

# Compensation report for financial year

Bank of Åland Plc

# Compensation report for 2021 financial year, Bank of Åland Plc

## Introduction

This compensation report presents the compensation and economic benefits that were paid to the Board of Directors, Managing Director and Deputy Managing Director of the Bank of Åland Plc (Ålandsbanken Abp) during the 2021 financial year.

The report is drawn up in compliance with the reporting instructions in the Finnish Corporate Governance Code of 2020. The Bank of Åland's 2021 Annual General Meeting dealt with the Bank's compensation policy ("Compensation Policy") and approved it.

The Bank of Åland followed this Compensation Policy in the payment of compensation to management during 2021. The Bank did not diverge from the Compensation Policy or revoke any compensation.

The Bank's compensation system is compatible with the Group's corporate strategy, goals and values and is compatible with and promotes good and efficient risk management. The compensation system is designed in such a way that it does not run counter to the Group's long-term interests. An analysis is performed about how the compensation system affects the financial risks to which the Bank is exposed and the management of these risks. There must be an appropriate balance between fixed and variable remuneration. The Group's total remuneration for a specific earnings period must not build up and reward risks that may jeopardise the Group's long-term interests.

Compensation to the Board and Managing Director, compared to overall employee compensation and financial developments in the Bank of Åland Group during the past five financial years

	2017	2018	2019	2020	2021
Board of Directors	343,250	311,917	296,167	305,500	300,750
Managing Director	356,765	405,116	504,098	450,188	494,676
Employees of the Bank of Åland Plc and its Swedish branch	26,926,116	26,396,511	26,735,516	28,127,687	31,030,113
Net operating profit (Group), EUR M	26.0	29.0	33.2	39.7	49.2
Return on equity after taxes, %	9.1	9.8	10.7	11.6	14

Compensation to the Board of Directors during the 2021 financial year

Board member	Annual fee	Fee for attending Board meetings	Fee for attending Audit Committee meetings	Fee for attending Compensation Committee meetings	Total
Nils Lampi, ordförande	33,750	20,000	6,750	2,250	62,750
Christoffer Taxell, vice ordförande	29,500	16,000		2,250	47,750
Åsa Ceder	27,500	15,750	2,250		45,500
Anders Å Karlsson	27,500	15,750	6,750		50,000
Ulrika Valassi	27,500	15,750	9,000		52,250
Anders Wiklöf	27,500	15,000			42,500
Agneta Karlsson*				10,750	10,750

\*co-opted member, Chairman of the Compensation Committee

No economic benefits related to employment or position were paid to Board members.

## Compensation to the Managing Director and the Deputy Managing Director for the 2021 financial year

In accordance with the Bank of Åland's Compensation Policy, the Managing Director and the Deputy Managing Director receive fixed monthly compensation plus variable compensation from short-term

compensation programmes based on achieving Group profitability levels plus personal targets. Variable compensation may not exceed an amount equivalent to 12 months of salary.

	Managing Director	Deputy Managing Director
Fixed compensation that was paid in 2021		
Fixed annual salary	352,800	275,801
Fringe benefits	12,420	6,483
Variable compensation that was paid in 2021*		
Variable compensation in cash	64,728	34,287
Variable compensation in shares	64,728	34,287
<b>Total compensation</b>	<b>494,676</b>	<b>350,857</b>
Deferred established variable compensation that will be paid after 2021**		
Deferred variable compensation in cash	186,188	143,069
Deferred variable compensation in shares	186,188	143,069
<b>Total deferred variable compensation</b>	<b>372,376</b>	<b>286,138</b>

\* Refers to 2020 variable compensation and deferred 2017 variable compensation paid in March 2021. Shares according to amount of taxed fringe benefits.

\*\* Refers to 2021 variable compensation (allocated variable compensation) that will be paid in 2022, deferred 2018 variable compensation that will be paid in 2022, deferred 2019 compensation that will be paid in 2023, deferred 2020 variable compensation that will be paid in 2024 and deferred variable compensation that will be paid in 2026.

Incentive payments for the Managing Director and the Deputy Managing Director are divided into a maximum of 2/3 based on Group profitability and 1/3 on personal targets.

Allocated shares must be held for at least 12 months, a so-called vesting period, before the recipient of this compensation may access them.

The Managing Director is not entitled to a supplementary pension in addition to the statutory public pension. For the Deputy Managing Director, premium-based supplementary pension insurance with a retirement age of 65 years has been purchased.

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