

Compensation report for 2024 financial year

Bank of Åland Plc



ÅLANDSBANKEN

Compensation report for 2024 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 2024 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 2025. The Bank of Åland's 2024 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 2024. 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

	2020	2021	2022	2023	2024
Board of Directors	305,500	300,750	349,250	306,250	325,875
Managing Director	450,188	494,676	570,227	539,751	628,254
Employees of the Bank of Åland Plc and its Swedish branch (on average)	28,127,687	31,030,113	32,811,203	34,778,561	67,581
Net operating profit (Group), EUR M	39.7	49.2	46.1	61.7	65.0
Return on equity after taxes, %	11.6	14.0	12.8	17.2	17.9

Compensation to the Board of Directors during the 2024 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	36,500	16,000	6,000	2,250	60,750
Christoffer Taxell, Deputy Chairman	31,125	12,000		2,250	45,375
Karlsson Anders Å	28,750	12,000	6,000		46,750
Leino-Haltia Mirel	28,750	12,000	6,000		46,750
Lombardi Malin ¹	21,750	8,250		1,500	31,500
Valassi Ulrika	28,750	12,000	8,000		48,750
Wicklöf Anders	28,750	12,000			40,750
Karlsson Agneta ²				4,750	4,750

¹ Board member since March 26, 2024.

² co-opted member, Chairman of the Compensation Committee until March 26, 2024.

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

Compensation to the Managing Director and Deputy Managing Director for the 2024 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
	euro	euro
Fixed Compensation that was paid in 2024		
Fixed annual salary	431 267	302 294
Fringe benefits	11 280	11 243
Variable compensation that was paid in 2024 ¹		
Variable compensation in cash	92 854	66 359
Variable compensation in shares	92 854	66 359
Total compensation	628 254	446 255
Deferred established variable compensation that will be paid in 2024 ²		
Deferred variable compensation in cash	263 206	183 156
Deferred variable compensation in shares	263 206	183 156
Total deferred variable compensation	526 412	366 313

¹ Refers to 2023 variable compensation and deferred 2020 variable compensation paid in March 2024. Shares according to amount of taxed fringe benefits.

² Refers to 2024 variable compensation (allocated variable compensation) that will be paid in 2025, deferred 2021 variable compensation that will be paid in 2026, deferred 2022 compensation that will be paid in 2027, deferred 2023 variable compensation that will be paid pro rata until 2028 and deferred variable compensation for 2024 that will be paid pro rata until 2029.

On March 13, 2024, the Managing Director subscribed for 2,565 and the Deputy Managing Director for 1,833 Series B shares in the Bank of Åland at a subscription price of EUR 36.20 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 3/4 based on Group profitability and 1/4 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 March 13, 2024, the Managing Director subscribed for 295 and the Deputy Managing Director for 214 Series B shares in the Bank of Åland at a subscription price of EUR 32.58 per share within the share savings programme launched for all Group employees in 2023. In addition, on October 24, 2024, the Managing Director subscribed for 313 and the Deputy Managing Director for 228 Series B

shares in the Bank of Åland at a subscription price of EUR 30.77 per share within the share savings programme launched for all Group employees in 2023. 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. 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 70 years has been purchased.

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