by 5.5 per cent to EUR 16.4 M. Other administrative expenses (office, marketing, communications and computer costs) rose by 8.6 per cent to EUR 8.9 M. Depreciation climbed by 2.9 per cent to EUR 2.9 M. Other operating expenses rose by 11.2 per cent to EUR 3.9 M. Excluding items affecting comparability in 2001, however, these expenses decreased by 2.7 per cent.

Total expenses including planned depreciation rose by 6.6 per cent to EUR 33.2 M.

The effect on income from a company consolidated in the Group accounts according to the equity method amounted to EUR 0.3 M, compared to EUR 0.8 M the year before.

Loan losses

Net loan losses amounted to EUR 0.7 M. Reported net loan losses as a percentage of the Bank's receivables and contingent liabilities amounted to 0.06 per cent.

Net operating profit

Net operating profit decreased by 18.2 per cent to EUR 14.2 M.

LENDING

The Bank's total lending volume increased by EUR 150 M or 13.5 per cent and amounted to EUR 1,260 M as of December 31, 2002. This increase was mainly attributable to residential financing for private households and financing for businesses in the service sector.

Private households accounted for 66.7 per cent of the Bank's total loans outstanding, while business and professional activities accounted for 32.3 per cent. The corresponding figures in 2001 were 65.9 per cent and 32.8 per cent, respectively.

DEPOSITS

During 2002, the Bank's total deposits, including bonds and certificates of deposit issued to the public and public sector entities, rose by EUR 58 M or 4.3 per cent and amounted to EUR 1,410 M.

Deposit accounts decreased by EUR 2 M or 0.2 per cent and amounted to EUR 1,095 M.

The amount of bonds increased by EUR 25.7 M or 19.8 per cent, due to the share index loans issued during the year. The nominal amount of share index loans subscribed was EUR 30.2 M.

During the year, certificates of deposit targeted to the public and the public sector rose by 27.0 per cent, or EUR 34 M, to EUR 160 M.

BALANCE SHEET TOTAL

The balance sheet total climbed by 7.5 per cent to EUR 1,813 M.

PERSONNEL

At the close of 2002, the number of employees in the Group, recalculated as full-time equivalents, was 367. This was an increase of 6 positions compared to the close of 2001.

INSIDER RULES

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 publication of the Bank's annual accounts or Interim Reports.

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 invest-

ment strategies of the funds are adapted to the needs of Bank of Åland customers. At the close of the financial year, Ålandsbankens Fondbolag managed the following mutual funds:

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

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

Ålandsbanken Europe Active Portfolio, a flexible European balanced fund.

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

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

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 Skandia Life, Veritas and Liv Alandia insurance companies.

As of December 31, 2002, the number of unit holders totalled 4,710, which represented an increase of 4 per cent from one year earlier. The total assets under management amounted to EUR 87.1 M, an increase of 41 per cent from one year earlier.

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. Aside from direct equity and bond investments, portfolio management uses share index loans as well as mutual funds. Over-weighting of bonds and bond funds was characteristic on the company's management during 2002. This proved successful.

The portfolio volume that the company handles continued to grow during the year, due to its many new management mandates as well as its successful management. The portfolios managed by the company thus performed competitively during the calendar year.

CAPITAL ADEQUACY

Capital adequacy rules require that the capital base in the form of shareholders' equity 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, 2002	Dec 31, 2001
Capital base, EUR M		
Core capital.....	73.3	72.4
Supplementary capital.....	23.2	28.2
Total capital base.....	96.5	100.5
Risk-weighted volume, EUR M.....	879.4	804.2
Total capital ratio, %.....	10.98	12.50
Core capital ratio as percentage of risk-weighted volume.....	8.34	9.00

FINANCIAL RATIOS ETC

	Dec 31, 2002	Dec 31, 2001
Net operating profit per share, EUR ¹ ...	1.00	1.23
Equity capital per share, EUR ²	8.69	8.71
Return on equity, % ³	11.5	14.6
Income/expense ratio		
– before loan losses.....	1.46	1.56
– after loan losses.....	1.42	1.55

1 Net operating profit minus standard tax

Average number of shares, adjusted for new issue

2 Equity capital and reserves minus imputed taxes due

Number of shares at year-end, adjusted for new issue

3 Net operating profit minus standard tax

Average equity capital x 100

THE FUTURE

Net income from financial operations and other income are projected to reach the same level as in 2002, despite tough competition and low demand for capital market products. Expenses, including loan losses, are not expected to increase. Altogether, the probable outcome is that in 2003, earning will not decline compared to 2002. Any new licensing income from the sale of banking systems has not been taken into account, however. Such income may boost earnings substantially.

PROPOSED DISTRIBUTION OF PROFIT

The Board of Directors proposes that the Annual General Meeting approve a dividend of EUR 1.00 per share, which is equivalent to a total amount of EUR 10.2 M.

Mariehamn, February 14, 2003

THE BOARD OF DIRECTORS

DEPOSITS FROM THE PUBLIC AND PUBLIC SECTOR ENTITIES

including bonds issued and certificates of deposit

(EUR M)

	Dec 31, 2002	Dec 31, 2001	% change
DEPOSITS FROM THE PUBLIC AND PUBLIC SECTOR ENTITIES			
Demand deposit accounts.....	126.7	113.6	11.5
Cheque accounts.....	153.6	156.1	-1.6
Savings and environmental accounts	113.9	135.8	-16.1
Prime accounts.....	478.5	455.2	5,1
Time deposits.....	158.7	152.5	4,0
Total deposit accounts in euro	1,031.5	1,013.4	1.8
Total deposit accounts in other currencies.....	63.5	83.3	-23.7
TOTAL DEPOSITS	1,095.0	1,096.6	-0.2
Bonds	155.5	129.8	19.8
Certificates of deposit to the public.....	159.9	125.9	27.0
BONDS AND CERTIFICATES OF DEPOSIT.....	315.4	255.7	23.4
Total deposits	1,410.4	1,352.3	4.3

LENDING TO THE PUBLIC AND PUBLIC SECTOR ENTITIES, BY SECTOR

(EUR M)

	Dec 31, 2002	Dec 31, 2001	% change
BUSINESS AND PROFESSIONAL ACTIVITIES			
<i>Service sector</i>			
Shipping.....	61.8	54.4	
Communications.....	13.4	12.3	
Hotels, restaurants, tourist cottages etc.....	11.3	10.1	
Wholesale and retail trade	38.2	35.9	
Housing companies	36.6	36.8	
Property companies.....	67.6	59.7	
Finance	91.3	72.2	
Other service business	32.0	28.0	
	352.1	309.5	13.8
<i>Production sector</i>			
Agriculture, forestry and fishing	23.9	24.4	
Food processing etc.....	10.9	8.3	
Construction.....	8.7	11.0	
Other industry and crafts.....	11.4	11.1	
	54.8	54.9	0.0
HOUSEHOLDS			
Home loans	685.7	592.0	
Studies	12.5	12.0	
Other purposes	141.7	127.1	
	839.8	731.1	14.9
PUBLIC SECTOR AND NON-PROFIT ORGANISATIONS....	12.8	13.9	-8.1
Total lending.....	1,259.6	1,109.4	13.5

INCOME STATEMENT BY QUARTER

Bank of Åland Group (EUR M)

	Q 4 2002	Q3 2002	Q2 2002	Q1 2002	Q 4 2001
Net income from financial operations	7.6	8.1	8.0	7.8	8.2
Income from investments in form of equity capital	0.0	0.0	0.4	0.3	0.0
Commission income	2.4	2.3	3.1	2.6	2.7
Net income from securities transactions and foreign exchange dealing.....	0.6	0.1	-0.8	1.2	1.2
Other operating income	2.0	1.3	0.3	0.4	1.3
Total income	12.6	11.8	11.1	12.3	13.5
Commission expenses	-0.3	-0.3	-0.3	-0.3	-0.3
Staff costs	-4.1	-4.1	-4.1	-4.1	-3.9
Other administrative expenses.....	-2.5	-1.9	-2.5	-2.0	-2.5
Depreciation	-0.7	-0.7	-0.7	-0.7	-0.7
Other operating expenses	-1.0	-0.9	-1.0	-1.0	-1.1
Total expenses	-8.6	-7.9	-8.7	-8.0	-8.6
Loan and guarantee losses.....	-0.6	0.0	-0.1	0.0	-0.7
Share in operating results of company consolidated according to equity method	0.0	0.1	0.1	0.1	0.0
Net operating profit	3.3	4.0	2.4	4.4	4.2

SUMMARY INCOME STATEMENT

(EUR M)

	Bank of Åland Group			Bank of Åland Plc		
	Jan 1-Dec 31 2002	Jan 1-Dec 31 2001	%	Jan 1-Dec 31 2002	Jan 1-Dec 31 2001	%
Net income from financial operations	31.5	33.4	-5.7	31.3	33.4	-6.4
Income from investments in form of equity capital	0.8	0.6	20.5	1.0	0.6	58.3
Commission income	10.5	8.9	17.2	8.2	8.0	2.2
Net income from securities transactions and foreign exchange dealing.....	1.2	2.0	-39.9	1,1	2,0	-42.9
Other operating income	3.9	2.8	37.7	3.9	2.8	39.1
Total income	47.9	47.8	0.1	45.6	46.9	-2.8
Commission expenses	-1.2	-1.2	2.1	-1.0	-1.1	-8.6
Staff costs	-16.4	-15.5	5.5	-15.8	-15.0	5.4
Other administrative expenses.....	-8.9	-8.2	8.6	-8.7	-7.9	9.4
Depreciation	-2.9	-2.8	2.9	-2.8	-2.7	3.3
Other operating expenses.....	-3.9	-3.5	11.2	-3.8	-3.3	13.7
Total expenses	-33.2	-31.2	6.6	-32.1	-30.1	6.7
Loan and guarantee losses.....	-0.7	-0.1	522.6	-0.5	-0.2	125.5
Write-downs and recoveries of write-downs on securities held as financial fixed assets....	0.0	0.0		0.4	0.0	
Share in operating results of company consolidated according to equity method	0.3	0.8	-63.8			
Net operating profit	14.2	17.4	-18.2	13.3	16.5	-19.3
Profit before appropriations and taxes	14.2	17.4	-18.2	13.3	16.5	-19.3
Appropriations				0.7	-2.5	
Income taxes	-4.2	-4.7	-11.3	-4.0	-3.9	2.6
Share of profit for the financial year attributable to minority interests	-0.3	-0.1	329,4			
Profit for the year	9.7	12.5	-22.6	10.0	10.1	-1.2

BANK OF ÅLAND

SUMMARY BALANCE SHEET

Assets (EUR M)

	Bank of Åland Group			Bank of Åland Plc		
	Dec 31,02	Dec 31,01	%	Dec 31,02	Dec 31,01	%
Cash.....	89	40	121	89	40	121
Debt securities eligible for refinancing with central banks.....	176	216	-18	176	216	-18
Claims on credit institutions	202	235	-14	202	235	-14
Claims on the public and public sector entities	1,260	1,109	14	1,260	1,109	14
Leasing assets.....	1	1	-7	1	1	-7
Debt securities.....	26	26	0	26	26	0
Shares and participations.....	16	15	7	16	15	5
Shares and participations in associated companies and subsidiaries...	2	2	-4	3	2	19
Intangible assets.....	4	5	-20	4	5	-20
Tangible assets.....	15	15	-2	15	15	-2
Other assets	11	9	16	11	9	16
Accrued income and prepayments.....	11	12	-9	10	12	-9
	1,813	1,686	8	1,812	1,684	8

BANK OF ÅLAND

SUMMARY BALANCE SHEET

Liabilities and equity capital (EUR M)

	Bank of Åland Group			Bank of Åland Plc		
	Dec 31,02	Dec 31,01	%	Dec 31,02	Dec 31,01	%
LIABILITIES						
Liabilities to credit institutions and central banks ..	111	96	16	111	96	16
Liabilities to the public and public sector entities	1,101	1,103	0	1,102	1,103	0
Debt securities issued to the public	433	319	36	434	319	36
Other liabilities	24	29	-16	24	28	-16
Accrued expenses and deferred income	16	12	37	16	12	36
Subordinated liabilities.....	22	22	0	22	22	0
Imputed taxes due.....	7	7	0			
ACCUMULATED PROVISIONS						
Reserves				23	23	-3
EQUITY CAPITAL						
Share capital.....	20	20	0	20	20	0
Share premium reserve	14	13	3	14	13	3
Reserve fund.....	25	25	0	25	25	0
Capital loan.....	10	10	-5	10	10	-5
Profit brought forward	18	16	16	0	0	
Profit for the year	10	13	-23	10	10	-1
	1,813	1,686	8	1,812	1,684	8
Off-balance sheet commitments						
Guarantees and pledges.....	10	10	-6	10	10	-6
Other commitments.....	83	76	9	83	76	9
	93	87	7	93	87	7

DERIVATIVE CONTRACTS (EUR M)	Dec 31, 2002		Dec 31, 2001	
	For hedging purposes	Other	For hedging purposes	Other
Value of underlying property				
Interest rate derivatives				
Option contracts				
Purchased.....	15.0	0.0	0.0	0.0
Written.....	0.0	15.0	0.0	0.0
Interest rate swap contracts	170.6	19.5	116.2	17.8
Currency derivatives				
Forward contracts	6.8	7.1	8.2	8.4
Interest rate and currency swap contracts.....	0.0	0.0	1.1	0.3
Share derivatives				
Options				
Purchased	95.6	3.7	94.0	5.6
Written.....	3.2	95.6	4.8	94.0
	291.2	141.0	224.2	126.0
Equivalent credit values of the contracts				
Interest rate derivatives.....	5.7		2.7	
Currency derivatives	1.1		0.7	
Share derivatives	9.9		15.4	
	16.8		18.8	

BANK OF ÅLAND PLC
Head Office
Street address:
Nygatan 2
MARIEHAMN, Åland
Postal address:
P.O. Box 3
FIN-22101 MARIEHAMN, Åland

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

S.W.I.F.T.: AABA FI 22
Telex 63157

Internet: www.alandsbanken.fi
E-mail: info@alandsbanken.fi

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

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

Bulevardi (Bulevarden) 3
FIN-00120 HELSINKI
Telephone +358 204 293 600
Fax +358 204 293 610
bulevardi@alandsbanken.fi

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

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

Tampere (Tammerfors)
Hämeenkatu 8
FIN-33100 TAMPERE
Telephone +358 204 293 200
Fax +358 204 293 210
tampere@alandsbanken.fi

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

Vaasa (Vasa)
Hovioikeudenpuistikko
(Hovrättsesplanaden) 15
FIN-65100 VAASA
Telephone +358 204 293 300
Fax +358 204 293 310
vaasa@alandsbanken.fi

Espoo (Esbo), Tapiola (Hagalund)
Länsituulentie
(Västanvindsvägen) 4
FIN-02100 ESPOO
Telephone +358 204 293 500
Fax +358 204 393 510
 [espoo-tapiola@alandsbanken.fi](mailto: espoo-tapiola@alandsbanken.fi)

Ålandsbanken Asset
Management Ab
Bulevardi (Bulevarden) 3, 4th fl.
FIN-00120 HELSINKI
Telephone +358 204 293 700
Fax +358 204 293 710
aam@alandsbanken.fi

BANK OF ÅLAND

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