



“We ended our best earnings year ever with a net operating profit of EUR 65.0 million (61.7) and a return on equity after taxes of 17.9 per cent (17.2).

“Late in 2024, we launched a new mutual fund, Ålandsbanken Norden Dividend. It was well received, with subscriptions of more than EUR 100 million. Falling market interest rates will have a negative impact on banks’ net interest income, but this should also contribute to higher activity in the markets and greater interest in financial investment products, which should benefit our net commission income over time.”

Peter Wiklöf, Managing Director and Chief Executive

January-December 2024

Compared to January-December 2023

- Net operating profit increased by 5 per cent to EUR 65.0 M (61.7).
- Core income in the form of net interest income, net commission income and IT income increased by 5 per cent to EUR 215.6 M (205.2). The year did not include any performance-related income, which totalled EUR 4.0 M in 2023.
- Other income increased to EUR 0.7 M (–3.0).
- Total expenses increased by 6 per cent to EUR 147.3 M (138.4).
- Net impairment losses on financial assets (including recoveries) totalled EUR 4.0 M (2.2), equivalent to a loan loss level of 0.10 per cent (0.05).
- Return on equity after taxes (ROE) increased to 17.9 per cent (17.2).
- Earnings per share increased by 7 per cent to EUR 3.41 (3.18).
- The common equity Tier 1 capital ratio increased to 14.5 per cent (13.7).
- Dividend: The Board of Directors proposes that the Annual General Meeting approve payment of a total dividend of EUR 2.75 (2.65) per share for the 2024 financial year, of which a regular dividend of EUR 2.40 (2.40) per share plus an extra dividend of EUR 0.35 (0.25) per share.
- Future outlook: The Bank of Åland expects its return on equity after taxes (ROE) to continue to exceed its long-term financial target of 15 per cent during 2025.

The fourth quarter of 2024

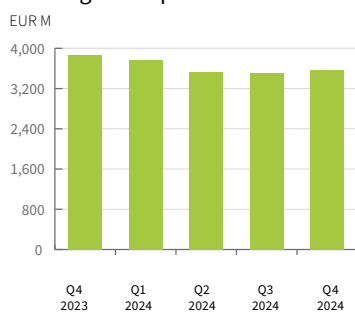
Compared to fourth quarter of 2023

- Net operating profit decreased by 25 per cent to EUR 15.3 M (20.2).
- Core income in the form of net interest income, net commission income and IT income decreased by 7 per cent to EUR 54.5 M (58.9). The fourth quarter did not include any performance-related income, which totalled EUR 4.0 M in the corresponding quarter of 2023.
- Other income improved to EUR –0.4 M (–3.2).
- Total expenses increased by 6 per cent to EUR 37.3 M (35.3).
- Net impairment losses on financial assets (including recoveries) totalled EUR 1.5 M (0.1), equivalent to a loan loss level of 0.18 per cent (0.02).
- Return on equity after taxes (ROE) decreased to 16.4 per cent (21.5).
- Earnings per share decreased by 23 per cent to EUR 0.80 (1.05).

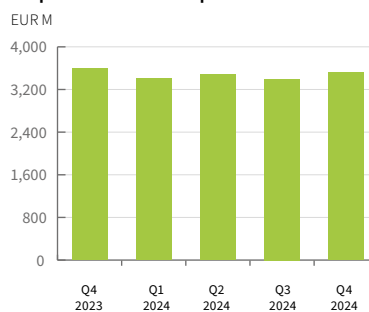
Financial summary

Group	Q4 2024	Q3 2024	%	Q4 2023	%	Jan-Dec 2024	Jan-Dec 2023	%
EUR M								
Income								
Net interest income	25.2	26.2	-4	27.8	-9	104.1	99.7	5
Net commission income	19.9	18.9	5	22.6	-12	76.4	77.0	-1
IT income	9.4	7.6	24	8.4	12	35.1	28.6	22
Other income	-0.4	0.4		-3.2	-88	0.7	-3.0	
Total income	54.1	53.1	2	55.7	-3	216.4	202.3	7
Expenses								
Staff costs	-22.1	-21.3	4	-20.9	6	-87.9	-81.3	8
Other expenses	-12.4	-10.8	15	-11.2	11	-47.1	-41.6	13
Statutory fees	0.0			0.0	-75	0.0	-3.2	-100
Depreciation/amortisation	-2.8	-3.0	-7	-3.2	-11	-12.3	-12.2	1
Total expenses	-37.3	-35.1	6	-35.3	6	-147.3	-138.4	6
Profit before impairment losses	16.8	18.0	-7	20.4	-18	69.0	63.9	8
Impairment losses on financial assets, net	-1.5	-0.8		-0.1		-4.0	-2.2	86
Net operating profit	15.3	17.3	-12	20.2	-25	65.0	61.7	5
Income taxes	-2.9	-3.5	-18	-4.2	-30	-12.8	-13.1	-2
Profit for the period	12.4	13.7	-10	16.1	-23	52.3	48.7	7
Attributable to:								
Shareholders in Bank of Åland Plc	12.4	13.7	-10	16.1	-23	52.3	48.7	7
Volume								
Lending to the public	3,576	3,514	2	3,859	-7			
Deposits from the public	3,521	3,396	4	3,595	-2			
Actively managed assets	10,616	10,654	0	9,776	9			
Managed mortgage loans	3,080	3,060	1	2,716	13			
Equity capital	336	325	3	335	0			
Balance sheet total	4,925	4,789	3	5,342	-8			
Risk exposure amount	1,643	1,693	-3	1,774	-7			

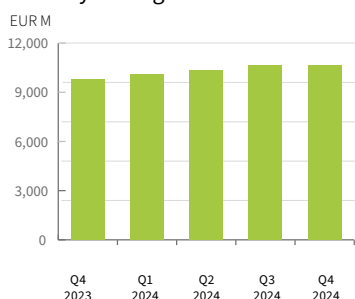
Lending to the public



Deposits from the public



Actively managed assets



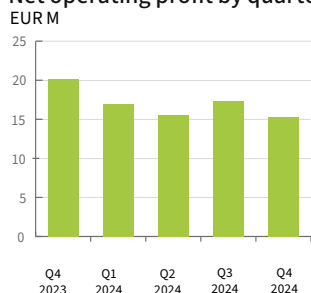
Managed mortgage loans



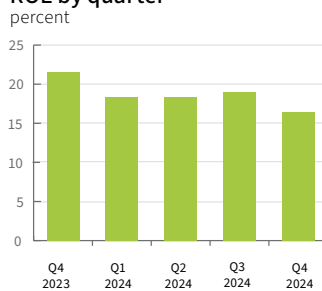
Financial ratios

Group	Q4 2024	Q3 2024	% Q4 2023	% Jan-Dec 2024	Jan-Dec 2023	%		
Profitability								
Return on equity after taxes, % (ROE)	16.4	19.0	21.5	17.9	17.2			
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	17.9	19.3	17.2					
Capital strength								
Common equity Tier 1 capital ratio, %	14.5	14.0	13.7					
Common equity Tier 1 capital ratio, surplus compared to minimum requirement, %	5.1	4.7	5.2					
Leverage ratio, %	5.3	5.5	5.0					
Liquidity and funding								
Liquidity coverage ratio (LCR), %	169	170	156					
Net stable funding ratio (NSFR), %	118	121	109					
Lending/deposit ratio, %	102	103	107					
Credit quality								
Loan loss level, %	0.18	0.08	0.02	0.10	0.05			
Gross share of loans in Stage 3, %	1.63	2.01	1.61					
Employees								
Working hours re-calculated to full-time equivalent positions	1,000	1,015	-1	912	10	977	906	8
Employee commitment index ¹	7.6	7.5	7.4	7.5	7.3			
Leadership index ²	7.9	8.0	7.9	7.8	7.9			
Customers								
Customer Satisfaction Index (CSI), Finland	1	1	1	1	1			
Customer Satisfaction Index, Sweden ³								
Net Promoter Score (NPS) ⁴	53	56	58	53	58			
Climate								
CO ₂ e emissions per EUR M of income (tonnes/EUR M)	54.7	40.7	35	27.7	97	48.8	23.6	
Data on Bank of Åland shares								
Earnings per share, EUR	0.80	0.89	-10	1.05	-23	3.41	3.18	7
Earnings per share, EUR, moving 12-month average to end of report period	3.41	3.65	-7	3.18	7			
Equity capital per share, EUR	19.95	19.98	0	19.98	0			

Net operating profit by quarter



ROE by quarter



For definitions of financial ratios, see page 33, "Definitions".

¹ The Bank of Åland's target is >7.

² The Bank of Åland's target is to achieve a score above the industry average.

³ Official results are not available for Swedish operations.

⁴ To calculate the total outcome, the score in each geographic business segment is weighted in relation to total business volume (actively managed assets as well as lending to and deposits from the public). Our target is more than 50.

Comments

MACRO SITUATION

2024 was marked by continued geopolitical turmoil.

Global economic expansion was uneven, with the US economy continuing to grow while China and Europe faced continued headwinds.

Key interest rate cuts announced during the year were 1.00 percentage points by the European Central Bank and 1.50 percentage points by Sweden's Riksbank. This was a change of direction from 2022–2023, when the ECB raised its key rate by a total of 4.50 percentage points and the Riksbank by 4.00 percentage points. Financial markets expect that further interest rate cuts will follow.

There are many indications that inflation has now been defeated, at least in the short term.

BENCHMARK INTEREST RATES, QUARTERLY AVERAGES, PER CENT

	Q4 2024	Q3 2024	Q4 2023
Euribor 3 mo	3.00	3.56	3.96
Euribor 12 mo	2.54	3.21	3.95
Stibor 3 mo	2.74	3.45	4.07

BENCHMARK INTEREST RATES, ANNUAL AVERAGES, PER CENT

	2024	2023
Euribor 3 mo	3.57	3.43
Euribor 12 mo	3.27	3.86
Stibor 3 mo	3.52	3.70

During the year, share prices according to the Nasdaq Helsinki stock exchange's OMXHPI index fell by 6 per cent, while the Nasdaq Stockholm stock exchange's OMXSPI index gained 6 per cent.

During the year, the average value of the Swedish krona (SEK) in relation to the euro (EUR) was nearly unchanged compared to 2023. On December 31, 2024, the SEK exchange rate was 3 per cent weaker than at year-end 2023. When converting the income statement of the Bank's Swedish operations into euros, the average exchange rate for the period has been used, while the balance sheet has been converted at the exchange rate prevailing on the closing day of the report period.

IMPORTANT EVENTS

For the fourth year in a row, the Bank of Åland was named Finland's best Private Banking operator in Kantar Prospera's Private Banking Finland survey. The survey showed that customers appreciate the Bank's long-term work with customer relationships, financial planning and sustainability. The Bank of Åland's customers are also the ones who are the most willing to recommend their bank to others.

During the fourth quarter, Ålandsbanken Fondbolag (the Bank's asset management subsidiary) launched the Ålandsbanken Norden Dividend mutual fund. The fund is a unique, actively managed equity fund that invests in Nordic quality companies with reasonable valuations and with good, stable dividend yields. The portfolio focuses on approximately 20–25 holdings

with broad sectoral exposure, including companies in the Nordic countries that have different strengths.

Ålandsbanken Kort Företagsränta, a short-term corporate bond fund, was named the best Nordic fund in its category by LSEG Lipper for the second straight year.

The third and final transfer of Swedish home mortgage loans from the Bank of Åland to Borgo was completed on June 10. The nominal amount of the mortgage portfolio that was transferred was SEK 3.0 billion. The transfer had no significant effect on the Bank of Åland's earnings, but it freed up liquidity and capital.

Together with its customers, the Bank of Åland is continuing its commitment to a cleaner Baltic Sea. This year the Baltic Sea Project contributed EUR 574,000 to various projects that promote the health of the Baltic Sea. Since 1997 the Bank of Åland has awarded nearly EUR 5 M to various environmentally related projects. Interest in the Baltic Sea Project is growing steadily. This year the number of applications for funding was 140, which was twice as many as last year.

On March 26, 2024, the Annual General Meeting (AGM) approved the distribution of a dividend of EUR 2.65 per share for the financial year 2023 (a regular dividend of EUR 2.40 plus an extra dividend of EUR 0.25). This represented an amount of EUR 40.7 M.

The AGM elected Malin Lombardi as a new member of the Board of Directors. It re-elected Anders Å Karlsson, Nils Lampi, Mirel Leino-Haltia, Christoffer Taxell, Ulrika Valassi and Anders Wiklöf as Board members. At the statutory meeting of the Board on the same day, Nils Lampi was elected as Chairman and Christoffer Taxell as Deputy Chairman of the Board.

During 2024, the Bank of Åland issued 44,721 Series B shares to fulfil its commitments as part of the 2023/2024 share savings programme. In addition, 14,411 Series B shares were issued to fulfil the Bank's commitments as part of its employee incentive programme.

EARNINGS FOR JANUARY–DECEMBER 2024

Net operating profit increased by EUR 3.3 M or 5 per cent to EUR 65.0 M (61.7). This net operating profit was the Bank of Åland's highest-ever yearly earnings.

Profit for the period attributable to shareholders increased by EUR 3.6 M or 7 per cent to EUR 52.3 M (48.7).

Return on equity after taxes (ROE) increased to 17.9 (17.2) per cent.

Core income in the form of net interest income, net commission income and IT income increased by EUR 10.4 M or 5 per cent to EUR 215.6 M (205.2).

Net interest income rose by EUR 4.5 M or 5 per cent to EUR 104.1 M (99.7). A wider interest margin was the main explanation.

Net commission income fell by EUR 0.6 M or 1 per cent and amounted to EUR 76.4 M (77.0). The year did not include any

performance-related income, which totalled EUR 4.0 M in 2023. Information Technology (IT) income rose by EUR 6.4 M or 22 per cent to EUR 35.1 M (28.6). The increase was mainly due to higher project income.

Other income, including net income on financial items, increased by EUR 3.7 M to EUR 0.7 M (–3.0).

Total expenses increased by EUR 9.0 M or 6 per cent and amounted to EUR 147.3 M (138.4). During the first quarter of 2023, statutory fees amounted to EUR 3.2 M. In 2024, no stability fee was paid, because the European Stability Fund has reached its target level. Other expenses increased, especially staff costs and IT expenses.

Net impairment losses on financial assets amounted to EUR 4.0 M (2.2), equivalent to a loan loss level of 0.10 (0.05) per cent.

Tax expenses amounted to EUR 12.8 M (13.1), equivalent to an effective tax rate of 19.6 (21.2) per cent.

EARNINGS FOR THE FOURTH QUARTER OF 2024

Net operating profit decreased by EUR 5.0 M or 25 per cent to EUR 15.3 M (20.2).

Profit for the period attributable to shareholders decreased by EUR 3.7 M or 23 per cent to EUR 12.4 M (16.1).

Return on equity after taxes (ROE) decreased to 16.4 (21.5) per cent.

Core income in the form of net interest income, net commission income and IT income decreased by EUR 4.4 M or 7 per cent to EUR 54.5 M (58.9).

Net interest income fell by EUR 2.6 M or 9 per cent to EUR 25.2 M (27.8). Lower volume and lower market interest rates were the explanation.

Net commission income fell by EUR 2.7 M or 12 per cent due to lower income from the Bank's asset management business and amounted to EUR 19.9 M (22.6). The quarter did not include any performance-related income, which totalled EUR 4.0 M in the corresponding quarter of 2023.

IT income rose by EUR 1.0 M or 12 per cent to EUR 9.4 M (8.4). The increase was mainly due to higher project income.

Other income, including net income on financial items, improved by EUR 2.8 M to EUR –0.4 M (–3.2).

Total expenses increased by EUR 2.0 M or 6 per cent, primarily due to higher staff costs and IT expenses, and amounted to EUR 37.3 M (35.3).

Net impairment losses on financial assets amounted to EUR 1.5 M (0.1), equivalent to a loan loss level of 0.18 (0.02) per cent.

Tax expenses amounted to EUR 2.9 M (4.2), equivalent to an effective tax rate of 19.1 (20.6) per cent.

OPERATING SEGMENTS

The Group's increase of EUR 3.3 M in full-year net operating profit to EUR 65.0 M was allocated as follows:

- Private Banking –5.7 (lower income, higher impairment losses)
- Premium Banking 5.5 (higher net interest income)
- IT –0.3
- Corporate Units 3.8 (higher income)
- & Eliminations

BUSINESS VOLUME

Actively managed assets on behalf of customers increased by EUR 840 M or 9 per cent compared to year-end 2023 and amounted to EUR 10,616 M (9,776).

Deposits from the public decreased by EUR 73 M or 2 per cent compared to year-end 2023 and amounted to EUR 3,521 M (3,595).

Lending to the public decreased by EUR 283 M or 7 per cent compared to year-end 2023 and totalled EUR 3,576 M (3,859).

Managed mortgage loans increased by EUR 365 M or 13 per cent compared to year-end 2023 and totalled EUR 3,080 M (2,716).

CREDIT QUALITY

Lending to private individuals comprised 73 per cent of the loan portfolio. Home mortgage loans accounted for 73 per cent of this. The corporate portfolio has a close affinity with the retail portfolio, since many of the companies are owned by customers who, as individuals, are also Private Banking customers.

The Bank of Åland had EUR 12.5 M in impairment loss provisions on December 31, 2024 (20.2), of which EUR 0.5 M (0.6) in Stage 1, EUR 1.4 M (1.9) in Stage 2 and EUR 10.6 M (17.7) in Stage 3. Stage 3 loans as a share of gross lending to the public totalled 1.63 per cent (1.61). The level of provisions for Stage 3 loans amounted to 18 (28) per cent. Most of these loans have good collateral.

As of December 31, 2024, the Bank of Åland had no remaining impairment provisions in Stage 3 for the Swedish credit commitment where customers have been sentenced to prison. The loans have now nearly been written off. The Bank still hopes that its crime insurance will be able to provide compensation when the case is tried in the Turku Court of Appeal.

LIQUIDITY AND BORROWING

In January, the Bank of Åland issued a new covered bond totalling EUR 300 M with a 3½ year maturity. In March, a covered bond totalling EUR 300 M fell due for payment.

The Bank of Åland's liquidity reserve in the form of cash and deposits with central banks, account balances and investments with other banks and liquid interest-bearing securities amounted to EUR 1,077 M on December 31, 2024 (1,039). This was equivalent to 22 (19) per cent of total assets and 30 (29) per cent of lending to the public. In addition to the liquidity reserve, there was EUR 250 M (225) consisting of holdings of unencumbered covered bonds issued by the Bank.

The loan/deposit ratio amounted to 102 (107) per cent.

Of the Bank of Åland's external funding sources aside from equity capital, deposits from the public accounted for 80 (75) per cent and covered bonds issued accounted for 13 (11) per cent.

The liquidity coverage ratio (LCR) amounted to 169 (156) per cent

and the net stable funding ratio (NSFR) amounted to 118 (109) per cent, which exceeded regulatory requirements by a solid margin.

On December 31 2024, the average remaining maturity of the Bank of Åland's bonds outstanding was about 1.9 (1.0) years.

RATING

In March 2024, for the first time the Moody's Ratings agency (Moody's) assigned credit ratings to the Bank of Åland. The ratings were A3/P-2 for long- and short-term deposits. A stable outlook was assigned to the long-term deposit rating. In April, Moody's assigned a credit rating of Aaa for the Bank of Åland's covered bonds.

The Bank of Åland has chosen to have Moody's as its sole rating agency. S&P Global Ratings (S&P) thus withdrew all its ratings of the Bank of Åland on April 30.

EQUITY AND CAPITAL ADEQUACY

During the report period, equity capital changed in the amount of profit for the period, EUR 52.3 M; other comprehensive income, EUR -11.4 M; issuance of new shares as part of the incentive programme, EUR 0.5 M, and the share savings programme, EUR 1.9 M; a dividend of EUR 40.7 M distributed to shareholders; and dividends of EUR 2.0 M distributed to holders of additional Tier 1 (AT1) capital instruments. On September 30, 2024, equity capital amounted to EUR 336.0 M (335.3).

Other comprehensive income was affected by changes in market values of certain strategic shareholdings and changes in market interest rates and totalled EUR -11.4 M after taxes.

Common equity Tier 1 capital decreased by EUR 5.1 M during 2024 to EUR 237.7 M (242.8). The risk exposure amount decreased by EUR 131 M or 7 per cent during 2024 and totalled EUR 1,643 M (1,774). The credit risk exposure amount fell by EUR 116 M or 8 per cent. The operational risk exposure amount rose by EUR 31 M or 11 per cent. The market risk exposure amount fell by EUR 45 M or 100 per cent. The creditworthiness adjustment risk exposure amount decreased negligibly.

The common equity Tier 1 (CET1) capital ratio increased to 14.5 (13.7) per cent. The Tier 1 (T1) capital ratio increased to 16.3 (15.3) per cent. The total capital ratio increased to 18.1 (17.1) per cent.

In addition to the basic capital requirement, various buffer requirements apply. These are mainly imposed by national regulatory authorities. The capital conservation buffer requirement, 2.5 per cent of common equity Tier 1 capital, applies in all European Union countries. The countercyclical capital buffer requirement may vary between 0-2.5 per cent. For Finnish exposures, the requirement remains 0.0 per cent. For Swedish exposures, the amount of the countercyclical buffer is 2.0 per cent. In Finland, a systemic risk buffer of 1.0 per cent applies to the Bank of Åland as of April 1, 2024.

The Bank of Åland's Pillar 2-related buffer requirement amounts to 1.0 per cent.

The minimum levels currently applicable to the Bank of Åland as of December 31, 2024 were:

• Common equity Tier 1 capital ratio	9.3 per cent
• Tier 1 capital ratio	11.0 per cent
• Total capital ratio	13.3 per cent

In relation to the above buffer requirements, the Bank of Åland has an ample capital surplus:

• Common equity Tier 1 capital ratio	+5.1 percentage points
• Tier 1 capital ratio	+5.2 percentage points
• Total capital ratio	+4.9 percentage points

As of March 31, 2024 the Bank of Åland is subject to an indicative additional capital requirement (Pillar 2 guidance, P2G) of 0.75 per cent. This indicative additional capital requirement is not included in minimum levels but is instead included as a subset in the Bank of Åland's capital surplus, where the Bank's long-term financial target is that its common equity Tier 1 capital ratio shall exceed FIN-FSA's minimum requirement by 1.75-3.0 percentage points.

Finland's Financial Stability Authority has cancelled the Bank of Åland's minimum requirement for eligible liabilities (MREL) under European Union regulations. In practice, however, the requirement does not represent any extra capital requirement beyond the already existing minimum requirements related to the Bank's total capital ratio and leverage ratio.

SUSTAINABILITY INFORMATION

The Bank of Åland's sustainability work includes a sustainability strategy as well as a climate strategy, which describe how the Bank's climate targets will be achieved. The Bank of Åland has established three climate targets:

1. The Bank of Åland shall reduce its CO₂e emissions by 50 per cent no later than 2030, compared to 2021.
2. The Bank of Åland shall be a climate-neutral organisation no later than 2035.
3. The Bank of Åland shall achieve net-zero emissions by 2050.

To follow up its climate targets, the Bank of Åland applies the Greenhouse Gas Protocol (GHGP) to estimate and report its greenhouse gas emissions. Total emissions from the Bank's own business operations during 2024 were 10,566 tonnes of carbon dioxide equivalents (CO₂e), which was an increase of 121 per cent compared to 2023. The increase was explained primarily by higher emissions from purchased goods and services, where a large proportion of the increase in purchases was attributable to the renovation and enlargement of the Head Office.

Environmentally certified electricity accounted for 100 per cent of total power purchases, in keeping with the established target.

The Bank of Åland pays climate financing on a yearly basis for estimated emissions from its own business operations.

Aside from information on emissions from its own business operations, the Bank is also providing information about indirect downstream Scope 3 Category 15 emissions. On December 31, 2024, estimated emissions from the loan portfolio were 196,937 tonnes of CO₂e (Scope 1 and 2), from the Treasury portfolio 13,720 tonnes of CO₂e (Scope 1, 2 and 3) and from customers' financial investment portfolios 2,586,529 tonnes of CO₂e (Scope 1, 2 and 3).

EMPLOYEES

The Bank of Åland's employees are its most valuable asset and its most important competitive advantage. During the fourth quarter of 2024, the number of full-time equivalent positions was 1,000. This was 88 full-time equivalents or 10 per cent more than during the same quarter of 2023.

The goal of the Bank of Åland's social sustainability work is motivated, committed and healthy employees who achieve continuous professional development. During 2024 the Bank is working with the following six focus areas: Inclusiveness, diversity and equality, Health and well-being, Skills development, Leadership, Community involvement and Ethical conduct.

By continuously measuring and monitoring employee motivation and working conditions, the Bank of Åland can ensure a healthy and efficient organisation. The fourth quarter 2024 employee commitment score was 7.6, which was higher than the score of 7.4 reported during the fourth quarter of 2023.

CUSTOMERS

The Bank of Åland continues to retain existing customers and attract new ones in all its various geographic markets and through business partnerships.

For the fourth year in a row, the Bank of Åland was named Finland's best Private Banking operator in the yearly customer survey. The Bank's Premium Banking customers also continue to be very satisfied and express great willingness to recommend the Bank of Åland.

SOCIAL RESPONSIBILITY

Together with its customers, the Bank of Åland is continuing its commitment to a cleaner Baltic Sea. Since 1997 the Bank of Åland has awarded nearly EUR 5 M to various environmentally related projects.

Aside from paying income and value added taxes to the Finnish government, the Bank of Åland is a sizeable employer, especially in its Åland home market. The Bank is deeply involved in the Åland community and contributes to it mainly by supporting culture, sports and studies.

DIVIDEND

The Board of Directors proposes that the Annual General Meeting (AGM) approve payment of a regular dividend of EUR 2.40 per share for the 2024 financial year, for a total amount of EUR 36.9 M. The dividend is equivalent to a payout ratio of 70 per cent.

In addition, the Board of Directors proposes that the AGM approve payment of an extra dividend of EUR 0.35 per share. This extra dividend is connected to the final transfer of Swedish mortgage banking operations to Borgo. The overall proposed dividend amounts to EUR 42.3 M, or EUR 2.75 per share.

IMPORTANT EVENTS AFTER CLOSE OF REPORT PERIOD

No important events have occurred since the close of the report period.

RISKS AND UNCERTAINTIES

The single largest risk and uncertainty factors are the war in the Middle East and Russia's war of invasion in Ukraine and the related geopolitical risks. The consequences of these wars are difficult to assess.

The Bank of Åland's earnings are affected by external changes that the Company itself cannot control. Among other things, the Group's trend of earnings is affected by macroeconomic changes and changes in general interest rates and bond yields, share prices and exchange rates, along with higher expenses due to regulatory decisions and directives as well as by the competitive situation.

The Group aims at achieving operations with reasonable and carefully considered risks. The Group is exposed to credit risk, liquidity risk, market risk, operational risk and business risk. The Bank does not engage in trading for its own account.

FUTURE OUTLOOK

The Bank of Åland expects its return on equity after taxes (ROE) to continue to exceed its long-term financial target of 15 per cent during 2025.

The Bank is especially dependent on the performance of the fixed income and stock markets. There are concerns about economic developments in a number of important markets. For this reason, there is some uncertainty about the Bank's current forecast.

FINANCIAL INFORMATION CALENDER

The Annual Report for 2024 will be published during week 9, 2025 (February 24 – March 2). The corporate governance report is included in the Annual Report, while the risk report (Pillar 3) will be published separately at the same time as the Annual Report.

The Interim Report for the period January–March 2025 will be published on Tuesday, April 29, 2025.

The Half-year Financial Report for the period January–June 2025 will be published on Friday, July 18, 2025.

The Interim Report for the period January–September 2025 will be published on Friday, October 24, 2025.

This Year-end Report is unaudited.

Mariehamn, February 5, 2025

THE BOARD OF DIRECTORS

Sustainability information

The Bank of Åland's climate impact estimate of emissions in the form of carbon dioxide equivalents (CO₂e) is compiled in accordance with the Greenhouse Gas (GHG) Protocol and encompasses Scope 1, 2 and 3. Scope 1 includes fuel for business and company vehicles. Scope 2 includes energy use in the Bank of Åland's own premises. Scope 3 upstream includes indirect supplier-related emissions caused by purchases of goods and services. Emissions from the Bank's own business operations are calculated with the aid of emission factors and the Åland Index, based on activities in the income statement that are recognised as costs. Exceptions are made in Scope 2, where purchased electricity is deducted to zero CO₂e emissions for environmentally certified electricity according to a market-based method. See the appropriate footnote for details.

Information on emissions from the Bank's own business operations is being supplemented with information regarding Scope 3 Category 15 downstream emissions related to investments, which include emissions from the loan portfolio, Treasury operations and our customers' financial investments in our asset management solutions. Available data for all impact areas of the credit portfolio (Scope 3 downstream from the perspective of the credit portfolio) are still missing, however. In order to improve potential comparability between different areas, these are shown broken down into their respective Scope 1, 2 and 3, viewed from their perspective. What is presented is a picture of the current situation based on the value of holdings and loans at the end of the quarter. These figures can be equated with values at the annual level, since they represent financial assets and will thus not accumulate continuously throughout the year in the same way as emission figures for the Bank's own business operations.

Our own and our customers' financial investments account for the largest share of the Bank of Åland's emissions, with emissions in Scope 3 increasing as the extent of companies' own reporting increases. We believe that comparability between different years for these emissions is still hard to assess, since the quality of Scope 3 data is generally low. There is also large variation in the extent of reported emissions data between different companies, which means that data on exposures are not sufficiently accurate to be used for comparisons. To some extent, we see that the reporting from the companies in which we invest has improved and that a larger proportion of companies are reporting Scope 3. This is a positive trend, although the increased quantity of data means that our emission figures are rising.

Treasury portfolio emissions fell by 39 per cent as of December 31, 2024 compared to their estimated level on September 30, 2024. The decrease in emissions was mainly due to maturities and divestments of emission-intensive holdings, as well as reallocations in the Treasury portfolio.

Emissions from the loan portfolio were lower as of December 31, 2024 compared to September 30, 2024, driven by a somewhat smaller volume of corporate lending to carbon dioxide-intensive sectors.

Group	Q4 2024	Q3 2024	%	Q4 2023	%	Jan-Dec 2024	Jan-Dec 2023	%
Greenhouse gases, tonnes of CO₂e								
Scope 1								
Emissions from owned or controlled resources	1.2	1.5	-20	1.4	-12	6.0	5.4	12
Total Scope 1	1.2	1.5	-20	1.4	-12	6.0	5.4	12
Scope 2								
Energy-related emissions	15.0	2.0		19.3	-22	48.6	54.2	-10
<i>of which from electricity according to the market-based method</i>	<i>0.0</i>	<i>0.0</i>		<i>0.0</i>		<i>0.0</i>	<i>0.0</i>	
Total Scope 2¹	15.0	2.0		19.3	-22	48.6	54.2	-10
Scope 3 upstream								
Purchased goods and services ²	2,622.5	1,909.6	37	1,185.9		9,320.9	3,481.8	
Capital goods	7.6	9.7	-22	11.4	-34	35.8	66.0	-46
Fuel and energy-related activities	3.1	0.4		4.0	-22	10.0	11.2	-10
Transport and distribution	71.4	65.1	10	84.8	-16	300.1	294.5	2
Waste generated by own operations	1.0	1.0	2	0.9	19	3.6	2.5	41
Business travel	216.1	144.3	50	196.7	10	721.9	674.9	7
Leased assets	23.4	25.1	-7	38.2	-39	119.0	186.5	-36
Total Scope 3	2,945.1	2,155.3	37	1,521.9	94	10,511.3	4,717.4	
Total greenhouse gases, tonnes of CO₂e	2,961.4	2,158.8	37	1,542.7	92	10,565.9	4,777.0	
Electricity according to location-based method <i>Emissions from electricity according to location-based method subtracted from Nordic Average Mix, tonnes of CO₂e³</i>	32.9	32.4	2	31.9	3	130.6	121.0	8

¹ Exceptions to the spend method are made in Scope 2, where purchased electricity is reduced to zero CO₂e emissions for environmentally certified electricity according to the market-based method. Electricity according to the location-based method is specified on a separate line and is not included in the summary. Electricity consumption is based on the actual consumption of the offices where the Bank of Åland is responsible for the electricity contract and thus has knowledge about consumption. An estimate is made only in cases where data for the latest month are missing. For district heating, CO₂e emissions are calculated based on actual district heating consumption for the Bank of Åland's offices in properties owned by the Bank. These are supplemented with related Scope 3 emissions in the category "Fuel and energy-related activities", which are also calculated on the basis of actual district heating consumption.

² Calculation of CO₂e emissions for the renovation and expansion of the Head Office in Mariehamn is based on a standard estimate of the quantity of material purchases.

³ Historical comparative figures have been recalculated, since new information regarding electricity consumption has been added. The accumulated emissions figure for January 1-December 31, 2024 has been recalculated from 119.4 to 121.0 tonnes of CO₂e.

Group	Q4 2024	Q3 2024	%	Q4 2023	%	Jan-Dec 2024	Jan-Dec 2023	%
Key figures								
CO ₂ e emissions per employee (tonnes of CO ₂ e/average full-time equivalent)	11.6	8.3	40	6.6	75	10.6	5.2	
CO ₂ e emissions per EUR M of income (tonnes of CO ₂ e/EUR M)	54.7	40.7	35	27.7	97	48.8	23.6	

Group	Dec 31, 2024	Sep 30, 2024	%	Dec 31, 2023	%
Scope 3, downstream, current situation on annual basis (tonnes of CO ₂ e)					
Loan portfolio Scope 1 and 2 ¹	196,937	198,145	-1	258,301	-24
<i>of which Scope 1-2</i>	196,937	198,145	-1	258,301	-24
Investments Scope 1, 2 and 3 ²	2,586,529	2,493,836	4	2,336,184	11
<i>of which Scope 1</i>	125,744	116,280	8	103,430	22
<i>of which Scope 2</i>	36,253	33,427	8	30,530	19
<i>of which Scope 3</i>	2,424,532	2,344,129	3	2,202,224	10
Treasury Scope 1, 2 and 3 ³	13,720	22,403	-39	30,762	-55
<i>of which Scope 1</i>	2,028	2,129	-5	7,948	-74
<i>of which Scope 2</i>	547	578	-5	416	31
<i>of which Scope 3</i>	11,145	19,696	-43	22,398	-50
Total, Scope 3, downstream	2,797,186	2,714,384	3	2,625,247	7

¹ The emission calculations for the loan portfolio are based on the PCAF method to the extent data are available. The calculations for mortgage loans are based on estimated energy consumption for collateral, which is calculated based on size in square metres and energy certificates. Where data are missing, an average value is applied. An average emission factor and LTV are used to calculate estimated energy emissions financed by the Bank of Åland. For other loans, emissions are estimated based on loan volume multiplied by an emission factor, using the Åland Index tool for climate impacts, as well as published average emissions in Finland and Sweden. The Bank of Åland's model provides a rough estimate of the loan portfolio's CO₂e emissions. The model is not exact enough to be used for comparisons with other banks. Data for Scope 3 are not available for the loan portfolio, and zero is thus reported.

² The emission calculations for investments include shares, bonds, physical properties and wind farms. Cash, derivative contracts, commercial paper and plots of land are excluded from emission calculations. Emissions by the issuers of investments are ownership-weighted per holding on December 31, 2024. Firstly, reported emission data have been used and secondly, estimated emission data. The estimated data used are third-party data from Bloomberg, except for the housing mutual fund Ålandsbanken Bostadsfond and the wind power mutual fund Ålandsbanken Vindkraftfond, where estimates were developed on the basis of other third-party sources. The starting point is that calculations are made for Scope 1, Scope 2 and Scope 3 with the aim of achieving the highest possible coverage. The housing fund's emissions only cover Scope 2, and the wind power fund's emissions only cover Scope 3. Emission data obtained from Bloomberg show marginal differences, since the emissions are calculated as a total for each respective scope (1, 2, 3) individually, compared to when emissions are calculated as a sum of all scopes directly. During Q4 2024, the difference amounted to 86.21 tonnes of CO₂e, and this difference was adjusted by subtracting the figure equivalent to the difference from the individual Scope 3 emissions, to ensure that the total reported emissions per sector relative to total emissions per scope will be consistent. During 2024, the emission estimates for the portion of equity and fixed income investments has been expanded to include the underlying portfolio holdings of exchange-traded funds (ETFs). Emission calculations for the housing fund have been refined, and emission calculations for the wind power fund have been included. Due to these changes, comparative figures have been recalculated. Historical comparative figures are based on the total percentage of ownership in the portfolio companies' respective carbon dioxide emissions reported as of December 31, 2023 where available, otherwise on estimates. In case third-party valuation estimates do not meet the standards established by the Bank of Åland, reported data from prior years may be used. Emissions as of December 31, 2023 have been recalculated several times. The original figure of 1,903,523 has been recalculated to 2,336,184 tonnes of CO₂e. Emissions as of September 30, 2024 have been recalculated from 2,406,770 to 2,493,836 tonnes of CO₂e.

³The emission calculations for the Treasury portfolio include cash positions in central banks as well as bonds. The emissions by the issuers of investments are ownership-weighted based on the Bank of Åland's holdings on December 31, 2024. Emission data have been obtained from the issuers' annual and sustainability reports and include Scope 1, Scope 2 and Scope 3. In cases where data are not available from publicly available sources, Treasury has developed estimates in compliance with the method recommended by PCAF, where an approximation is made on the basis of economic activity data. This means that an emission factor for the sector is obtained per unit of revenue and multiplied by the issuer's revenues, for which the estimate is made. The Bank of Åland's portion of the issuer's emissions is calculated by dividing the outstanding amount by the issuer's total equity plus debt. A majority of the collected emission data is expressed in tonnes of carbon dioxide equivalents, but in some cases only information on carbon dioxide emissions is available. This applies to government holdings and estimates based on economic activity-based emission factors. For those issuers whose emission figures are only available at group level, the group's emission figures have been adjusted to the issuing entity's share according to the comparison principle. Treasury has updated the calculation method for its portfolio emissions to comply with ESRS's E1-6 disclosure requirements, which for financed emissions must be based on the "GHG Accounting and Reporting Standard for the Financial Industry from the Partnership for Carbon Accounting Financial (PCAF), Part A Financed Emissions (version December 2022)". The calculation procedure is slightly different depending on the asset category. Due to this adjustment in the calculation method, the figures for the comparative period have been recalculated. Emissions as of September 30, 2024 have been recalculated from 17,677 to 22,403 tonnes of CO₂e and emissions as of December 31, 2023 have been recalculated from 13,794 to 30,762 tonnes of CO₂e.

Group	Q4 2024	Q3 2024	%	Q4 2023	%	Jan-Dec 2024	Jan-Dec 2023	%
Paper consumption, tonnes	4.36	4.22	3	4.71	-8	19.28	19.40	-1
Energy consumption, GWh ⁴	0.47	0.47	2	0.46	3	1.88	1.74	8
<i>of which renewable, in per cent</i>	100	100		100		100	100	
Number of business trips ⁵	676	468	44	726	-7	2,385	2,503	-5
<i>of which aircraft, in per cent</i>	51	52		60		52	61	
<i>of which ship, in per cent</i>	16	21		15		18	16	
<i>of which train, in per cent</i>	32	27		25		30	23	

⁴ Historical comparative figures have been recalculated, because new information has been added. Accumulated electricity consumption during January 1-December 31, 2023 has been recalculated from 1.72 to 1.74 GWh. More information has also been added about an electricity consumption site in 2024. Comparable figures are not available for this site.

⁵ The number of business trips consists of the estimated number of individual one-way trips, where each mode of transport is regarded as a separate trip.

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Summary income statement

Group	Note	Q4 2024	Q3 2024	%	Q4 2023	%	Jan-Dec 2024	Jan-Dec 2023	%
EUR M									
Net interest income	5	25.2	26.2	-4	27.8	-9	104.1	99.7	5
Net commission income	6	19.9	18.9	5	22.6	-12	76.4	77.0	-1
IT income		9.4	7.6	24	8.4	12	35.1	28.6	22
Net income from financial items at fair value	7	-0.9	0.4		-3.5	-73	-0.6	-3.0	-80
Other operating income		0.5	0.0		0.2		1.3	0.0	
Total income		54.1	53.1	2	55.7	-3	216.4	202.3	7
Staff costs		-22.1	-21.3	4	-20.9	6	-87.9	-81.3	8
Other expenses		-12.4	-10.8	15	-11.2	11	-47.1	-41.6	13
Statutory fees		0.0			0.0	-75	0.0	-3.2	-100
Depreciation/amortisation		-2.8	-3.0	-7	-3.2	-11	-12.3	-12.2	1
Total expenses		-37.3	-35.1	6	-35.3	6	-147.3	-138.4	6
Profit before impairment losses		16.8	18.0	-7	20.4	-18	69.0	63.9	8
Impairment losses on financial assets, net	8	-1.5	-0.8		-0.1		-4.0	-2.2	86
Net operating profit		15.3	17.3	-12	20.2	-25	65.0	61.7	5
Income taxes		-2.9	-3.5	-18	-4.2	-30	-12.8	-13.1	-2
Profit for the period		12.4	13.7	-10	16.1	-23	52.3	48.7	7
Attributable to:									
Non-controlling interests		0.0	0.0		0.0	-42	0.0	0.0	
Shareholders in Bank of Åland Plc		12.4	13.7	-10	16.1	-23	52.3	48.7	7
Earnings per share, EUR		0.80	0.89	-10	1.05	-23	3.41	3.18	7
Earnings per share, EUR, moving 12-month average to end of report period		3.41	3.65	-7	3.18	7			

Summary statement of other comprehensive income

Group	Q4 2024	Q3 2024	% Q4 2023		% Jan-Dec 2024		Jan-Dec 2023	%
EUR M								
Profit for the period	12.4	13.7	-10	16.1	-23	52.3	48.7	7
Cash flow hedges								
Changes in valuation at fair value	0.4	0.6	-27			1.0	2.0	-48
Assets measured via other comprehensive income								
Changes in valuation at fair value	-0.6	3.2		4.7		2.8	9.8	-71
Transferred to the income statement	0.0	-0.4	-89	0.0		-1.1	-0.2	
Translation differences								
Gains/losses arising during the period	-1.6	0.6		4.5		-3.7	1.0	
Taxes on items that have been or may be reclassified to the income statement								
	0.0	-0.7		-0.9		-0.5	-2.3	-77
<i>of which cash flow hedges</i>	-0.1	-0.1	-27			-0.2	-0.4	-48
<i>of which assets measured via other comprehensive income</i>	0.1	-0.5		-0.9		-0.3	-1.9	-82
Items that have been or may be reclassified to the income statement	-1.8	3.2		8.2		-1.5	10.3	
Changes in value of equity instruments	-0.4	-2.7	-84	-7.5	-94	-12.8	-10.5	22
Translation differences	-0.5	0.2		1.3		-1.1	0.1	
Re-measurements of defined benefit pension plans	0.2	-0.4		-2.4		1.0	-2.0	
Taxes on items that may not be reclassified to the income statement								
	0.2	0.7	-66	1.8	-87	3.0	2.9	4
<i>of which changes in value of equity instruments</i>	0.1	0.5	-84	1.5	-94	2.6	2.1	22
<i>of which translation differences</i>	0.1	0.0		-0.3		0.2	0.0	
<i>of which re-measurements of defined-benefit pension plans</i>	0.0	0.1		0.5		-0.2	0.4	
<i>of which taxes on dividends to holders of T1 capital instruments</i>	0.1	0.1	-8	0.1	-13	0.4	0.4	4
Items that may not be reclassified to the income statement	-0.5	-2.2	-79	-6.8	-93	-9.9	-9.5	4
Other comprehensive income for the period	-2.2	1.0		1.4		-11.4	0.8	
Total comprehensive income for the period	10.1	14.8	-31	17.5	-42	40.9	49.5	-17
Attributable to:								
Non-controlling interests	0.0	0.0		0.0	-42	0.0	0.0	
Shareholders in Bank of Åland Plc	10.1	14.7	-31	17.5	-42	40.9	49.5	-17

Income statement by quarter

Group	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
EUR M					
Net interest income	25.2	26.2	26.4	26.3	27.8
Net commission income	19.9	18.9	19.4	18.3	22.6
IT income	9.4	7.6	9.7	8.4	8.4
Net income from financial items at fair value	-0.9	0.4	-0.6	0.6	-3.5
Other operating income	0.5	0.0	0.5	0.3	0.2
Total income	54.1	53.1	55.3	53.8	55.7
Staff costs	-22.1	-21.3	-22.8	-21.6	-20.9
Other expenses	-12.4	-10.8	-12.5	-11.5	-11.2
Statutory fees	0.0				0.0
Depreciation/amortisation	-2.8	-3.0	-3.3	-3.2	-3.2
Total expenses	-37.3	-35.1	-38.5	-36.4	-35.3
Profit before impairment losses	16.8	18.0	16.8	17.4	20.4
Impairment losses on financial assets, net	-1.5	-0.8	-1.2	-0.5	-0.1
Net operating profit	15.3	17.3	15.6	16.9	20.2
Income taxes	-2.9	-3.5	-3.1	-3.3	-4.2
Profit for the period	12.4	13.7	12.6	13.6	16.1
Attributable to:					
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Shareholders in Bank of Åland Plc	12.4	13.7	12.6	13.6	16.1

Summary balance sheet

Group	Note	Dec 31, 2024	Dec 31, 2023	%
EUR M				
Assets				
Cash and balances with central banks		290	351	-17
Debt securities		804	826	-3
Lending to credit institutions		30	31	-4
Lending to the public	9, 10	3,576	3,859	-7
Shares and participations		37	40	-9
Participations in associated companies		7	7	11
Derivative instruments	12	21	27	-21
Intangible assets		21	21	1
Tangible assets		45	37	24
Investment properties		0	0	-2
Current tax assets		1	2	-41
Deferred tax assets		7	5	43
Other assets		33	82	-60
Accrued income and prepayments		51	53	-3
Total assets		4,925	5,342	-8
Liabilities				
Liabilities to credit institutions and central banks		78	401	-80
Deposits from the public		3,521	3,595	-2
Debt securities issued	11	812	817	-1
Derivative instruments	12	4	15	-72
Current tax liabilities		2	3	-35
Deferred tax liabilities		33	35	-7
Other liabilities		52	59	-11
Provisions		3	2	61
Accrued expenses and prepaid income		52	47	11
Subordinated liabilities		31	32	-3
Total liabilities		4,589	5,006	-8
Equity capital and non-controlling interests				
Share capital		42	42	
Share premium account		33	33	
Reserve fund		25	25	
Fair value reserve		-22	-10	
Unrestricted equity capital fund		32	30	6
Retained earnings		197	185	6
Shareholders' portion of equity capital		307	306	0
Non-controlling interests' portion of equity capital		0	0	-13
Additional Tier 1 capital holders		29	29	
Total equity capital		336	335	0
Total liabilities and equity capital		4,925	5,342	-8

Statement of changes in equity capital

Group

EUR M	Share capital	Share premium account	Reserve fund	Hedge accounting	Fair value reserve	Translation difference	Unrestricted equity capital fund	Retained earnings	Shareholders' portion of equity capital	Non-controlling interests' portion of equity capital	Additional Tier 1 capital holders	Total
Equity capital, Dec 31, 2022	42.0	32.7	25.1	-1.6	0.1	-10.0	28.5	170.7	287.6	0.0	29.4	317.0
Profit for the period								48.7	48.7	0.0		48.7
Other comprehensive income				1.6	-0.6	1.0		-1.2	0.8			0.8
<i>Transactions with owners</i>												
Tier 1 capital instrument dividends								-1.9	-1.9			-1.9
Dividends paid to shareholders								-31.3	-31.3			-31.3
Incentive programme							0.3		0.3			0.3
Share savings programme							1.5	0.4	1.8			1.8
Equity capital, Dec 31, 2023	42.0	32.7	25.1	0.0	-0.5	-9.0	30.2	185.3	305.9	0.0	29.4	335.3
Profit for the period								52.3	52.3	0.0		52.3
Other comprehensive income				0.8	-8.9	-4.5		1.2	-11.4			-11.4
<i>Transactions with owners</i>												
Tier 1 capital instrument dividends								-2.0	-2.0			-2.0
Dividends paid to shareholders								-40.7	-40.7			-40.7
Incentive programme							0.5		0.5			0.5
Share savings programme							1.4	0.5	1.9			1.9
Equity capital, Dec 31, 2024	42.0	32.7	25.1	0.8	-9.4	-13.5	32.1	196.6	306.5	0.0	29.4	336.0

Summary cash flow statement

Group	Jan-Dec 2024	Jan-Dec 2023
EUR M		
Operating activities		
Net operating profit	65.0	61.7
Adjustment for net operating profit items not affecting cash flow	21.0	27.2
Income taxes paid	-13.3	-9.0
Changes in assets and liabilities from operating activities 1	-64.1	-18.9
Cash flow from operating activities	8.7	61.0
Investing activities		
Changes in shares	-3.1	-1.8
Changes in tangible assets	-11.6	-4.0
Changes in intangible assets	-4.2	-4.8
Cash flow from investing activities	-18.9	-10.6
Financing activities		
Share issue	1.9	1.7
Subordinated debt issue/payments of principal	0.0	0.2
Payment of principal on lease liability	-5.4	-4.8
Tier 1 capital instrument dividends	-2.0	-1.9
Dividends paid to shareholders	-40.7	-31.3
Cash flow from financing activities	-46.1	-36.1
Cash and cash equivalents at beginning of period	343.4	329.0
Cash flow during the period	-56.4	14.3
Exchange rate differences in cash and cash equivalents	-1.4	0.1
Cash and cash equivalents at end of period	285.7	343.4
Cash and cash equivalents consisted of the following items:		
Cash and deposits with central banks	259.9	322.0
Lending to credit institutions that is repayable on demand	25.7	21.5
Total cash and cash equivalents	285.7	343.4

Notes to the consolidated Year-end Report

1. Corporate information

The Bank of Åland is a Finnish public limited liability company with its Head Office in Mariehamn. It is a commercial bank with strong customer relationships and personalised service.

The Bank has extensive financial investment expertise and at the same time can offer good financing services. The commercial bank was founded in 1919 and has been listed on the Nasdaq Helsinki Oy (Helsinki Stock Exchange) since 1942.

The Bank has a total of 11 offices: two offices in the Åland Islands, six offices elsewhere in Finland and three offices in Sweden.

Through its subsidiary Crosskey Banking Solutions Ab Ltd, the Bank of Åland Group is a supplier of modern banking computer systems for small and medium-sized banks.

The Group also includes the asset management company Ålandsbanken Fondbolag Ab and its wholly owned subsidiaries.

The Head Office of the Parent Company has the following registered address:

Bank of Åland Plc
Nygatan 2
AX-22100 Mariehamn, Åland, Finland

The shares of the Bank of Åland Plc are traded on the Nasdaq Helsinki Oy (Helsinki Stock Exchange).

This Year-end Report for the accounting period January 1–December 31, 2024 was approved by the Board of Directors on February 4, 2025.

2. Basis for preparation of the Year-end Report and essential accounting principles

BASIS FOR PREPARATION OF THE YEAR-END REPORT

This Year-end Report for the period January 1–December 31, 2024 has been prepared in compliance with the International Financial Reporting Standards (IFRSs) and International Accounting Standard IAS 34, “Interim financial reporting”, which have been adopted by the European Union.

The Year-end Report does not contain all information and all notes required in annual financial statements and should be read together with the consolidated financial statements for the year ending December 31, 2023.

Tables and comparative figures in the text show correct rounded-off figures. However, this means that manual totalling and calculations of rounded-off figures are not always possible. In cases where rounded-off figures add up to zero, they are shown as zero in the tables, while a lack of figures is shown as an empty space.

ESSENTIAL ACCOUNTING PRINCIPLES

The essential accounting principles used in preparing the Year-end Report are the same as those used in preparing the financial statements for the year ending December 31, 2023.

CHANGES IN ACCOUNTING PRINCIPLES

Changes in accounting principles that came into effect on January 1, 2024 have not had a significant impact on the Group's financial position, earnings, cash flows or disclosures.

PUBLISHED ACCOUNTING STANDARDS NOT YET APPLIED

The International Accounting Standards Board (IASB) has published IFRS 18, “Presentation and disclosures in financial reports”, which has not yet been adopted by the Bank of Åland. The standard, which replaces IAS 1, will be applied starting on January 1, 2027 and primarily introduces new requirements for the structure of the income statement as well as disclosures concerning certain performance measures. The impact on the Group's financial reports is currently being evaluated.

The IASB has published amendments regarding the classification and measurement of financial instruments in IFRS 9 and IFRS 7. These amendments mainly provide guidance on assessing contractual cash flows in financial assets that include terms dependent on future events, as well as related disclosure requirements. The amendments will be applied starting on January 1, 2026. The impact on the Group's financial reports is currently being evaluated.

ESTIMATES AND JUDGEMENTS

Preparation of this Year-end Report in compliance with IFRS requires the Company's Executive Team to make assessments, estimates and assumptions that affect the application of accounting principles and the recognised amounts of assets and liabilities, income and expenses as well as disclosures about commitments. Although these estimates are based on the best knowledge of the Executive Team on current events and measures, the actual outcome may diverge from the estimates.

The substantial accounting assessments that have been made when applying the Group's accounting principles are primarily related to the application of the impairment model in compliance with IFRS 9 and accounting of financial instruments. The Bank of Åland employs expert adjustments to account for circumstances that are not fully captured by the risk models, and these can be made at both the exposure and portfolio levels. The expert adjustments to the credit loss reserves are expected to remain necessary and amounted to EUR 0.5 M (0.8 as of December 31, 2023). The process for estimating Stage 3 loan impairments has not changed and continues to follow the usual individual assessment procedure.

The Bank does not foresee any significant short- or medium-term escalation of credit risk in its lending operations due to developments in Ukraine. The Bank has no direct exposures to companies in Russia, Belarus or Ukraine, nor does the Bank finance customers that have any significant import or export ties with these countries. Like other banks, however, the Bank of Åland is exposed to events at the macroeconomic level and their impact on the real economy. Inflation pressures, rising interest rates/bond yields and falling share prices may affect the repayment capacity of customers and the value of pledged collateral.

As for the recognition of leases in compliance with IFRS 16, estimates have been made in establishing the leasing period and the choice of discount rate.

3. Segment report

The Bank of Åland Group reports operating segments in compliance with IFRS 8, which means that operating segments reflect the information that the Group's Executive Team receives.

“Private Banking” encompasses Private Banking operations in Åland, on the Finnish mainland and in Sweden as well as Asset Management (Ålandsbanken Fondbolag Ab and its wholly owned subsidiaries). “Premium Banking” encompasses operations in all customer segments excluding private banking in Åland, on the Finnish mainland, in Sweden and Asset Management. “IT” encompasses the subsidiary Crosskey Banking Solutions Ab Ltd and S-Crosskey Ab. “Corporate and Other” encompasses all central corporate units in the Group including Treasury and external partner collaboration.

Group	Jan-Dec 2024					Total
	Private Banking	Premium Banking	IT	Corporate and Other	Eliminations	
EUR M						
Net interest income	42.7	57.2	-0.2	4.5	0.0	104.1
Net commission income	53.4	16.7	-0.1	5.7	0.7	76.4
IT income			53.4	1.2	-19.5	35.1
Net income from financial items at fair value	0.2	0.1	-0.1	-0.8	0.0	-0.6
Other income	0.0	0.0	1.3	1.6	-1.6	1.3
Total income	96.3	74.0	54.3	12.2	-20.4	216.4
Staff costs	-21.7	-7.6	-30.1	-28.5	0.0	-87.9
Other expenses	-13.0	-4.9	-19.6	-26.7	17.1	-47.1
Statutory fees				0.0		0.0
Depreciation/amortisation	-0.4	-0.1	-4.0	-10.5	2.7	-12.3
Internal allocation of expenses	-26.6	-26.7	0.0	53.3	0.0	0.0
Total expenses	-61.7	-39.3	-53.7	-12.4	19.8	-147.3
Profit before impairment losses	34.5	34.7	0.7	-0.3	-0.6	69.0
Impairment losses on financial assets, net	-1.3	-2.6	0.0	-0.1	0.0	-4.0
Net operating profit	33.3	32.1	0.7	-0.4	-0.6	65.0
Income taxes	-6.8	-6.6	0.0	0.6	0.0	-12.8
Profit for the year attributable to shareholders in Bank of Åland Plc	26.4	25.5	0.7	0.2	-0.6	52.3
Business volume						
Lending to the public	1,625	1,956		-3	-3	3,576
Deposits from the public	1,540	1,937		56	-12	3,521
Actively managed assets	9,755	849		12		10,616
Managed mortgage loans				3,080		3,080
Risk exposure amount	675	542	75	351		1,643
Equity capital	108	93	31	104		336
Financial ratios etc.						
Return on equity after taxes, % (ROE)	26.9	31.3	2.5	0.3		17.9
Expense/income ratio	0.64	0.53	0.99	1.02		0.68

Group	Jan-Dec 2023					
EUR M	Private Banking	Premium Banking	IT	Corporate and Other	Eliminations	Total
Net interest income	45.2	48.7	-0.1	5.8	0.0	99.7
Net commission income	54.2	17.0	-0.1	5.2	0.6	77.0
IT income			47.0	1.1	-19.4	28.6
Net income from financial items at fair value	0.1	0.0	-0.1	-2.8	0.0	-3.0
Other income	0.1	0.0	1.2	0.1	-1.5	0.0
Total income	99.5	65.7	48.0	9.4	-20.4	202.3
Staff costs	-20.2	-7.0	-26.3	-27.8	0.0	-81.3
Other expenses	-12.9	-4.3	-16.9	-24.7	17.1	-41.6
Statutory fees	-1.4	-1.6		-0.2		-3.2
Depreciation/amortisation	-0.3	-0.2	-3.8	-10.7	2.7	-12.2
Internal allocation of expenses	-25.8	-24.0		49.8		0.0
Total expenses	-60.6	-37.0	-47.0	-13.6	19.9	-138.4
Profit before impairment losses	38.9	28.8	1.0	-4.2	-0.5	63.9
Impairment losses on financial assets, net	0.1	-2.2		-0.1		-2.2
Net operating profit	39.0	26.6	1.0	-4.3	-0.5	61.7
Income taxes	-8.0	-5.4	-0.1	0.5		-13.1
Profit for the year attributable to shareholders in Bank of Åland Plc	31.0	21.1	0.9	-3.9	-0.5	48.7
Business volume						
Lending to the public	1,750	1,984		127	-2	3,859
Deposits from the public	1,557	1,995		54	-11	3,595
Actively managed assets	9,038	727		11		9,776
Managed mortgage loans				2,716		2,716
Risk exposure amount	728	542	75	428		1,774
Equity capital	113	89	30	102		335
Financial ratios etc.						
Return on equity after taxes, % (ROE)	30.0	26.9	3.4	-5.2		17.2
Expense/income ratio	0.61	0.56	0.98	1.45		0.68

4. Changes in Group structure

There were no changes during January-December 2024 to report.

5. Net interest income

Group	Q4 2024	Q3 2024	%	Q4 2023	%	Jan-Dec 2024	Jan-Dec 2023	%
EUR M								
Total interest income	45.9	49.1	-6	54.3	-15	203.5	195.1	4
<i>of which interest income according to the effective interest method</i>	45.8	49.0	-7	54.2	-16	203.0	194.4	4
Total interest expenses	20.7	22.8	-9	26.5	-22	99.4	95.4	4
<i>of which interest expenses according to the effective interest method</i>	20.5	22.8	-10	26.4	-22	99.1	95.0	4
Net interest income	25.2	26.2	-4	27.8	-9	104.1	99.7	5
Interest margin, per cent	2.08	2.17		2.09		2.06	1.80	
Investment margin, per cent	2.05	2.19		2.11		2.07	1.77	

Interest margin is interest on interest-bearing assets divided by the average balance of assets minus interest on interest-bearing liabilities divided by the average balance of liabilities. Average balance is calculated as the average of end-of-month figures for the period in question plus the opening balance for the period.

Investment margin is net interest income divided by the average balance sheet total.

6. Net commission income

Group	Q4 2024	Q3 2024	%	Q4 2023	%	Jan-Dec 2024	Jan-Dec 2023	%
EUR M								
Banking commissions	3.1	2.8	9	3.1	0	11.6	11.9	-2
Asset management commissions	15.4	14.8	4	18.3	-16	60.0	60.8	-1
Other commissions	1.3	1.2	7	1.2	10	4.8	4.3	13
Net commission income	19.9	18.9	5	22.6	-12	76.4	77.0	-1

7. Net income from financial items at fair value

Group	Q4 2024	Q3 2024	% Q4 2023	% Jan-Dec 2024	Jan-Dec 2023	%
EUR M						
Valuation category fair value via the income statement ("profit and loss")						
Shares	0.0	0.0	0.0	33		
Derivatives	0.0	0.0	0.0		0.0	0.0
Other financial items	-1.1	0.0	-3.2	-65	-1.3	-3.0
Total, valuation category fair value via the income statement ("profit and loss")	-1.1	0.0	-3.2	-66	-1.3	-3.0
Valuation category fair value via other comprehensive income						
Realised changes in value	0.0	0.4	-89		1.1	0.2
Expected loan losses	0.0	0.0	0.0		0.0	0.0
Total, valuation category fair value via other comprehensive income	0.1	0.4	-86	0.0	1.1	0.2
Hedge accounting						
<i>of which hedging instruments</i>	-0.3	5.4	2.5		1.7	11.9
<i>of which hedged item</i>	0.4	-5.2	-2.8		-1.1	-9.9
Hedge accounting	0.1	0.1	0	-0.2	0.6	2.0
Valuation category accrued cost						
Loans	0.0	0.0	0.0		-0.7	-1.5
Debt securities	0.0		0.1		0.0	0.1
Total, valuation category accrued cost	0.0	0.0	0.1		-0.7	-1.4
Foreign currency revaluation	0.0	-0.1	-0.2		-0.3	-0.7
Total	-0.9	0.4	-3.5	-73	-0.6	-3.0

8. Net impairment losses on financial assets

Group	Q4 2024	Q3 2024	% Q4 2023	% Jan-Dec 2024	Jan-Dec 2023	%
EUR M						
Impairment losses, Stage 1	0.0	0.0	0.0	-27	0.0	0.1
Impairment losses, Stage 2	0.3	-0.2	0.3	-27	-0.5	0.6
Net impairment losses, Stages 1-2	0.2	-0.2	0.3	-27	-0.5	0.8
Impairment losses, Stage 3						
New and increased individual provisions	1.9	2.4	-18	0.9	8.5	5.5
Recovered from previous provisions	-0.8	-1.4	-43	-1.3	-4.2	-4.2
Utilised for actual loan losses	-5.7	-5.0	13	-1.4	-11.1	-1.8
Actual loan losses	5.9	5.1	17	1.6	11.6	2.2
Recoveries of actual loan losses	-0.1	0.0	15	0.0	-0.2	-0.2
Net impairment losses, Stage 3	1.3	0.9	43	-0.2	4.6	1.4
Total impairment losses	1.5	0.8	0.1	4.0	2.2	86
<i>of which lending to the public</i>	<i>1.6</i>	<i>0.7</i>	<i>0.2</i>	<i>3.8</i>	<i>2.1</i>	<i>82</i>
<i>of which off-balance sheet commitments</i>	<i>0.0</i>	<i>-0.1</i>	<i>-22</i>	<i>0.0</i>	<i>0.1</i>	<i>34</i>
<i>of which debt securities at amortised cost</i>	<i>0.0</i>	<i>0.1</i>	<i>0.0</i>	<i>25</i>	<i>0.1</i>	<i>0.0</i>
Loan loss level, lending to the public, %	0.18	0.08	0.02	0.10	0.05	

9. Lending to the public by purpose

Group	Dec 31, 2024			Dec 31, 2023		%
EUR M	Lending before provisions	Provisions	Lending after provisions	Lending after provisions		
Private individuals						
Home loans	1,910	-2	1,907	2,102		-9
Securities and other investments	316	0	316	340		-7
Business operations	62	-1	60	76		-21
Other household purposes	331	-5	326	345		-5
Total, private individuals	2,618	-9	2,609	2,863		-9
Companies						
Shipping	16	0	16	20		-19
Wholesale and retail trade	38	0	38	36		5
Housing operations	227	0	227	210		8
Other real estate operations	225	0	225	203		10
Financial and insurance operations	211	0	211	228		-8
Hotel and restaurant operations	29	0	29	31		-6
Agriculture, forestry and fishing	11	0	11	15		-30
Construction	23	0	23	56		-59
Other industri and crafts	46	-1	46	38		20
Other service operations	108	-1	107	129		-17
Total, companies	935	-3	932	967		-4
Public sector and non-profit organisations	35	0	35	29		17
Total, public sector and non-profit organisations	35	0	35	29		17
Total	3,588	-13	3,576	3,859		-7

10. Lending to the public by stage

Group	Jan 1, 2024 - Dec 31, 2024				Jan 1, 2023 - Dec 31, 2023
	Stage 1	Stage 2	Stage 3	Total	Total
EUR M					
Carrying amount, gross					
Opening balance, January 1	3,583.0	233.7	62.6	3,879.2	4,323.0
Closing balance, December 31	3,265.3	264.4	58.4	3,588.1	3,879.2
Provisions for expected losses					
Opening balance, January 1	0.6	1.9	17.7	20.2	20.0
Increases due to issuances and acquisitions	0.3	0.0	0.2	0.4	0.4
Decrease due to write-offs	-0.1	-0.4	-6.4	-7.0	-3.6
Transfer to Stage 1	0.6	-0.6	0.0	0.0	0.0
Transfer to Stage 2	-0.7	1.8	-1.1	0.0	0.0
Transfer to Stage 3	-0.1	-0.5	0.5	0.0	0.0
Net changes due to changed credit risk	0.0	-0.9	-0.1	-1.0	2.9
Net changes due to changed estimation method	0.0	0.0	0.0	0.0	0.5
Exchange rate differences and other adjustments	0.0	0.0	-0.1	-0.2	0.0
Closing balance, December 31	0.5	1.4	10.6	12.5	20.2
Carrying amount, net					
Opening balance, January 1	3,582.4	231.8	44.9	3,859.1	4,303.0
Closing balance, December 31	3,264.7	263.0	47.9	3,575.6	3,859.1
Impairment losses, IFRS 9 - Financial ratios				Dec 31, 2024	Dec 31, 2023
Total provision ratio, lending to the public, %				0.35	0.52
Provision ratio, Stage 1, lending to the public, %				0.02	0.02
Provision ratio, Stage 2, lending to the public, %				0.52	0.80
Provision ratio, Stage 3, lending to the public, %				18.11	28.22
Share of lending to the public in Stage 3, %				1.63	1.61

11. Debt securities issued

Group	Dec 31, 2024	Dec 31, 2023	%
EUR M			
Certificates of deposit	256	265	-4
Covered bonds	556	552	1
Total	812	817	-1

12. Derivative instruments

Group	Dec 31, 2024						Dec 31, 2023		
	Nominal amount/maturity			Nominal amount	Positive market values	Negative market values	Nominal amount	Positive market values	Negative market values
EUR M	Under 1yr	1-5 yrs	over 5 yrs						
Derivatives for trading									
Interest-related contracts									
Interest rate swaps	0	0	6	6	0	1	6	0	0
Currency-related contracts									
Currency forward contracts	618	0	0	618	2	2	488	8	8
Total	618	0	6	624	3	2	494	9	9
Derivatives for fair value hedge									
Interest-related contracts									
Interest rate swaps	29	648	28	705	16	2	712	19	7
Total	29	648	28	705	16	2	712	19	7
Derivatives for cash flow hedge									
Interest-related contracts									
Interest rate swaps	490	280	0	770	3	0	0	0	0
Total	490	280	0	770	3	0	0	0	0
Total derivative instruments	1,137	928	34	2,099	21	4	1,207	27	15
<i>of which cleared</i>	<i>519</i>	<i>928</i>	<i>31</i>	<i>1478</i>	<i>19</i>	<i>2</i>	<i>715</i>	<i>19</i>	<i>7</i>

13. Financial instruments measured at fair value

Group		Dec 31, 2024		
EUR M	Instruments with quoted prices (Level 1)	Measurement techniques based on observable market data (Level 2)	Measurement techniques based on non-observable market data (Level 3)	Total
Debt securities	502	10		511
Lending to the public		168		168
Shares and participations	1		35	37
Derivative instruments		21		21
Other assets			5	5
Total financial assets	503	199	40	742
Debt securities issued		556		556
Derivative instruments		4		4
Total financial liabilities	0	561	0	561

Group		Dec 31, 2023		
EUR M	Instruments with quoted prices (Level 1)	Measurement techniques based on observable market data (Level 2)	Measurement techniques based on non-observable market data (Level 3)	Total
Debt securities	498			498
Lending to the public		184		184
Shares and participations	1		39	40
Derivative instruments		27		27
Other assets			9	9
Total financial assets	500	212	48	759
Debt securities issued		552		552
Derivative instruments		15		15
Total financial liabilities	0	567	0	567

Changes in Level 3 holdings		Jan-Dec 2024	Jan-Dec 2023
EUR M		Shares and participations	Shares and participations
Carrying amount on January 1		38.9	47.6
New purchases/reclassifications		9.3	1.8
Change in value recognised in "Other comprehensive income"		-12.7	-10.6
Carrying amount at end of period		35.4	38.9

Financial instruments for which there is price information that is easily available and that represent actual and frequently occurring transactions are measured at current market price. For financial assets, the current purchase price is used. For financial liabilities, the current sale price is used. The current market price of groups of financial instruments that are managed on the basis of the Bank's net exposure to market risk equals the current market price that would be received or paid if the net position were divested.

In the case of financial assets for which reliable market price information is not available, fair value is determined with the help of measurement models. Such models may, for example, be based on price comparisons, present value estimates or option valuation theory, depending on the nature of the instrument. The models use incoming data in the form of market prices and other variables that are deemed to influence pricing. The models and incoming data on which the measurements are based are validated regularly to ensure that they are consistent with market practices and generally accepted financial theory.

The measurement hierarchy

Financial instruments that are measured according to quoted prices in an active market for identical assets/liabilities are categorised as Level 1. Financial instruments that are measured using measurement models that are, in all essential respects, based on market data are categorised as Level 2. Financial instruments that are measured with the help of models based on incoming data that cannot be verified with external market information are categorised in Level 3. These holdings essentially consist of unlisted shares related to strategic shareholdings. In order to estimate the non-observable price, different methods are used depending on the type of data available. The primary method is based on the Bank's portion of the net asset value of the company, or based on completed transactions, for example in the form of new share issues, or prices of similar listed shares. If liquid price quotations are not available for shares at this level, the valuation is determined using significant input from the Bank of Åland's own internal assumptions. Unlisted shares are valued at fair value in "Other comprehensive income".

In the above tables, financial instruments measured at fair value have been classified with regard to how they have been measured and the degree of market data used in this measurement on closing day. If the classification on closing day has changed, compared to the classification at the end of the previous year, the instrument has been moved between the levels in the table. During the period, no instruments were moved between Levels 1 and 2. Changes in Level 3 are presented in a separate table above.

14. Off-balance sheet commitments

Group	Dec 31, 2024	Dec 31, 2023	%
EUR M			
Guarantees	18	21	-17
Unutilised overdraft limits	346	359	-4
Unutilised credit card limits	85	93	-8
Lines of credit	68	350	-80
Other commitments	5	16	-69
Total	522	838	-38
Provision for off-balance sheet commitments	0	0	

15. Assets pledged

Group	Dec 31, 2024	Dec 31, 2023	%
EUR M			
Lending to credit institutions	3	10	-75
Debt securities	31	106	-70
Loan receivables constituting collateral (cover pool) for covered bonds	1,000	1,180	-15
Other assets pledged	4	4	4
Total	1,038	1,300	-20

16. Offsetting of financial assets and liabilities

Group	Assets			Liabilities		
	Dec 31, 2024	Dec 31, 2023	%	Dec 31, 2024	Dec 31, 2023	%
EUR M						
Financial assets and liabilities covered by offsetting, netting or similar agreements						
Gross amount	21	27	-21	28	48	-42
Offset amount						
Total	21	27	-21	28	48	-42
Related amounts not offset						
Financial instruments, netting agreements	-3	-8	-58	-3	-8	-58
Financial instruments, collateral				-23	-32	-27
Cash, collateral	0	-7	-100	-1	-1	31
Total amounts not offset	-3	-15	-79	-27	-40	-33
Net amount	18	12	48	1	8	-89

The table above report financial instruments that were offset in the balance sheet in compliance with IAS 32 and those that were covered by legally binding master netting agreements or similar agreements not qualified for netting. The financial instruments consisted of derivatives, repurchase agreements (repos) and reverse repos, securities deposits and securities loans. Collateral consisted of financial instruments or cash received or paid for transactions covered by legally binding netting agreements or similar agreements that allow netting of obligations to counterparties in case of default. The value of the collateral was limited to the related amount recognised in the balance sheet, so the excess value of collateral is not included. Amounts not offset in the balance sheet are presented as a reduction in the carrying amount of financial assets or liabilities in order to recognise the net exposure of the asset and liability.

17. Capital adequacy

Group	Dec 31, 2024	Dec 31, 2023	%
EUR M			
Equity capital	306.5	305.9	0
Foreseeable dividend	-42.3	-40.6	4
Common equity Tier 1 capital before deductions	264.3	265.3	0
Intangible assets	-15.6	-14.0	11
Non-controlling interests	0.0	0.0	-13
Cash flow hedge	-0.8		
Net other items	0.0	-0.1	-46
Further adjustments in value	-0.6	-0.6	0
Expected losses according to IRB approach beyond recognised losses (deficit)	-9.5	-7.8	22
Common equity Tier 1 capital	237.7	242.8	-2
Tier 1 capital instruments	29.4	29.4	0
Additional Tier 1 capital	29.4	29.4	0
Tier 1 capital	267.1	272.2	-2
Supplementary capital instruments	30.5	31.5	-3
Supplementary capital	30.5	31.5	-3
Total capital base (own funds)	297.6	303.7	-2
Capital requirement for credit risk according to the IRB approach	37.7	38.0	-1
Additional capital requirement, IRB approach	13.6	13.8	-1
Capital requirement for credit risk according to standardised approach	56.4	65.1	-13
Capital requirement for market risk	0.0	3.6	-100
Capital requirement for credit-worthiness adjustment risk	0.1	0.1	-27
Capital requirement for operational risk	23.7	21.3	11
Capital requirement	131.4	141.9	-7
Capital ratios			
Common equity Tier 1 capital ratio, %	14.5	13.7	
Tier 1 capital ratio, %	16.3	15.3	
Total capital ratio, %	18.1	17.1	
Risk exposure amount	1,643	1,774	-7
<i>of which % comprising credit risk</i>	<i>82</i>	<i>82</i>	
<i>of which % comprising market risk</i>	<i>0</i>	<i>3</i>	
<i>of which % comprising credit-worthiness adjustment risk</i>	<i>0</i>	<i>0</i>	
<i>of which % comprising operational risk</i>	<i>18</i>	<i>15</i>	

Requirements related to capital buffers, %	Dec 31, 2024	Dec 31, 2023
Total common equity Tier 1 capital requirements including buffer requirements	9.3	8.5
<i>of which common equity Pillar 1 capital requirement</i>	4.5	4.5
<i>of which common equity Pillar 2 capital requirement</i>	0.6	0.6
<i>of which capital conservation buffer requirement</i>	2.5	2.5
<i>of which countercyclical capital buffer requirement</i>	0.8	0.9
<i>of which systemic risk buffer requirement</i>	1.0	0.0
Common equity Tier 1 capital available to be used as a buffer	14.5	13.7

Exposure class	Dec 31, 2024				
EUR M	Gross exposure	Exposure at default	Risk weight %	Risk exposure amount	Capital requirement
Credit risk according to the IRB approach					
Without own LGD estimates					
Corporate, other large companies	198.5	172.0	57	97.9	7.8
Corporate, small and medium sized companies	285.0	258.1	51	131.1	10.5
Corporate, special lending	0.0	0.0	0	0.0	0.0
Using own LGD estimates					
Retail with property as collateral (not small- and medium-sized companies)	1,817.3	1,805.2	10	174.5	14.0
Retail with property as collateral (small and medium-sized companies)	122.8	119.2	23	26.9	2.2
Retail, other (small and medium-sized companies)	32.6	32.0	19	6.2	0.5
Retail, other (not small- and medium-sized companies)	330.6	268.9	13	34.1	2.7
Total exposures according to IRB approach	2,786.9	2,655.4	18	470.7	37.7
Credit risk according to standardised approach					
Central government and central banks	310.1	387.3	0	0.0	0.0
Regional governments or local authorities	60.4	100.9	0	0.0	0.0
Public sector entities	28.2	28.2	0	0.0	0.0
Multilateral development banks	81.6	87.7	1	1.0	0.1
International organisations	4.0	4.0	0	0.0	0.0
Institutions	183.3	148.2	26	37.8	3.0
Corporates	580.9	230.7	90	207.2	16.6
Retail	247.5	77.2	73	56.2	4.5
Secured by mortgages on immovable property	518.1	518.0	32	165.9	13.3
Exposures in default	6.3	5.3	122	6.5	0.5
Covered bonds	546.5	546.5	10	56.7	4.5
Collective investment undertakings	1.2	1.2	139	1.7	0.1
Equity exposures	42.3	42.3	174	73.5	5.9
Other exposures	107.9	107.9	91	98.1	7.8
Total exposures according to standardised approach	2,718.5	2,285.4	31	704.7	56.4
Total risk exposure amount, credit risk	5,505.4	4,940.8	24	1,175.4	94.0

Exposure class	Dec 31, 2023				
EUR M	Gross exposure	Exposure at default	Risk weight %	Risk exposure amount	Capital requirement
Credit risk according to the IRB approach					
Without own LGD estimates					
Corporate, other large companies	188.4	171.4	54	92.9	7.4
Corporate, small and medium sized companies	294.0	259.6	50	129.0	10.3
Corporate, special lending	4.8	4.8	71	3.4	0.3
Using own LGD estimates					
Retail with property as collateral (not small- and medium-sized companies)	1,804.5	1,793.9	9	164.3	13.1
Retail with property as collateral (small and medium-sized companies)	122.6	120.0	21	25.0	2.0
Retail, other (small and medium-sized companies)	32.9	31.7	20	6.2	0.5
Retail, other (not small- and medium-sized companies)	355.4	297.4	18	53.8	4.3
Total exposures according to IRB approach	2,802.7	2,678.8	18	474.5	38.0
Credit risk according to standardised approach					
Central government and central banks	440.9	525.0	0	0.0	0.0
Regional governments or local authorities	79.1	115.8	0	0.0	0.0
Public sector entities	37.3	37.3	0	0.0	0.0
Multilateral development banks	52.5	59.8	2	1.0	0.1
International organisations	4.0	4.0	0	0.0	0.0
Institutions	222.1	170.9	25	42.6	3.4
Corporates	672.2	270.2	95	257.0	20.6
Retail	527.4	87.1	73	64.0	5.1
Secured by mortgages on immovable property	713.2	712.6	33	234.4	18.8
Exposures in default	12.1	5.0	141	7.0	0.6
Covered bonds	486.5	486.5	11	52.4	4.2
Collective investment undertakings	1.3	1.3	138	1.8	0.1
Equity exposures	45.0	45.0	167	75.0	6.0
Other exposures	141.9	141.9	56	79.0	6.3
Total exposures according to standardised approach	3,435.6	2,662.2	31	814.2	65.1
Total risk exposure amount, credit risk	6,238.3	5,341.0	24	1,288.7	103.1

Leverage ratio	Dec 31, 2024	Dec 31, 2023	%
EUR M			
Tier 1 capital	267.1	272.2	-2
Total exposure measure	5,032.8	5,431.8	-7
<i>of which balance sheet items</i>	4,952.5	5,310.0	-7
<i>of which off-balance sheet items</i>	80.4	121.8	-34
Leverage ratio, %	5.3	5.0	

The leverage ratio was calculated according to the situation at the end of the period. Tier 1 capital included profit for the period.

18. Share-related information

Group	Dec 31, 2024	Dec 31, 2023	%
thousands			
Number of Series A shares outstanding at beginning of period	6,476	6,476	
Number of Series B shares outstanding at beginning of period	8,832	8,778	1
Total shares outstanding at beginning of period	15,308	15,254	0
Number of Series B shares issued	59	54	9
Number of Series B shares bought back and nullified		0	-100
Total change in Series B shares	59	54	10
Number of Series A shares outstanding at end of period	6,476	6,476	
Number of Series B shares outstanding at end of period	8,891	8,832	1
Total shares outstanding at end of period	15,367	15,308	0
Total shares outstanding at end of period after dilution	15,492	15,415	0
Equity capital per share, EUR	19.95	19.98	0
Closing price per Series A share, EUR	35.00	31.20	12
Closing price per Series B share, EUR	33.10	31.00	7
Market capitalisation, EUR M	521	476	9
Market capitalisation/shareholders' portion of equity capital, %	170	156	

Group	Q4 2024	Q3 2024	%	Q4 2023	%	Jan-Dec 2024	Jan-Dec 2023	%
thousands								
Average number of shares outstanding	15,361	15,344	0	15,292	0	15,341	15,292	0
Average number of shares outstanding after dilution	15,429	15,402	0	15,342	1	15,429	15,342	1
Earnings per share, EUR	0.80	0.89	-10	1.05	-23	3.41	3.18	7
Earnings per share after dilution, EUR	0.80	0.89	-11	1.05	-24	3.39	3.17	7
Earnings per share, rolling 12 months, EUR	3.41	3.65	-7	3.18	7			

Definitions

ACTIVELY MANAGED ASSETS

Managed assets in the Bank's own mutual funds plus securities custodial accounts with discretionary and advisory asset management agreements and external funds with contractual earnings.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are financial metrics for the historical or future trend of earnings, financial position or cash flow that are not defined in the applicable International Financial Reporting Standards (IFRSs) or in the European Union's Capital Requirements Directive and Regulation (CRD/CRR).

The Bank of Åland uses alternative performance measures when they are relevant for monitoring and describing the Bank's financial situation, to facilitate comparability between periods and to provide further usable information to the users of its financial reports.

These metrics do not need to be comparable to similar performance measures that are presented by other companies

CAPITAL COVER RATIO

Own funds divided by risk exposure amount.

CO₂

Chemical designation for carbon dioxide.

CO₂e

Carbon dioxide equivalents, collective term for the environmental impact of the most common greenhouse gases recalculated into carbon dioxide.

COMMON EQUITY TIER 1 (CET1) CAPITAL

Equity capital excluding proposed dividend, deferred tax and intangible assets and certain other adjustments according to the European Union's Capital Requirements Regulation No. 575/2013 (CRR).

COMMON EQUITY TIER 1 CAPITAL RATIO, %

Common Equity Tier 1 (CET1) capital divided by risk exposure amount.

CUSTOMER SATISFACTION INDEX (CSI)

The customer survey includes various questions that summarise how satisfied customers are with the Bank of Åland's overall service offering. The score shows the overall ranking in the survey, with a low figure corresponding to higher customer satisfaction.

EARNINGS PER SHARE, EUR

Shareholders' portion of earnings for the period divided by the average number of shares.

EMPLOYEE COMMITMENT INDEX

A measure of employee motivation and loyalty at the Bank of Åland. Calculated on the basis of nine standard categories from our measurement tool that describe what employees need in order to remain committed and motivated.

EQUITY CAPITAL PER SHARE, EUR

Shareholders' portion of equity capital divided by the number of shares on closing day.

EXPENSE/INCOME RATIO

Total expenses divided by total income.

GROSS SHARE OF LOANS IN STAGE 3

Gross loans in Stage 3 as a percentage of the carrying amount of lending to the public before provisions for impairment losses.

LEADERSHIP INDEX

A measure of employees' perception of leadership at the Bank of Åland. Calculated on the basis of questions about trust, cooperation, communication, feedback and support.

LEVEL OF PROVISIONS FOR LENDING TO THE PUBLIC IN STAGE 3

Provisions for impairment losses in Stage 3 as a percentage of gross lending to the public in Stage 3.

LEVERAGE RATIO

The ratio of Tier 1 capital to the balance sheet total plus certain off-balance sheet items recalculated using conversion factors defined in the standardised approach.

LIQUIDITY COVERAGE RATIO (LCR), %

High-quality liquid assets as a percentage of estimated net liquidity outflow during a 30-day period.

LOAN/DEPOSIT RATIO

Lending to the public divided by deposits from the public.

LOAN LOSS LEVEL

Net impairment losses on net financial assets in lending to the public divided by lending to the public at the beginning of the period.

MANAGED MORTGAGE LOANS

Total mortgage loan volume in Borgo AB (publ) that the Bank of Åland manages through various services.

MARKET CAPITALISATION/SHAREHOLDERS' PORTION OF EQUITY, %

Share price at the end of the reporting period as a percentage of shareholders' portion of equity capital on closing day.

NET PROMOTER SCORE (NPS)

The propensity to recommend the Bank of Åland. Calculated on a scale from 0-10 where the proportion of negative responses (0-6) is subtracted from the proportion of positive responses (9-10).

NET STABLE FUNDING RATIO (NSFR)

Available stable funding as a percentage of necessary stable funding.

OWN FUNDS (REPLACES CAPITAL BASE CONCEPT)

Total of Tier 1 capital and Tier 2 (supplementary) capital.

RETURN ON EQUITY AFTER TAXES (ROE), %

Profit for the report period attributable to shareholders divided by average shareholder's portion of equity capital.

RISK EXPOSURE AMOUNT

Assets and off-balance sheet commitments, risk-weighted according to capital adequacy regulations for credit risk and market risk. Operational risks are calculated and expressed as risk exposure.

TIER 1 CAPITAL

Common equity Tier 1 (CET1) capital including certain loss-absorbing subordinated debentures ("additional Tier 1 capital").

TIER 2 (SUPPLEMENTARY) CAPITAL

Mainly subordinated debentures that do not meet requirements to be included as additional Tier 1 capital.

¹ Average of 13 end-of-month figures.