

Corporate Governance Statement financial year 2022

Ålandsbanken Abp



ÅLANDSBANKEN

Compensation report for 2022 financial year, Bank of Åland Plc

Introduction

This compensation report presents the compensation and economic benefits that were paid to the Board of Directors, Managing Director and Deputy Managing Director of the Bank of Åland Plc (Ålandsbanken Abp) during the 2022 financial year.

The report is drawn up in compliance with the Finnish Securities Markets Act, the Finnish Ministry of Finance ordinance on the compensation policy and compensation reports of share issuers and the reporting instructions in the Finnish Corporate Governance Code of 2020. The Bank of Åland's 2020 Annual General Meeting dealt with the Bank's compensation policy ("Compensation Policy") and approved it.

The Bank of Åland followed this Compensation Policy in the payment of compensation to management during 2022. The Bank

did not diverge from the Compensation Policy or revoke any compensation.

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

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

	2018	2019	2020	2021	2022
Board of Directors	311,917	296,167	305,500	300,750	349,250
Managing Director	405,116	504,098	450,188	494,676	570,227
Employees of the Bank of Åland Plc and its Swedish branch	26,396,511	26,735,516	28 12, 687	31,030,113	32,811,203
Net operating profit (Group), EUR M	29.0	33.2	39.7	49.2	46.1
Return on equity after taxes, %	9.8	10.7	11.6	14	12.8

Compensation to the Board of Directors during the 2022 financial year

Board member	Annual fee	Fee for attending Board meetings	Fee for attending Audit Committee meetings	Fee for attending Compensation Committee meetings	Total
Nils Lampi, Chairman	35,000	21,000	8,250	3,000	67,250
Christoffer Taxell, Deputy Chairman	30,000	16,500		3,000	49,500
Åsa Ceder	28,000	16,500			
Anders Å Karlsson	28,000	16,500	8,250		52,750
Ulrika Valassi	28,000	16,500	11,000		55,500
Anders Wiklöf	28,000	14,250			42,250
Leino-Haltia Mirel	21,000	11,250	5,250		37,500
Agneta Karlsson ¹				11,750	11,750

¹ Co-opted member, Chairman of the Compensation Committee.

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

Compensation to the Managing Director and Deputy Managing Director for the 2022 financial year

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

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

	Managing Director	Deputy Managing Director
Fixed compensation that was paid in 2022		
Fixed annual salary	384,600	288,041
Fringe benefits	12,720	6,514
Variable compensation that was paid in 2022 ¹		
Variable compensation in cash	85,968	65,687
Variable compensation in shares	86,939	66,429
Total compensation	570,227	426,671
Deferred established variable compensation that will be paid after 2021 ²		
Deferred variable compensation in cash	186,188	143,069
Deferred variable compensation in shares	186,188	143,069
Total deferred variable compensation	372,376	286,138

¹ Refers to 2021 variable compensation and deferred 2018 variable compensation paid in March 2022. Shares according to amount of taxed fringe benefits.

² Refers to 2022 variable compensation (allocated variable compensation) that will be paid in 2023, deferred 2019 variable compensation that will be paid in 2023, deferred 2020 compensation that will be paid in 2024, deferred 2021 variable compensation that will be paid in 2026 and deferred variable compensation that will be paid in 2027.

On March 16, 2022, the Managing Director subscribed for 2,395 and the Deputy Managing Director for 1,830 Series B shares in the Bank of Åland at a subscription price of EUR 35.89 per share as part of the Bank's incentive programme.

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

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

On January 25, 2023, the Managing Director subscribed for 281 and the Deputy Managing Director for 204 Series B shares in the Bank of Åland at a subscription price of EUR 32.98 per share within the share savings programme launched for all Group employees in 2022. Employees can save a maximum of five per cent of their

monthly salary in order to subscribe for twice-yearly targeted issues of Series B shares. The savings period began in July 2022. The programme will run for one year. Three years after each respective share issue, the Bank of Åland will distribute one free matching share for each share that has been acquired in the targeted share issues to those who have participated in these issues and who are still employed by the Group and own the shares that were issued. Employees will be offered the opportunity to subscribe for Series B shares at a price that is 10 per cent below the average price during the calendar month before each respective share issue.

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

Ålandsbanken Abp
Street address: Nygatan 2, Mariehamn

Postal address: PB 3, AX-22101 Mariehamn, Åland, Finland. Telephone +358 204 29011. Fax +358 204 291 228.
BIC AABAFI22 www.alandsbanken.fi info@alandsbanken.fi