

Interim Report

For the period January–September 2024 • October 24, 2024



“We are reporting our best nine-month operating profit ever, at EUR 49.8 million (41.5), which generated a return on equity after taxes of 18.4 per cent (15.7).”

“It has been nearly a year since market interest rates reached their highest levels, and we can see that declining market interest rates are negatively impacting net interest income. However, because of rising activity levels within our financial investment operations and our IT operations, net commission income and IT income during the quarter together rose more than the decline in net interest income. Our core income in the form of net interest income, net commission income and IT income thus increased by EUR 0.6 M or 1 per cent compared to the same quarter of 2023, reaching EUR 52.7 M (52.1).”

“Hopefully, falling market interest rates will lead to a continued surge in activity levels in our society.”

Peter Wiklöf, Managing Director and Chief Executive

January-September 2024

Compared to January-September 2023

- Net operating profit increased by 20 per cent to EUR 49.8 M (41.5).
- Core income in the form of net interest income, net commission income and IT income increased by 10 per cent to EUR 161.1 M (146.4).
- Other income increased to EUR 1.1 M (0.3).
- Total expenses increased by 7 per cent to EUR 110.0 M (103.1).
- Net impairment losses on financial assets (including recoveries) totalled EUR 2.5 M (2.0), equivalent to a loan loss level of 0.08 per cent (0.06).
- Return on equity after taxes (ROE) increased to 18.4 per cent (15.7).
- Earnings per share increased by 22 per cent to EUR 2.60 (2.13).
- The common equity Tier 1 capital ratio increased to 14.0 per cent (13.7 on December 31, 2023).
- Unchanged future outlook: The Bank of Åland expects its net operating profit in 2024 to be about the same as in 2023.

The third quarter of 2024

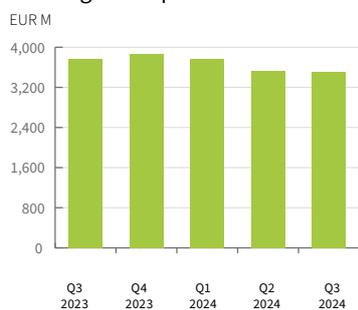
Compared to third quarter of 2023

- Net operating profit decreased by 9 per cent to EUR 17.3 M (19.1).
- Core income in the form of net interest income, net commission income and IT income increased by 1 per cent to EUR 52.7 M (52.1).
- Other income increased to EUR 0.4 M (–0.9).
- Total expenses increased by 11 per cent to EUR 35.1 M (31.5).
- Net impairment losses on financial assets (including recoveries) totalled EUR 0.8 M (0.7), equivalent to a loan loss level of 0.08 per cent (0.06).
- Return on equity after taxes (ROE) decreased to 19.0 per cent (21.5).
- Earnings per share decreased by 9 per cent to EUR 0.89 (0.99).

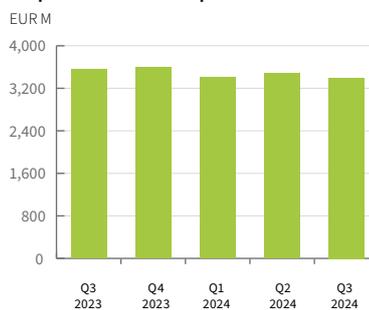
Financial summary

Group	Q3 2024	Q2 2024	%	Q3 2023	%	Jan-Sep 2024	Jan-Sep 2023	%
EUR M								
Income								
Net interest income	26.2	26.4	-1	27.9	-6	78.9	71.8	10
Net commission income	18.9	19.4	-3	17.8	6	56.5	54.3	4
IT income	7.6	9.7	-22	6.4	18	25.6	20.2	27
Other income	0.4	-0.1		-0.9		1.1	0.3	
Total income	53.1	55.3	-4	51.2	4	162.2	146.6	11
Total expenses								
Staff costs	-21.3	-22.8	-6	-19.4	10	-65.7	-60.4	9
Other expenses	-10.8	-12.5	-14	-8.9	20	-34.8	-30.4	14
Statutory fees							-3.2	-100
Depreciation/amortisation	-3.0	-3.3	-8	-3.1	-3	-9.5	-9.0	5
Total expenses	-35.1	-38.5	-9	-31.5	11	-110.0	-103.1	7
Profit before impairment losses	18.0	16.8	7	19.8	-9	52.2	43.5	20
Impairment losses on financial assets, net	-0.8	-1.2	-36	-0.7	8	-2.5	-2.0	23
Net operating profit	17.3	15.6	11	19.1	-9	49.8	41.5	20
Income taxes	-3.5	-3.1	16	-4.0	-10	-9.9	-8.9	11
Profit for the period	13.7	12.6	9	15.1	-9	39.9	32.6	22
Attributable to:								
Shareholders in Bank of Åland Plc	13.7	12.6	9	15.1	-9	39.9	32.6	22
Volume								
Lending to the public	3,514	3,530	-0	3,777	-7			
Deposits from the public	3,396	3,475	-2	3,553	-4			
Actively managed assets	10,654	10,343	3	8,982	19			
Managed mortgage loans	3,060	2,952	4	2,600	18			
Equity capital	325	311	5	318	2			
Balance sheet total	4,789	4,782	0	5,197	-8			
Risk exposure amount	1,693	1,681	1	1,741	-3			

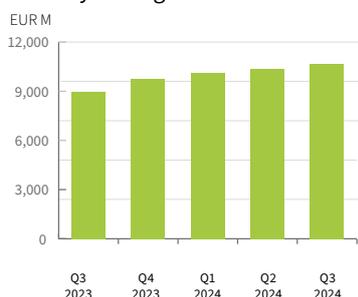
Lending to the public



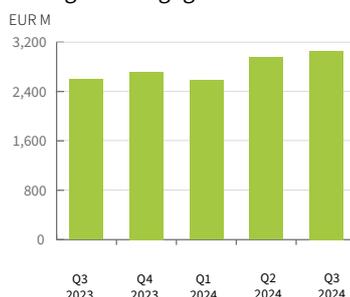
Deposits from the public



Actively managed assets



Managed mortgage loans



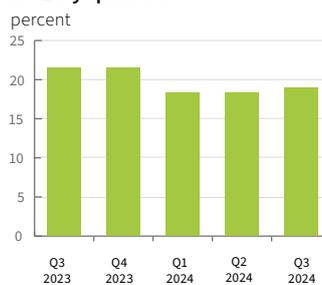
Financial ratios

Group	Q3 2024	Q2 2024	% Q3 2023		% Jan-Sep 2024		Jan-Sep 2023	%
Profitability								
Return on equity after taxes, % (ROE)	19.0	18.3	21.5		18.4		15.7	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	19.3	20.0	14.7					
Capital strength								
Common equity Tier 1 capital ratio, %	14.0	14.0	14.0					
Common equity Tier 1 capital ratio, surplus compared to minimum requirement, %	4.7	4.7	5.5					
Leverage ratio, %	5.5	5.4	5.1					
Liquidity and funding								
Liquidity coverage ratio (LCR), %	170	157	156					
Net stable funding ratio (NSFR), %	121	122	110					
Lending/deposit ratio, %	103	102	106					
Credit quality								
Loan loss level, %	0.08	0.11	0.06		0.08		0.06	
Gross share of loans in Stage 3, %	2.01	1.89	1.58					
Employees								
Working hours re-calculated to full-time equivalent positions	1,015	972	4	935	9	968	903	7
Employee commitment index ¹	7.5	7.5	7.3		7.5		7.3	
Leadership index ²	8.0	8.0	7.9		7.9		7.8	
Customers								
Customer Satisfaction Index (CSI) ³	92	92	96		92		96	
Net Promoter Score (NPS) ⁴	56	56	58		56		58	
Climate								
CO ₂ e emissions per EUR M of income (tonnes/EUR M)	40.7	44.9	-9	23.8	71	46.9	22.1	
Data on Bank of Åland shares								
Earnings per share, EUR	0.89	0.82	9	0.99	-9	2.60	2.13	22
Earnings per share, EUR, moving 12-month average to end of report period	3.65	3.75	-2	2.69	36			
Equity capital per share, EUR	19.29	18.36	5	18.87	2			

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 The Bank of Åland has created its own index, in which the highest score in the customer survey is 100 and the lowest score is 0. The customer survey includes a number of questions that summarise how satisfied customers are with the Bank's overall service offering. 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 100. Customer surveys are conducted once a year, during the second half.

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

Inflation is now regarded as defeated after a two-year battle. Meanwhile the economy needs support to achieve an upturn. Interest rate cuts of 25 basis points during the second quarter of 2024 by the European Central Bank and Sweden's Riksbank were consequently followed by new rate cuts of 25 bps by both of these central banks during the third quarter. Financial markets expect further interest rate cuts.

The level of global geopolitical turmoil remains high.

BENCHMARK INTEREST RATES, QUARTERLY AVERAGES, PER CENT

	Q3 2024	Q2 2024	Q3 2023
Euribor 3 mo	3.56	3.81	3.78
Euribor 12 mo	3.21	3.68	4.12
Stibor 3 mo	3.45	3.83	3.99

During the first nine months of 2024, share prices according to the Nasdaq Helsinki stock exchange's OMXHPI index rose by 2 per cent, while the Nasdaq Stockholm stock exchange's OMXSPI index gained 13 per cent.

During the first nine months of this year, the average value of the Swedish krona (SEK) in relation to the euro (EUR) was nearly 1 per cent higher than during the corresponding period of 2023. On September 30, 2024, the exchange rate was 2 per cent lower 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

The previously announced 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.

The Bank of Åland's 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.

During the first quarter of 2024, the Bank of Åland issued 21,809 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.

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.

EARNINGS FOR JANUARY–SEPTEMBER 2024

Net operating profit increased by EUR 8.2 M or 20 per cent to EUR 49.8 M (41.5). This was the highest nine-month operating profit in the Bank of Åland's history.

Profit for the period attributable to shareholders increased by EUR 7.3 M or 22 per cent to EUR 39.9 M (32.6).

Return on equity after taxes (ROE) increased to 18.4 (15.7) per cent.

Core income in the form of net interest income, net commission income and IT income increased by EUR 14.7 M or 10 per cent to EUR 161.1 M (146.4).

Net interest income rose by EUR 7.1 M or 10 per cent to EUR 78.9 M (71.8). A wider interest margin was the main explanation.

Net commission income rose by EUR 2.2 M or 4 per cent thanks to higher securities brokerage commissions and amounted to EUR 56.5 M (54.3).

Information Technology (IT) income rose by EUR 5.5 M or 27 per cent to EUR 25.6 M (20.2). The increase was mainly due to higher project income.

Other income, including net income on financial items, increased by EUR 0.9 M to EUR 1.1 M (0.3).

Total expenses increased by EUR 6.9 M or 7 per cent and amounted to EUR 110.0 M (103.1). 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 2.5 M (2.0), equivalent to a loan loss level of 0.08 (0.06) per cent.

Tax expenses amounted to EUR 9.9 M (8.9), equivalent to an effective tax rate of 19.8 (21.5) per cent.

EARNINGS FOR THE THIRD QUARTER OF 2024

Net operating profit decreased by EUR 1.8 M or 920 per cent to EUR 17.3 M (19.1).

Profit for the period attributable to shareholders decreased by EUR 1.4 M or 9 per cent to EUR 13.7 M (15.1).

Return on equity after taxes (ROE) decreased to 19.0 (21.5) per cent.

Core income in the form of net interest income, net commission income and IT income increased by EUR 0.6 M or 1 per cent to EUR 52.7 M (52.1).

Net interest income fell by EUR 1.6 M or 6 per cent to EUR 26.2 M (27.9). Lower volume was the explanation.

Net commission income rose by EUR 1.1 M or 6 per cent thanks to higher securities brokerage commissions and amounted to EUR 18.9 M (17.8).

IT income rose by EUR 1.2 M or 18 per cent to EUR 7.6 M (6.4). The increase was mainly due to higher project income.

Other income, including net income on financial items, increased by EUR 1.3 M to EUR 0.4 M (-0.9).

Total expenses increased by EUR 3.6 M or 11 per cent, primarily due to higher staff costs and IT expenses, and amounted to EUR 35.1 M (31.5).

Net impairment losses on financial assets amounted to EUR 0.8 M (0.7), equivalent to a loan loss level of 0.08 (0.06) per cent.

Tax expenses amounted to EUR 3.5 M (4.0), equivalent to an effective tax rate of 20.5 (20.7) per cent.

OPERATING SEGMENTS

The Group's increase of EUR 8.2 M in net operating profit to EUR 49.8 M was allocated as follows:

- Private Banking +0.6 (higher income)
- Premium Banking +7.9 (higher net interest income)
- IT 0.0
- Corporate Units -0.3 (lower income)
- & Eliminations

BUSINESS VOLUME

Actively managed assets on behalf of customers increased by EUR 878 M or 9 per cent compared to year-end 2023 and amounted to EUR 10,654 M (9,776). This was the Bank's highest-ever level.

Deposits from the public decreased by EUR 199 M or 6 per cent compared to year-end 2023 and amounted to EUR 3,396 M (3,595).

Lending to the public decreased by EUR 345 M or 9 per cent compared to year-end 2023 and totalled EUR 3,514 M (3,859).

Managed mortgage loans increased by EUR 344 M or 13 per cent compared to year-end 2023 and totalled EUR 3,060 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 16.9 M in impairment loss provisions on September 30, 2024 (20.2 on December 31, 2023), of which EUR 0.5 M (0.6) in Stage 1, EUR 1.1 M (1.9) in Stage 2 and EUR 15.2 M (17.7) in Stage 3. Stage 3 loans as a share of gross lending to the public totalled 2.01 per cent (1.61). The level of provisions for Stage 3 loans amounted to 21 (28) per cent. Most of these loans have good collateral.

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 962 M on September 30, 2024 (1,039 on December 31, 2023). This was equivalent to 20 (19) per cent of total assets and 27 (29) per cent of lending to the public. In addition to the liquidity reserve, there was EUR 400 M (225) consisting of holdings of unencumbered covered bonds issued by the Bank.

The loan/deposit ratio amounted to 103 (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 170 (156) per cent and the net stable funding ratio (NSFR) amounted to 121 (109) per cent, which exceeded regulatory requirements by an ample margin.

On September 30 2024, the average remaining maturity of the Bank of Åland's bonds outstanding was about 1.3 (1.0) years.

RATING

In March 2024, for the first time the Moody's Ratings agency 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 Ratings (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 39.9 M; other comprehensive income, EUR -9.2 M; issuance of new shares as part of the incentive programme, EUR 0.5 M, and the share savings programme, EUR 1.1 M; a dividend of EUR 40.7 M distributed to shareholders; and dividends of EUR 1.5 M distributed to holders of additional Tier 1 (AT1) capital instruments. On September 30, 2024, equity capital amounted to EUR 325.5 M (335.3 on December 31, 2023).

Other comprehensive income was affected by changes in market values of certain strategic shareholdings and changes in market interest rates and totalled EUR -9.2 M after taxes.

Common equity Tier 1 capital decreased by EUR 5.2 M during the first nine months of 2024 to EUR 237.6 M (242.8).

The risk exposure amount decreased by EUR 81 M or 5 per cent during the third quarter of 2024 and totalled EUR 1,693 M (1,774). The risk exposure amount for credit risk fell by EUR 114 M or 8 per cent. The operational risk exposure amount rose by EUR 31 M or 11 per cent. The market risk exposure amount rose by EUR 3 M or 7 per cent. The creditworthiness adjustment risk exposure amount decreased negligibly.

The common equity Tier 1 (CET1) capital ratio increased to 14.0 (13.7) per cent. The Tier 1 (T1) capital ratio increased to 15.8 (15.3) per cent. The total capital ratio increased to 17.6 (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 September 30, 2024 are thus:

• 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	+4.7 percentage points
• Tier 1 capital ratio	+4.8 percentage points
• Total capital ratio	+4.3 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 given the Bank of Åland a formal minimum requirement for eligible liabilities (MREL) under European Union regulations, but in practice this 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 January-September 2024 were 7,605 tonnes of carbon dioxide equivalents (CO₂e). Compared to the third quarter of 2023, emissions more than doubled. 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 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 September 30, 2024, estimated emissions from the loan portfolio were 198,145 tonnes of CO₂e (Scope 1 and 2), from the Treasury portfolio 17,677 tonnes of CO₂e (Scope 1, 2 and 3) and from customers' investment portfolios 2,406,770 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 third quarter of 2024, the number of full-time equivalent positions was 1,015. This was 80 full-time equivalents or 9 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 third quarter 2024 employee commitment score was 7.5, which was higher than the score of 7.3 reported during the third 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.

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.

IMPORTANT EVENTS AFTER CLOSE OF REPORT PERIOD

On October 23, the Bank of Åland issued 22,912 Series B shares to fulfil its commitments as part of the share savings programme for employees.

RISKS AND UNCERTAINTIES

The single largest risk and uncertainty factors are the war between Hamas, Hizbollah and Israel as well as 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.

UNCHANGED FUTURE OUTLOOK

The Bank of Åland expects its net operating profit in 2024 to be about the same as in 2023.

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 Year-end Report for the period January–December 2024 will be published on Wednesday, February 5, 2025.

Mariehamn, October 24, 2024

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' 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 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 emissions figures for the Bank's own business operations.

Our own and our customers' 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 emissions figures are rising.

Treasury portfolio emissions decreased marginally as of September 30, 2024 compared to the estimated level on June 30, 2024. They fell mainly because of reallocations in the portfolio and changes in market values.

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

Group	Q3 2024	Q2 2024	%	Q3 2023	%	Jan-Sep 2024	Jan-Sep 2023	%
Greenhouse gases, tonnes of CO₂e								
Scope 1								
Emissions from owned and controlled resources	1.5	1.1	41	1.7	-8	4.8	4.0	20
Total Scope 1	1.5	1.1	41	1.7	-8	4.8	4.0	20
Scope 2								
Energy-related emissions	2.0	7.2	-72	3.4	-40	33.5	34.8	-4
<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	2.0	7.2	-72	3.4	-40	33.5	34.8	-4
Scope 3 upstream								
Purchased goods and services ²	1,909.6	2,160.7	-12	952.6		6,698.4	2,295.8	
Capital goods	9.7	10.4	-7	18.1	-46	28.2	54.6	-48
Fuel and energy-related activities	0.4	1.5	-72	0.7	-41	6.9	7.2	-4
Transport and distribution	65.1	76.2	-15	80.1	-19	228.7	209.7	9
Waste generated by own operations	1.0	0.9	16	0.8	21	2.6	1.7	53
Business travel	144.3	187.6	-23	129.0	12	505.9	478.2	6
Leased assets	25.1	40.7	-38	33.6	-25	95.6	148.3	-36
Total Scope 3	2,155.3	2,477.9	-13	1,214.9	77	7,566.2	3,195.5	
Total greenhouse gases, tonnes of CO₂e³	2,158.8	2,486.1	-13	1,219.9	77	7,604.5	3,234.3	
Electricity according to location-based method <i>Emissions from electricity according to location-based method subtracted from Nordic Average Mix, tonnes of CO₂e⁴</i>	<i>32.4</i>	<i>31.2</i>	<i>4</i>	<i>31.1</i>	<i>4</i>	<i>96.9</i>	<i>89.1</i>	<i>9</i>

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 is 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 The calculation method has been updated in several steps since 2023, after which comparative figures have been restated. Emissions in Q3 2023 have been recalculated from 723.2 tonnes to 1,219.9 tonnes of CO₂e. Accumulated annual figures for 2023 have consequently also been adjusted in accordance with the updated quarters. This also affects key figures.

⁴ Historical comparative figures have been recalculated, since new information regarding electricity consumption has been added. The accumulated emissions figure for January 1-September 30, 2023 has been recalculated from 87.7 to 89.1 tonnes of CO₂e.

Group	Q3 2024	Q2 2024	%	Q3 2023	%	Jan-Sep 2024	Jan-Sep 2023	%
Key figures								
CO ₂ e emissions per employee (tonnes of CO ₂ e/ average full-time equivalent)	8.3	10.2	-18	5.1	63	10.3	4.7	
CO ₂ e emissions per EUR M of income (tonnes of CO ₂ e/EUR M)	40.7	44.9	-9	23.8	71	46.9	22.1	

Group	Sep 30, 2024	Jun 30, 2024	%	Sep 30, 2023	%
Scope 3, downstream, category 15, current situation on annual basis (tonnes of CO ₂ e)					
Loan portfolio Scope 1 and 2 ¹	198,145	230,770	-14	253,265	-22
of which Scope 1-2	198,145	230,770	-14	253,265	-22
Investments Scope 1, 2 and 3 ²	2,406,770	2,455,997	-2	2,058,232	17
of which Scope 1	116,280	115,560	1	101,488	15
of which Scope 2	33,855	33,328	2	30,068	13
of which Scope 3	2,256,635	2,307,109	-2	1,926,677	17
Treasury Scope 1, 2 and 3 ³	17,677	17,949	-2	13,120	35
of which Scope 1	552	528	4	1,125	-51
of which Scope 2	194	178	9	183	6
of which Scope 3	16,931	17,243	-2	11,812	43
Total, Scope 3, downstream	2,622,592	2,704,716	-3	2,324,617	13

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. As of December 31, 2023, comparative figures have been restated for mortgage loans as a result of a major improvement in the calculation methodology. In previous years, emissions were based on all collateral linked to a mortgage, while starting in 2023, the primary residential unit linked to the loan is estimated. In addition to this, a major revision has been made in emission factors for different heating methods used in the calculations. Because of the change in the calculation method, reported CO₂e emissions for mortgage loans are decreasing compared to previously reported figures. Emissions as of September 30, 2023 have been recalculated from 293,452 to 253,265 tonnes of CO₂e.

² The emission calculations for investments include shares, bonds and physical properties. Emissions by the issuers of investments are ownership-weighted per holding on September 30, 2024. Firstly, reported emission data have been used and secondly, estimated emission data. The estimated data used are third-party data, except for the housing mutual fund Ålandsbanken Bostadsfond, where the Bank has produced its own estimates. Calculations are made for Scope 1, Scope 2 and Scope 3 with the aim of achieving the highest possible coverage. Since UCITS funds and exchange-traded funds (ETFs) owned by customers have now also been included in the emissions calculation, and companies have published new information, 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 September 30, 2023 have been recalculated from 1,428,656 to 1,801,713 tonnes of CO₂e at the end of 2023, and now to 2,058,323 tonnes of CO₂e. Emissions as of June 30, 2024 have been recalculated from 2,377,580 to 2,455,997 tonnes of CO₂e.

³ The 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 September 30, 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 the issuer, estimates have been used. When estimating, a weighted average is calculated for the holdings in the portfolio that belong to the same industrial sector and are deemed to be relatively similar in terms of their operations. In cases where there are no similar issuers in the portfolio for estimating emission figures, emission figures from other issuers are used that are estimated to be equivalent to an industrial sector and its operations. 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. Emission estimates have been recalculated for comparative periods according to the updates the issuers have made retroactively. Updates are attributable to corrections of earlier-reported figures or expanded estimation procedures. Emissions as of June 30, 2024 have been recalculated from 17,733 to 17,949 tonnes of CO₂e and emissions as of September 30, 2023 have been recalculated from 11,447 to 13,120 tonnes of CO₂e.

Group	Q3 2024	Q2 2024	%	Q3 2023	%	Jan-Sep 2024	Jan-Sep 2023	%
Paper consumption, tonnes	4.22	4.78	-12	3.77	12	14.92	14.69	2
Energy consumption, GWh ⁴	0.47	0.45	4	0.45	4	1.39	1.28	9
<i>of which renewable, in per cent</i>	<i>100</i>	<i>100</i>		<i>100</i>		<i>100</i>	<i>100</i>	
Number of business trips ⁵	468	648	-28	452	4	1,709	1,777	-4
<i>of which aircraft, in per cent</i>	<i>52</i>	<i>45</i>		<i>72</i>		<i>52</i>	<i>62</i>	
<i>of which ship, in per cent</i>	<i>21</i>	<i>23</i>		<i>8</i>		<i>19</i>	<i>16</i>	
<i>of which train, in per cent</i>	<i>27</i>	<i>32</i>		<i>19</i>		<i>28</i>	<i>22</i>	

⁴ Historical comparative figures have been recalculated, because new information has been added. Accumulated electricity consumption during January 1-September 30, 2023 has been recalculated from 1.26 to 1.28 GWh.

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	Q3 2024	Q2 2024	%	Q3 2023	%	Jan-Sep 2024	Jan-Sep 2023	%
EUR M									
Net interest income	5	26.2	26.4	-1	27.9	-6	78.9	71.8	10
Net commission income	6	18.9	19.4	-3	17.8	6	56.5	54.3	4
IT income		7.6	9.7	-22	6.4	18	25.6	20.2	27
Net income from financial items at fair value	7	0.4	-0.6		-1.0		0.3	0.5	-33
Other operating income		0.0	0.5		0.2		0.8	-0.3	
Total income		53.1	55.3	-4	51.2	4	162.2	146.6	11
Staff costs		-21.3	-22.8	-6	-19.4	10	-65.7	-60.4	9
Other expenses		-10.8	-12.5	-14	-8.9	20	-34.8	-30.4	14
Statutory fees								-3.2	-100
Depreciation/amortisation		-3.0	-3.3	-8	-3.1	-3	-9.5	-9.0	5
Total expenses		-35.1	-38.5	-9	-31.5	11	-110.0	-103.1	7
Profit before impairment losses		18.0	16.8	7	19.8	-9	52.2	43.5	20
Impairment losses on financial assets, net	8	-0.8	-1.2	-36	-0.7	8	-2.5	-2.0	23
Net operating profit		17.3	15.6	11	19.1	-9	49.8	41.5	20
Income taxes		-3.5	-3.1	16	-4.0	-10	-9.9	-8.9	11
Profit for the period		13.7	12.6	9	15.1	-9	39.9	32.6	22
Attributable to:									
Non-controlling interests		0.0	0.0		0.0	-80	0.0	0.0	
Shareholders in Bank of Åland Plc		13.7	12.6	9	15.1	-9	39.9	32.6	22
Earnings per share, EUR		0.89	0.82	9	0.99	-9	2.60	2.13	22
Earnings per share, EUR, moving 12-month average to end of report period		3.65	3.75	-2	2.69	36			

Summary statement of other comprehensive income

Group	Q3 2024	Q2 2024	% Q3 2023		% Jan-Sep 2024		Jan-Sep 2023	%
EUR M								
Profit for the period	13.7	12.6	9	15.1	-9	39.9	32.6	22
Cash flow hedges								
Changes in valuation at fair value	0.6					0.6	2.0	-70
Assets measured via other comprehensive income								
Changes in valuation at fair value	3.2	0.8		2.0	56	3.4	5.2	56
Transferred to the income statement	-0.4	-0.6	-28	0.0		-1.1	-0.2	
Translation differences								
Gains/losses arising during the period	0.6	1.9	-68	2.5	-76	-2.1	-3.5	-41
Taxes on items that have been or may be reclassified to the income statement	-0.7	0.0		-0.4	63	-0.6	-1.4	-58
<i>of which cash flow hedges</i>	-0.1					-0.1	-0.4	-70
<i>of which assets measured via other comprehensive income</i>	-0.5	0.0		-0.4	34	-0.5	-1.0	-53
Items that have been or may be reclassified to the income statement	3.2	2.0	64	4.1	-21	0.3	2.1	-87
Changes in value of equity instruments	-2.7	-7.8	-66	0.6		-12.4	-3.0	
Translation differences	0.2	0.5	-63	0.8	-77	-0.6	-1.2	-49
Re-measurements of defined benefit pension plans	-0.4	0.6		0.7		0.8	0.5	66
Taxes on items that may not be reclassified to the income statement	0.7	1.4	-53	-0.3		2.8	1.0	
<i>of which changes in value of equity instruments</i>	0.5	1.6	-66	-0.1		2.5	0.6	
<i>of which translation differences</i>	0.0	-0.1	-63	-0.2	-77	0.1	0.2	-49
<i>of which re-measurements of defined-benefit pension plans</i>	0.1	-0.1		-0.1		-0.2	-0.1	66
<i>of which taxes on dividends to holders of T1 capital instruments</i>	0.1	0.1	-3	0.1	1	0.3	0.3	10
Items that may not be reclassified to the income statement	-2.2	-5.3	-58	1.7		-9.5	-2.7	
Other comprehensive income for the period	1.0	-3.3		5.8	-82	-9.2	-0.6	
Total comprehensive income for the period	14.8	9.3	59	20.9	-30	30.7	32.0	-4
Attributable to:								
Non-controlling interests	0.0	0.0		0.0	-80	0.0	0.0	
Shareholders in Bank of Åland Plc	14.7	9.3	59	20.9	-30	30.7	32.0	-4

Income statement by quarter

Group	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
EUR M					
Net interest income	26.2	26.4	26.3	27.8	27.9
Net commission income	18.9	19.4	18.3	22.6	17.8
IT income	7.6	9.7	8.4	8.4	6.4
Net income from financial items at fair value	0.4	-0.6	0.6	-3.5	-1.0
Other operating income	0.0	0.5	0.3	0.2	0.2
Total income	53.1	55.3	53.8	55.7	51.2
Staff costs	-21.3	-22.8	-21.6	-20.9	-19.4
Other expenses	-10.8	-12.5	-11.5	-11.2	-8.9
Depreciation/amortisation	-3.0	-3.3	-3.2	-3.2	-3.1
Total expenses	-35.1	-38.5	-36.4	-35.3	-31.5
Profit before impairment losses	18.0	16.8	17.4	20.4	19.8
Impairment losses on financial assets, net	-0.8	-1.2	-0.5	-0.1	-0.7
Net operating profit	17.3	15.6	16.9	20.2	19.1
Income taxes	-3.5	-3.1	-3.3	-4.2	-4.0
Profit for the period	13.7	12.6	13.6	16.1	15.1
Attributable to:					
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Shareholders in Bank of Åland Plc	13.7	12.6	13.6	16.1	15.1

Summary balance sheet

Group	Note	Sep 30, 2024	Dec 31, 2023	%	Sep 30, 2023	%
EUR M						
Assets						
Cash and balances with central banks		136	351	-61	339	-60
Debt securities		818	826	-1	796	3
Lending to credit institutions		76	31		36	
Lending to the public	9, 10	3,514	3,859	-9	3,777	-7
Shares and participations		37	40	-8	47	-21
Participations in associated companies		7	7	7	7	8
Derivative instruments	12	22	27	-19	23	-2
Intangible assets		21	21	1	21	1
Tangible assets		44	37	21	37	20
Investment properties		0	0	-2	0	-2
Current tax assets		4	2	86	3	43
Deferred tax assets		7	5	38	5	23
Other assets		54	82	-35	55	-2
Accrued income and prepayments		49	53	-8	52	-6
Total assets		4,789	5,342	-10	5,197	-8
Liabilities						
Liabilities to credit institutions and central banks		48	401	-88	341	-86
Deposits from the public		3,396	3,595	-6	3,553	-4
Debt securities issued	11	815	817	0	786	4
Derivative instruments	12	5	15	-65	13	-58
Current tax liabilities		2	3	-56	2	-32
Deferred tax liabilities		35	35	-1	36	-4
Other liabilities		65	59	10	64	1
Provisions		3	2	48	2	52
Accrued expenses and prepaid income		64	47	36	51	25
Subordinated liabilities		31	32	-2	30	2
Total liabilities		4,463	5,006	-11	4,878	-9
Equity capital and non-controlling interests						
Share capital		42	42		42	
Share premium account		33	33		33	
Reserve fund		25	25		25	
Fair value reserve		-20	-10		-13	54
Unrestricted equity capital fund		31	30	4	30	4
Retained earnings		184	185	-1	171	7
Shareholders' portion of equity capital		296	306	-3	289	2
Non-controlling interests' portion of equity capital		0	0	-1	0	-17
Additional Tier 1 capital holders		29	29		29	
Total equity capital		325	335	-3	318	2
Total liabilities and equity capital		4,789	5,342	-10	5,197	-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								32.6	32.6	0.0		32.6
Other comprehensive income				1.6	1.6	-4.4	0.0	0.6	-0.6			-0.6
<i>Transactions with owners</i>												
Tier 1 capital instrument dividends								-1.4	-1.4			-1.4
Dividends paid to shareholders								-31.3	-31.3			-31.3
Incentive programme							0.3		0.3			0.3
Share savings programme							1.5	0.2	1.7			1.7
Equity capital, Sep 30, 2023	42.0	32.7	25.1	0.0	1.7	-14.5	30.2	171.5	288.8	0.0	29.4	318.3
Profit for the period								16.1	16.1	0.0		16.1
Other comprehensive income					-2.2	5.5		-1.8	1.4			1.4
<i>Transactions with owners</i>												
Tier 1 capital instrument dividends								-0.6	-0.6			-0.6
Share savings programme								0.1	0.1			0.1
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								39.9	39.9	0.0		39.9
Other comprehensive income				0.5	-8.0	-2.6		0.9	-9.2			-9.2
<i>Transactions with owners</i>												
Tier 1 capital instrument dividends								-1.5	-1.5			-1.5
Dividends paid to shareholders								-40.7	-40.7			-40.7
Incentive programme							0.5		0.5			0.5
Share savings programme							0.7	0.4	1.1			1.1
Equity capital, Sep 30, 2024	42.0	32.7	25.1	0.5	-8.5	-11.5	31.4	184.3	296.0	0.0	29.4	325.5

Summary cash flow statement

Group	Jan-Sep 2024	Jan-Dec 2023	Jan-Sep 2023
EUR M			
Operating activities			
Net operating profit	49.8	61.7	41.5
Adjustment for net operating profit items not affecting cash flow	15.1	27.2	15.9
Income taxes paid	-9.9	-9.0	-5.7
Changes in assets and liabilities from operating activities 1	-160.6	-18.9	-4.7
Cash flow from operating activities	-105.5	61.0	47.0
Investing activities			
Changes in shares	-3.1	-1.8	-0.9
Changes in tangible assets	-8.2	-4.0	-3.2
Changes in intangible assets	-3.2	-4.8	-3.6
Cash flow from investing activities	-14.5	-10.6	-7.7
Financing activities			
Share issue	1.2	1.7	1.7
Subordinated debt issue/payments of principal	-0.0	0.2	0.2
Payment of principal on lease liability	-4.1	-4.8	-3.6
Tier 1 capital instrument dividends	-1.5	-1.9	-1.4
Dividends paid to shareholders	-40.7	-31.3	-31.3
Cash flow from financing activities	-45.1	-36.1	-34.3
Cash and cash equivalents at beginning of period	343.4	329.0	329.0
Cash flow during the period	-165.1	14.3	4.9
Exchange rate differences in cash and cash equivalents	-0.8	0.1	-1.6
Cash and cash equivalents at end of period	177.5	343.4	332.4
Cash and cash equivalents consisted of the following items:			
Cash and deposits with central banks	106.7	322.0	308.1
Lending to credit institutions that is repayable on demand	70.8	21.5	24.3
Total cash and cash equivalents	177.5	343.4	332.4

Notes to the consolidated Interim 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 Interim Financial Report for the accounting period January 1–September 30, 2024 was approved by the Board of Directors on October 23, 2024.

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

BASIS FOR PREPARATION OF THE INTERIM REPORT

This Interim Report for the period January 1–September 30, 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 Interim 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 Interim 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 Interim 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 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-Sep 2024					Total
	Private Banking	Premium Banking	IT	Corporate and Other	Eliminations	
EUR M						
Net interest income	32.3	43.3	-0.1	3.5	0.0	78.9
Net commission income	39.2	12.6	-0.1	4.2	0.5	56.5
IT income	0.0	0.0	39.0	0.9	-14.2	25.6
Net income from financial items at fair value	0.2	0.1	0.0	0.1	0.0	0.3
Other income	0.0	0.0	1.0	1.0	-1.2	0.8
Total income	71.8	56.0	39.8	9.6	-15.0	162.2
Staff costs	-16.5	-5.6	-22.0	-21.6	0.0	-65.7
Other expenses	-9.9	-3.8	-14.4	-19.4	12.7	-34.8
Statutory fees	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation/amortisation	-0.3	-0.1	-3.0	-8.2	2.1	-9.5
Internal allocation of expenses	-19.7	-19.7	0.0	39.5	0.0	0.0
Total expenses	-46.4	-29.3	-39.4	-9.7	14.8	-110.0
Profit before impairment losses	25.4	26.8	0.3	0.0	-0.2	52.2
Impairment losses on financial assets, net	-0.4	-1.9	0.0	-0.1	0.0	-2.5
Net operating profit	25.0	24.8	0.3	-0.2	-0.2	49.8
Income taxes	-5.1	-5.1	0.0	0.4	0.0	-9.9
Profit for the year attributable to shareholders in Bank of Åland Plc	19.9	19.7	0.3	0.2	-0.2	39.9
Business volume						
Lending to the public	1,580	1,942		-3	-5	3,514
Deposits from the public	1,456	1,908		47	-16	3,396
Actively managed assets	9,790	852		12		10,654
Managed mortgage loans				3,060		3,060
Risk exposure amount	701	530	75	387		1,693
Equity capital	111	90	31	93		325
Financial ratios etc.						
Return on equity after taxes, % (ROE)	26.8	32.3	1.6	0.3		18.4
Expense/income ratio	0.65	0.52	0.99	1.00		0.68

Group	Jan-Sep 2023					
EUR M	Private Banking	Premium Banking	IT	Corporate and Other	Eliminations	Total
Net interest income	32.5	33.6	0.0	5.7	0.0	71.8
Net commission income	37.7	12.6	-0.1	3.7	0.4	54.3
IT income	0.0	0.0	34.1	0.8	-14.6	20.2
Net income from financial items at fair value	0.0	0.0	-0.1	0.6	0.0	0.5
Other income	0.1	0.0	0.9	-0.2	-1.1	-0.3
Total income	70.4	46.2	34.8	10.6	-15.3	146.6
Staff costs	-15.5	-5.2	-19.3	-20.4	0.0	-60.4
Other expenses	-9.8	-3.0	-12.4	-18.0	12.9	-30.4
Statutory fees	-1.4	-1.6	0.0	-0.2	0.0	-3.2
Depreciation/amortisation	-0.2	-0.1	-2.8	-7.7	1.8	-9.0
Internal allocation of expenses	-19.0	-17.5	0.0	36.5	0.0	0.0
Total expenses	-46.0	-27.5	-34.5	-9.8	14.7	-103.1
Profit before impairment losses	24.4	18.7	0.3	0.8	-0.6	43.5
Impairment losses on financial assets, net	0.0	-1.9	0.0	-0.2	0.0	-2.0
Net operating profit	24.4	16.9	0.3	0.6	-0.6	41.5
Income taxes	-5.0	-3.5	0.0	-0.5	0.0	-8.9
Profit for the year attributable to shareholders in Bank of Åland Plc	19.4	13.4	0.3	0.1	-0.6	32.6
Business volume						
Lending to the public	1,744	1,956		78	-1	3,777
Deposits from the public	1,567	1,945		53	-12	3,553
Actively managed assets	8,288	684		10		8,982
Managed mortgage loans				2,600		2,600
Risk exposure amount	744	517	75	404		1,741
Equity capital	114	88	30	87		318
Financial ratios etc.						
Return on equity after taxes, % (ROE)	25.0	22.9	1.5	0.3		15.7
Expense/income ratio	0.65	0.59	0.99	0.93		0.70

4. Changes in Group structure

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

5. Net interest income

Group	Q3 2024	Q2 2024	%	Q3 2023	%	Jan-Sep 2024	Jan-Sep 2023	%
EUR M								
Total interest income	49.1	52.7	-7	54.6	-10	157.6	140.8	12
<i>of which interest income according to the effective interest method</i>	49.0	52.5	-7	54.4	-10	157.2	140.2	12
Total interest expenses	22.8	26.4	-13	26.8	-15	78.7	69.0	14
<i>of which interest expenses according to the effective interest method</i>	22.8	26.3	-13	26.7	-15	78.5	68.7	14
Net interest income	26.2	26.4	-1	27.9	-6	78.9	71.8	10
Interest margin, per cent	2.17	2.08		1.97		2.05	1.71	
Investment margin, per cent	2.19	2.11		1.97		2.09	1.67	

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	Q3 2024	Q2 2024	%	Q3 2023	%	Jan-Sep 2024	Jan-Sep 2023	%
EUR M								
Banking commissions	2.8	2.9	-2	2.8	1	8.5	8.7	-3
Asset management commissions	14.8	15.3	-4	13.9	6	44.5	42.5	5
Other commissions	1.2	1.1	10	1.1	14	3.5	3.0	14
Net commission income	18.9	19.4	-3	17.8	6	56.5	54.3	4

7. Net income from financial items at fair value

Group	Q3 2024	Q2 2024	% Q3 2023		% Jan-Sep		%
					2024	2023	
EUR M							
Valuation category fair value via the income statement ("profit and loss")							
Shares	0.0	0.0	-92	0.0	0.0	0.0	33
Derivatives	0.0	0.0		0.2	0.0	0.0	62
Other financial items	0.0	-0.3			-0.2	0.2	
Total, valuation category fair value via the income statement ("profit and loss")	0.0	-0.3	-89	0.2	-0.2	0.2	
Valuation category fair value via other comprehensive income							
Realised changes in value	0.4	0.6	-28	0.0	1.1	0.2	
Expected loan losses	0.0	0.0		0.0	0.0	0.0	-70
Total, valuation category fair value via other comprehensive income	0.4	0.6	-32	0.0	1.1	0.2	
Hedge accounting							
<i>of which hedging instruments</i>	5.4	-2.0		3.8	41	2.0	9.3
<i>of which hedged item</i>	-5.2	2.0		-3.9	35	-1.5	-7.1
Hedge accounting	0.1	-0.1		-0.1	0.5	2.2	-79
Valuation category accrued cost							
Loans	0.0	-0.7	-100	-1.5	-100	-0.7	-1.5
Debt securities		0.0	-100	0.0	-100	0.0	0.0
Total, valuation category accrued cost	0.0	-0.7	-100	-1.5	-100	-0.7	-1.5
Foreign currency revaluation	-0.1	-0.2	-42	0.4	-0.3	-0.5	-40
Total	0.4	-0.6		-1.0	0.3	0.5	-33

8. Net impairment losses on financial assets

Group	Q3 2024	Q2 2024	% Q3 2023	% Jan-Sep 2024	Jan-Sep 2023	%
EUR M						
Impairment losses, Stage 1	0.0	-0.1	0.0	0.0	0.2	
Impairment losses, Stage 2	-0.2	-0.2	-11	-0.8	0.3	
Net impairment losses, Stages 1-2	-0.2	-0.3	-46	-0.8	0.4	
Impairment losses, Stage 3						
New and increased individual provisions	2.4	2.7	-12	54	4.6	44
Recovered from previous provisions	-1.4	-1.2	19	82	-2.9	16
Utilised for actual loan losses	-5.0	-0.1	0.0	-5.4	-0.5	
Actual loan losses	5.1	0.2	0.1	5.6	0.6	
Recoveries of actual loan losses	0.0	-0.1	-48	-0.2	-0.2	-12
Net impairment losses, Stage 3	0.9	1.5	-38	27	1.6	
Total impairment losses	0.8	1.2	-36	8	2.0	23
<i>of which lending to the public</i>	<i>0.7</i>	<i>1.0</i>	<i>-24</i>	<i>18</i>	<i>1.9</i>	<i>15</i>
<i>of which off-balance sheet commitments</i>	<i>-0.1</i>	<i>0.2</i>	<i>0.1</i>	<i>0.2</i>	<i>0.1</i>	<i>67</i>
<i>of which debt securities at amortised cost</i>	<i>0.1</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.0</i>	
Loan loss level, lending to the public, %	0.08	0.11	0.06	0.08	0.06	

9. Lending to the public by purpose

Group	Sep 30, 2024			Dec 31, 2023	% Sep 30, 2023	%
EUR M	Lending before provisions	Provisions	Lending after provisions	Lending after provisions	Lending after provisions	
Private individuals						
Home loans	1,894	-3	1,891	2,102	-10	-7
Securities and other investments	306	0	305	340	-10	-13
Business operations	68	-2	66	76	-12	-15
Other household purposes	320	-4	316	345	-8	-7
Total, private individuals	2,588	-9	2,579	2,863	-10	-8
Companies						
Shipping	17	0	16	20	-19	-24
Wholesale and retail trade	38	0	38	36	4	0
Housing operations	213	-5	208	210	-1	0
Other real estate operations	217	0	217	203	7	8
Financial and insurance operations	214	0	214	228	-6	-3
Hotel and restaurant operations	29	0	29	31	-4	-5
Agriculture, forestry and fishing	10	0	10	15	-35	-30
Construction	24	0	24	56	-57	-56
Other industri and crafts	42	0	41	38	9	11
Other service operations	106	-1	105	129	-18	-17
Total, companies	911	-8	903	967	-7	-5
Public sector and non-profit organisations	33	0	33	29	11	4
Total, public sector and non-profit organisations	33	0	33	29	11	4
Total	3,531	-17	3,514	3,859	-9	-7

10. Lending to the public by stage

Group	Jan 1, 2024 - Sep 30, 2024				Jan 1, 2023 - Sep 30, 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, September 30	3,264.5	195.4	71.1	3,531.0	3,798.5
Provisions for expected losses					
Opening balance, January 1	0.6	1.9	17.7	20.2	20.0
Increases due to issuances and acquisitions	0.2	0.0	0.1	0.3	0.3
Decrease due to removal from balance sheet	-0.1	-0.4	-5.6	-6.1	-1.6
Decrease due to write-offs	0.0	0.0	-0.2	-0.2	0.0
Transfer to Stage 1	0.5	-0.5	0.0	0.0	0.0
Transfer to Stage 2	-0.5	1.5	-1.0	0.0	0.0
Transfer to Stage 3	-0.1	-0.4	0.4	0.0	0.0
Net changes due to changed credit risk	-0.1	-1.0	3.9	2.8	2.0
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	-0.1	0.2
Closing balance, September 30	0.5	1.1	15.2	16.9	21.3
Carrying amount, net					
Opening balance, January 1	3,582.4	231.8	44.9	3,859.1	4,303.0
Closing balance, September 30	3,264.0	194.3	55.9	3,514.1	3,777.2
Impairment losses, IFRS 9 - Financial ratios					
			Sep 30, 2024	Dec 31, 2023	Sep 30, 2023
Total provision ratio, lending to the public, %			0.48	0.52	0.56
Provision ratio, Stage 1, lending to the public, %			0.02	0.02	0.02
Provision ratio, Stage 2, lending to the public, %			0.57	0.80	0.62
Provision ratio, Stage 3, lending to the public, %			21.39	28.22	31.97
Share of lending to the public in Stage 3, %			2.01	1.61	1.58

11. Debt securities issued

Group	Sep 30, 2024	Dec 31, 2023	%	Sep 30, 2023	%
EUR M					
Certificates of deposit	259	265	-2	242	7
Covered bonds	556	552	1	544	2
Total	815	817	0	786	4

12. Derivative instruments

Group	Sep 30, 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	0	6	0	0
Currency-related contracts									
Currency forward contracts	609	0	0	609	4	3	488	8	8
Total	609	0	6	615	5	4	494	9	9
Derivatives for fair value hedge									
Interest-related contracts									
Interest rate swaps	10	659	34	703	17	2	712	19	7
Total	10	659	34	703	17	2	712	19	7
Derivatives for cash flow hedge									
Interest-related contracts									
Interest rate swaps	280	0	0	280	1	0	0	0	0
Total	280	0	0	280	1	0	0	0	0
Total derivative instruments	899	659	40	1,598	22	5	1,207	27	15
<i>of which cleared</i>	<i>290</i>	<i>659</i>	<i>37</i>	<i>986</i>	<i>18</i>	<i>2</i>	<i>715</i>	<i>19</i>	<i>7</i>

13. Financial instruments measured at fair value

Group		Sep 30, 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	515	10		524
Lending to the public		172		172
Shares and participations	1		36	37
Derivative instruments		22		22
Other assets			6	6
Total financial assets	516	204	42	762
Debt securities issued		557		557
Derivative instruments		5		5
Total financial liabilities		562		562

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-Sep 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"		-12.4	-10.6
Carrying amount at end of period		35.8	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 on the previous page.

14. Off-balance sheet commitments

Group	Sep 30, 2024	Dec 31, 2023	%	Sep 30, 2023	%
EUR M					
Guarantees	18	21	-15	20	-11
Unutilised overdraft limits	341	359	-5	359	-5
Unutilised credit card limits	85	93	-9	93	-9
Lines of credit	85	350	-76	467	-82
Other commitments	11	16	-29	17	-35
Total	540	838	-36	956	-44
Provision for off-balance sheet commitments	0	0		0	

15. Assets pledged

Group	Sep 30, 2024	Dec 31, 2023	%	Sep 30, 2023	%
EUR M					
Lending to credit institutions	2	10	-79	12	-82
Debt securities	51	106	-52	111	-54
Loan receivables constituting collateral (cover pool) for covered bonds	1,191	1,180	1	1,180	1
Other assets pledged	4	4	-1	4	5
Total	1,247	1,300	-4	1,306	-4

During the report period, no major changes took place regarding the quantity of financial assets and liabilities that were subject to offsetting, netting agreements or the like. Information about this type of agreements is included in the Annual Report of the Bank of Åland, Note G47.

16. Capital adequacy

Group	Sep 30, 2024	Dec 31, 2023	%	Sep 30, 2023	%
EUR M					
Equity capital	296.0	305.9	-3	288.2	3
Foreseeable dividend	-33.4	-40.6	-18	-21.7	54
Common equity Tier 1 capital before deductions	262.7	265.3	-1	266.5	-1
Intangible assets	-14.7	-14.0	5	-14.7	0
Deduction for excess value of pension assets				-0.6	-100
Non-controlling interests	0.0	0.0	-1	0.0	6
Cash flow hedge	-0.5				
Net other items	0.0	-0.1	-63	0.0	4
Further adjustments in value	-0.6	-0.6	2	-0.5	10
Expected losses according to IRB approach beyond recognised losses (deficit)	-9.2	-7.8	18	-7.3	27
Common equity Tier 1 capital	237.6	242.8	-2	243.3	-2
Tier 1 capital instruments	29.4	29.4	0	29.4	0
Additional Tier 1 capital	29.4	29.4	0	29.4	0
Tier 1 capital	267.0	272.2	-2	272.8	-2
Supplementary capital instruments	30.9	31.5	-2	30.3	2
Supplementary capital	30.9	31.5	-2	30.3	2
Total capital base (own funds)	298.0	303.7	-2	303.1	-2
Capital requirement for credit risk according to the IRB approach	38.1	38.0	0	38.2	0
Additional capital requirement, IRB approach	13.9	13.8	0	13.8	0
Capital requirement for credit risk according to standardised approach	55.8	65.1	-14	62.8	-11
Capital requirement for market risk	3.9	3.6	7	3.1	24
Capital requirement for credit-worthiness adjustment risk	0.0	0.1	-32	0.1	-21
Capital requirement for operational risk	23.7	21.3	11	21.3	11
Capital requirement	135.4	141.9	-5	139.3	-3
Capital ratios					
Common equity Tier 1 capital ratio, %	14.0	13.7		14.0	
Tier 1 capital ratio, %	15.8	15.3		15.7	
Total capital ratio, %	17.6	17.1		17.4	
Risk exposure amount	1,693	1,774	-5	1,741	-3
<i>of which % comprising credit risk</i>	<i>80</i>	<i>82</i>		<i>82</i>	
<i>of which % comprising market risk</i>	<i>3</i>	<i>3</i>		<i>2</i>	
<i>of which % comprising credit-worthiness adjustment risk</i>	<i>0</i>	<i>0</i>		<i>0</i>	
<i>of which % comprising operational risk</i>	<i>17</i>	<i>15</i>		<i>15</i>	

Requirements related to capital buffers, %	Sep 30, 2024	Dec 31, 2023	Sep 30, 2023
Total common equity Tier 1 capital requirements including buffer requirements	9.3	8.5	8.5
<i>of which common equity Pillar 1 capital requirement</i>	4.5	4.5	4.5
<i>of which common equity Pillar 2 capital requirement</i>	0.6	0.6	0.6
<i>of which capital conservation buffer requirement</i>	2.5	2.5	2.5
<i>of which countercyclical capital buffer requirement</i>	0.8	0.9	0.9
<i>of which systemic risk buffer requirement</i>	1.0	0.0	0.0
Common equity Tier 1 capital available to be used as a buffer	14.0	13.7	14.0

Exposure class	Sep 30, 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	197.3	166.9	56	93.8	7.5
Corporate, small and medium sized companies	280.8	252.4	51	128.5	10.3
Corporate, special lending	4.7	4.7	71	3.3	0.3
Using own LGD estimates					
Retail with property as collateral (small and medium-sized companies)	1,807.7	1,795.5	9	167.2	13.4
Retail with property as collateral (not small- and medium-sized companies)	117.2	114.4	23	26.6	2.1
Retail, other (small and medium-sized companies)	31.9	31.1	20	6.2	0.5
Retail, other (not small- and medium-sized companies)	329.8	270.1	19	50.2	4.0
Total exposures according to IRB approach	2,769.3	2,635.2	18	475.8	38.1
Credit risk according to standardised approach					
Central government or central banks	175.6	252.6	0	0.0	0.0
Regional governments or local authorities	78.4	116.7	0	0.0	0.0
Public sector entities	32.4	32.4	0	0.0	0.0
Multilateral development banks	93.1	99.5	1	1.0	0.1
International organisations	4.0	4.0	0	0.0	0.0
Institutions	263.6	211.5	23	48.7	3.9
Corporates	536.2	220.3	94	206.7	16.5
Retail	254.5	75.6	74	55.5	4.4
Secured by mortgages on immovable property	487.3	487.1	32	156.4	12.5
Exposures in default	17.7	12.3	111	13.6	1.1
Covered bonds	506.1	506.0	10	52.7	4.2
Collective investment undertakings	1.3	1.3	136	1.7	0.1
Equity exposures	42.4	42.4	175	74.1	5.9
Other exposures	122.7	122.7	71	87.7	7.0
Total exposures according to standardised approach	2,615.3	2,184.3	32	698.1	55.8
Total risk exposure amount, credit risk	5,384.6	4,819.5	24	1,173.9	93.9

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 (small and medium-sized companies)	1,804.5	1,793.9	9	164.3	13.1
Retail with property as collateral (not 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 or 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	Sep 30, 2024	Dec 31, 2023	%	Sep 30, 2023	%
EUR M					
Tier 1 capital	267.0	272.2	-2	272.8	-2
Total exposure measure	4,857.5	5,431.8	-11	5,310.3	-9
<i>of which balance sheet items</i>	4,769.3	5,310.0	-10	5,174.1	-8
<i>of which off-balance sheet items</i>	88.2	121.8	-28	136.2	-35
Leverage ratio, %	5.5	5.0		5.1	

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

17. Share-related information

Group	Sep 30, 2024	Dec 31, 2023	%	Sep 30, 2023	%
thousands					
Number of Series A shares outstanding at beginning of period	6,476	6,476		6,476	
Number of Series B shares outstanding at beginning of period	8,832	8,778	1	8,778	1
Total shares outstanding at beginning of period	15,308	15,254	0	15,254	0
Number of Series B shares issued	36	54	-33	54	-33
Number of Series B shares bought back and nullified		0	-100	0	-100
Total change in Series B shares	36	54	-33	54	-33
Number of Series A shares outstanding at end of period	6,476	6,476		6,476	
Number of Series B shares outstanding at end of period	8,868	8,832	0	8,832	0
Total shares outstanding at end of period	15,344	15,308	0	15,308	0
Total shares outstanding at end of period after dilution	15,460	15,415	0	15,383	1
Equity capital per share, EUR	19.29	19.98	-3	18.87	2
Closing price per Series A share, EUR	33.60	31.20	8	34.20	-2
Closing price per Series B share, EUR	34.00	31.00	10	33.20	2
Market capitalisation, EUR M	519	476	9	515	1
Market capitalisation/shareholders' portion of equity capital, %	175	156		179	

Group	Q3 2024	Q2 2024	%	Q3 2023	%	Jan-Sep 2024	Jan-Sep 2023	%
thousands								
Average number of shares outstanding	15,344	15,329	0	15,287	0	15,334	15,287	0
Average number of shares outstanding after dilution	15,402	15,398	0	15,334	0	15,402	15,334	0
Earnings per share, EUR	0.89	0.82	9	0.99	-9	2.60	2.13	22
Earnings per share after dilution, EUR	0.89	0.82	9	0.98	-9	2.59	2.13	22
Earnings per share, rolling 12 months, EUR	3.65	3.75	-2	2.69	36			

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 Bank of Åland has created its own index where first and last place in the customer survey correspond to index values of 100 and 0, respectively. The customer survey includes various questions that summarise how satisfied customers are with the Bank of Åland's overall service offering. To calculate the total result, the outcome for each geographic business segment is weighted according to its total business volume (actively managed capital as well as lending and deposits from the public).

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.

EMPLOYEE NET PROMOTER SCORE (ENPS)

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

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.

Translation

Report on review of the interim report of Bank of Åland Plc for the accounting period January 1 – September 30, 2024

To the Board of Directors of Bank of Åland Plc

INTRODUCTION

We have reviewed the summary balance sheet as of September 30, 2024 and the related summary income statement, summary statement of other comprehensive income, statement of changes in equity capital and summary cash flow statement of Bank of Åland Plc group for the nine-month period then ended, as well as other explanatory notes to the consolidated financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and other generally accepted auditing practices and consequently does not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared in accordance with IAS 34 Interim Financial Reporting and other applicable rules and regulations governing interim financial reporting preparation in Finland.

Helsinki, October 24, 2024

KPMG OY AB

Henry Maarala
Authorised Public Accountant, KHT