

# Bank of Åland

Investor presentation

February 2025



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# 1. Bank of Åland in Brief

# Bank of Åland in Brief

## Bank of Åland Plc

- Established in 1919 on the Åland Islands, listed since 1942 on NASDAQ OMX Helsinki
- A Finnish bank targeting high net worth and affluent individuals
- Operations on the Åland Islands, Finnish mainland and Sweden
- Top-ranked in customer loyalty
- A long-standing tradition of stability and low credit losses
- A3 rating with stable outlook from Moody's
- For the fourth year in a row, the Bank of Åland has been named Finland's best Private Banking actor in Kantar Prospera's Private Banking 2024 Finland survey

## The Vision

- Create value for ambitious individuals and companies that appreciate relations:
  - Private Banking since 1982
  - IT services by Crosskey Banking Solutions since 2004
  - Premium Banking since 2004
  - Partnership Banking since 2016
- Delivering a large bank's range of services with a small bank's thoughtfulness and good sense
- Bank's customer surveys show that customers continue to appreciate Bank's expertise, personalized service, high ethical standards and sustainability work

## Covered Bonds

- The Bank of Åland has been active in the covered bond market since 2012 and aims to be in the euro covered bond market on a regular basis
- One Cover Pool from April 22, 2024 onwards. All new issuances are secured by the CBA Cover Asset Pool, which consists of 100 % Finnish and the Åland Island's residential mortgages
- Clear concentration to the growth centres and the wealthiest parts of Finland
- Aaa rating from Moody's on CBA Covered Bond Program



# Financial Scorecard

December 31, 2024

## Capital

CET1  
Capital Ratio  
14.5 %

- Very strong capital position
- IRB approach used in Finland, standardised approach used in Sweden
- The Board of Directors proposes a total dividend of EUR 2.75 per share for the 2024 financial year (a regular dividend of EUR 2.40 per share plus an extra dividend of EUR 0.35 per share)
- Capital requirements applicable are CET1 capital ratio 9.3 %, Tier 1 capital ratio 11.0 % and Total capital ratio 13.3 %
- Bank of Åland has an ample capital surplus: CET1 capital ratio +5.1 pp, Tier 1 capital ratio +5.2 pp and Total capital ratio +4.9 pp

## Liquidity and Funding

- Loan/deposit ratio of 102 %
- Liquidity reserve at 22 % of total assets
- LCR at 169 %
- NSFR at 118 %
- A3 rating with stable outlook from Moody's
- Aaa rating from Moody's on Covered Bonds

Aaa  
Rating on  
Covered  
Bonds from  
Moody's

## Risk Management

Loan Loss  
Level  
0.10 %

- Long history of low loan loss levels. Loan loss level of 0.10 % in 2024 (0.05 % in 2023)
- No trading positions or complex financial instruments
- Strict limits on exposures to financial institutions. Bulk of the exposure is to highly rated Nordic entities

## Profitability

- Net operating profit EUR 65.0 M in 2024 (EUR 61.7 M in 2023)
- ROE 17.9 % in 2024 (17.2 % % in 2023)
- Future Outlook: The Bank of Åland expects its return on equity after taxes (ROE) to continue to exceed its long-term financial target of 15 per cent during 2025

Return on  
Equity  
17.9 %

# A3 Long-Term Deposit Ratings by Moody's

Category	Moody's Rating
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A2(cr)/P-1(cr)

## Credit Strengths

- Long and solid track record
- Diversified earnings from banking, investment and wealth management services
- Improving profitability
- Low reliance on market funding

On March 15, 2024, Moody's Ratings assigned first time long- and short-term deposit ratings to Bank of Åland

- "The A3 long-term deposit ratings reflect Bank of Åland's strong private banking franchise in Finland and Sweden, reflected in the baa2 BCA, and two notches of uplift due to the large volumes of junior depositors sharing losses in the case of a failure"
- "Bank of Åland's capitalisation is strong with a tangible common equity to risk weighted assets of 16.2 % at end of December 2023, up from 13.9 % at the end of 2022, largely due to the transfer of SEK 5.8 billion of Swedish mortgages to Borgo in September 2023"
- "Bank of Åland has diversified revenue streams due to its strategic diversification, both geographically and across product lines, with higher interest rates supporting strong profitability"
- "The stable outlook on the long-term deposit ratings reflects Moody's view that during the coming 12 to 18 months, Bank of Åland's fundamentals will remain strong, with limited deterioration in asset quality, a slight strengthening in capitalisation as Swedish mortgages are transferred to Borgo, and a stable profitability while funding structure and liquidity improve moderately"



## 2. Strategy and Market Position



# Three Markets – Two Strategies

## The Åland Islands

- 2 offices, market share > 50 %
- Full product range offered
- **The Bank for everyone**

## Finland

- 6 offices in affluent parts of Finland, market share > 1 %
- Full product range offered but “bread and butter” services only as a complement to Private Banking and Premium Banking service offerings
- **Targeted segment: High Net Worth/ Affluent Individuals and their companies**

## Sweden

- 3 offices in Sweden’s largest cities, market share < 1 %
- Full product range offered but “bread and butter” services only as a complement to Private Banking and Premium Banking service offerings
- **Targeted segment: High Net Worth/ Affluent Individuals and their companies**

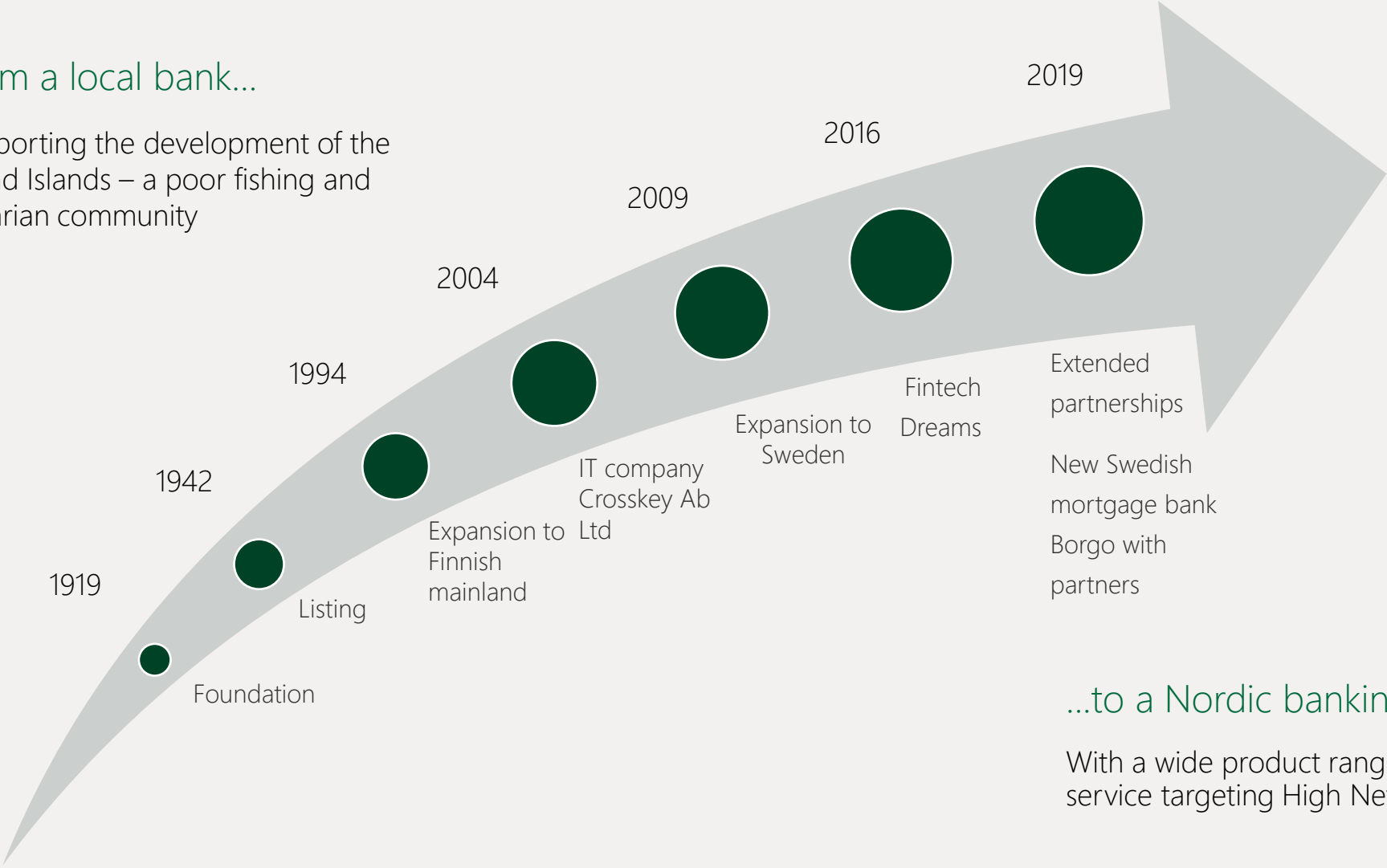




# Bank of Åland History of Strategic Decisions

From a local bank...

Supporting the development of the Åland Islands – a poor fishing and agrarian community




...to a Nordic banking group






With a wide product range and personal service targeting High Net Worth Individuals

# Åland Index – Global Market Leader in Spend Based Calculations

Doconomy 1

<p>Doconomy is a market-leading provider of innovative solutions that enable banks to accelerate the green transition.</p>	<p>NUMBER OF USERS*</p> <h1>700M</h1> <p><small>* Potential user reach based on connected bank and financial institutions</small></p>	<p>NUMBER OF CLIENTS</p> <h1>113+</h1>
		<p>NUMBER OF MARKETS</p> <h1>35+</h1>

LEADING PARTNERS



# Other Strategic Fintech Partners

## BORGO IN BRIEF THE BORGO ECO-SYSTEM

Distribution with track-record	Fully operational company	Scalable platform
<p><b>ICA Banken</b> <b>IKANO BANK</b></p> <p>SBAB historical mortgage provider and discontinued given capital constraints at the state-owned bank</p> <p><b>Söderberg &amp; Partners</b></p> <p>Short term both Skandia and Bluestep Bank act as mortgage providers, but not perceived as sustainable long term</p> <p><b>ÅLANDSBANKEN</b></p> <p>Has been offering own mortgages in the Swedish market since 2009, expected to benefit from the ability scale up in the partnership, funding wise and operationally</p> <p><b>Sparbanken Syd</b></p> <p>Full-service bank, established in 1827, with existing distribution through SBAB and own balance sheet</p> <p><b>Lån &amp; SparBank</b></p> <p>Digital bank with loans, savings and credit card offerings. Established in Denmark 1880</p> <p><i>Proven historical distribution capacity</i></p>	<p><b>Seasoned management team and organisation</b></p> <p>With a vision to transform the mortgage market by creating a new financial institution, combining modern technology with responsible lending principles – managing cost of funding, efficient capital structure, credit and liquidity risk</p> <p><b>Financially strong partners, investors and experienced board of directors</b></p> <p>Supporting the company financially and through industrial experience with a long-term perspective</p> <p><i>Pure-play mortgage company with distribution, access to capital market funding and organisation in place</i></p>	<p><b>Modern platform with high degree of automation</b></p> <p>Allowing Borgo to build economies of scale and distributors to focus on sales, customer relationships and service</p> <p><b>Partnerships with distributors and service providers</b></p> <p>Proven IT-systems, payment services, credit administration processes and treasury support – at variable cost based on mortgage volume</p> <p><i>Legacy-free and scalable platform with benefits from outsourced back- and front-end</i></p>

Borgo



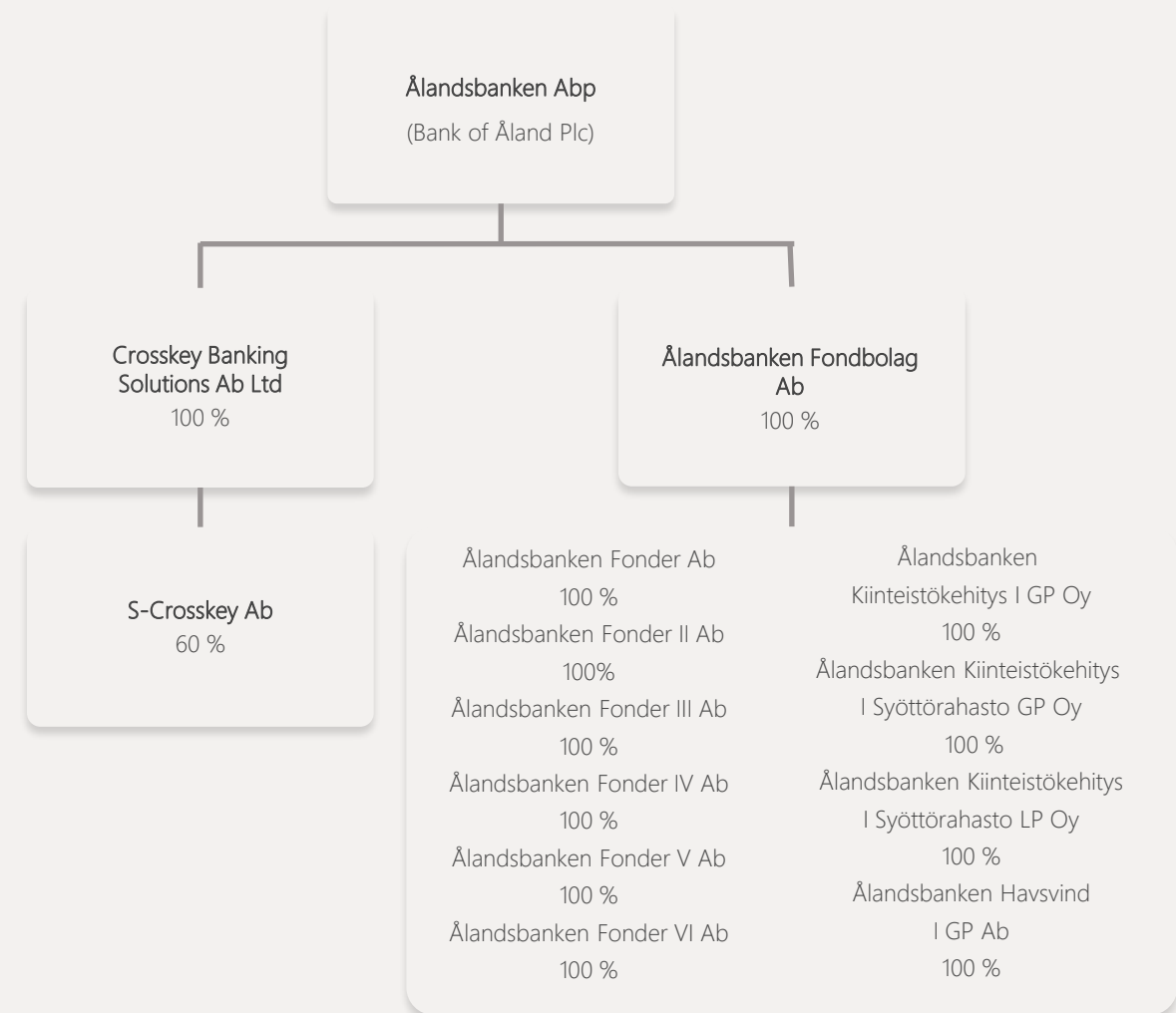
Products Solutions Expertise

**Engagement banking powered by behavioural science**

Make banking emotional to drive engagement and revenue in your digital applications

# Bank of Åland Group Legal and Ownership Structures

10 Largest Shareholders as of December 31, 2024	Share of capital	Share of votes
Wiklöf Anders with companies	21.65 %	29.77 %
The Family Kamprad Foundation	6.02 %	0.68 %
Alandia Försäkring Abp	5.26 %	10.95 %
Fennogens Investments S.A. (Family Ehrnrooth)	5.09 %	9.03 %
Pensionsförsäkringsaktiefbolaget Veritas	2.53 %	1.98 %
Chilla Capital	1.81 %	4.01 %
Lundqvist Ben Hugo	1.78 %	3.96 %
Oy Etra Invest Oy	1.46 %	0.16 %
Svenska Litteratursällskapet i Finland r.f.	1.36 %	3.02 %
Nordea Henkivakuutus Suomi Oy	1.15 %	0.13 %



Approximately 15,000 shareholders in total, half of them from the Åland Islands



# 3. Sustainability



# Bank of Åland's Sustainability Journey

1919  
**ÅLANDSBANKEN**

The Bank established on strong values as a responsible actor

1997  
The Bank unveils the world's first Environmental Account

The Bank of Åland launches the Baltic Sea Project



2015

The Bank of Åland conducts materiality analysis based on UN SDGs



2017

Åland Index Solutions joint venture started with Doconomy



2018



The Bank of Åland signs the UN Principles for Responsible Banking and the Principles for Responsible Investment

Ålandsbanken Green Bond ESG fund is the first Finnish bond fund to be granted the Nordic Swan Ecolabel



2019



The Bank of Åland launches the Nordic Region's first investment fund specializing exclusively in wind power

Ålandsbanken Global Equity fund was granted the Nordic Swan Ecolabel for its sustainable investment strategy



2020



The Bank of Åland joins the UN Net-Zero Banking Alliance as a founding signatory

The Bank of Åland establishes its first climate targets according to the Paris Agreement and decides to become climate-neutral in keeping with Finland's climate policy decision

2021



2024



# Sustainability Strategy

## Our Four Areas of Sustainability



### Responsible Investments

Our ambition is to obtain a basic knowledge of the operations of the companies we invest in and, above all, to thoroughly examine the sustainability of these business operations



### Responsible Lending

Our main task shall be to finance housing for private individuals and to support our customers' savings and investment activities



### Social Responsibility

We work actively with social sustainability, which is about inclusion, equal worth, sound values and a deep involvement in the community as a company



### Environmental Responsibility

Our ambition is to raise awareness of our carbon dioxide emissions and to continuously reduce them

# Climate Targets

In 2021 we established the Group's climate targets, which support the Paris Agreement



## Reducing CO<sub>2</sub>e-emissions

Reducing CO<sub>2</sub>e emissions by 50 per cent no later than 2030, compared to 2021



## Climate-neutral by 2035

The Bank of Åland shall be a climate-neutral organisation no later than 2035

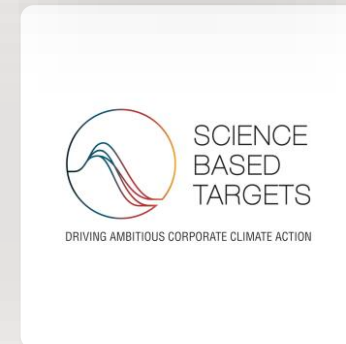


## Net-zero emissions by 2050

The Bank of Åland shall achieve net-zero emissions by 2050

# Our Global Commitments

- ✓ UNPRI  
(The UN Principles for Responsible Investment) 2010
- ✓ UNEP FI  
(The UN Principles for Responsible Banking) 2019
- ✓ NZBA  
(Net Zero Banking Alliance) 2021  
(Founding signatory, 1 out of 42 banks, UN initiative)
- ✓ Climate Action 100+ 2018
- ✓ Science Based Targets initiative (SBTi) 2023





# Our Focus on the 17 UN Global Sustainable Development Goals

In 2023 we decided to focus on 8 of the UN's 17 Global Sustainable Development Goals:

- Goal 6: Clean water and sanitation
- Goal 7: Affordable and clean energy
- Goal 8: Decent work and economic growth
- Goal 11: Sustainable cities and communities
- Goal 12: Responsible consumption and production
- Goal 13: Climate action
- Goal 14: Life below water
- Goal 15: Life on land





To date we have supported environmental work with approximately 5 000 000 €

ÖSTERSJÖPROJEKTET  
BALTICSEAPROJECT  
ITÄMERIPROJEKTI



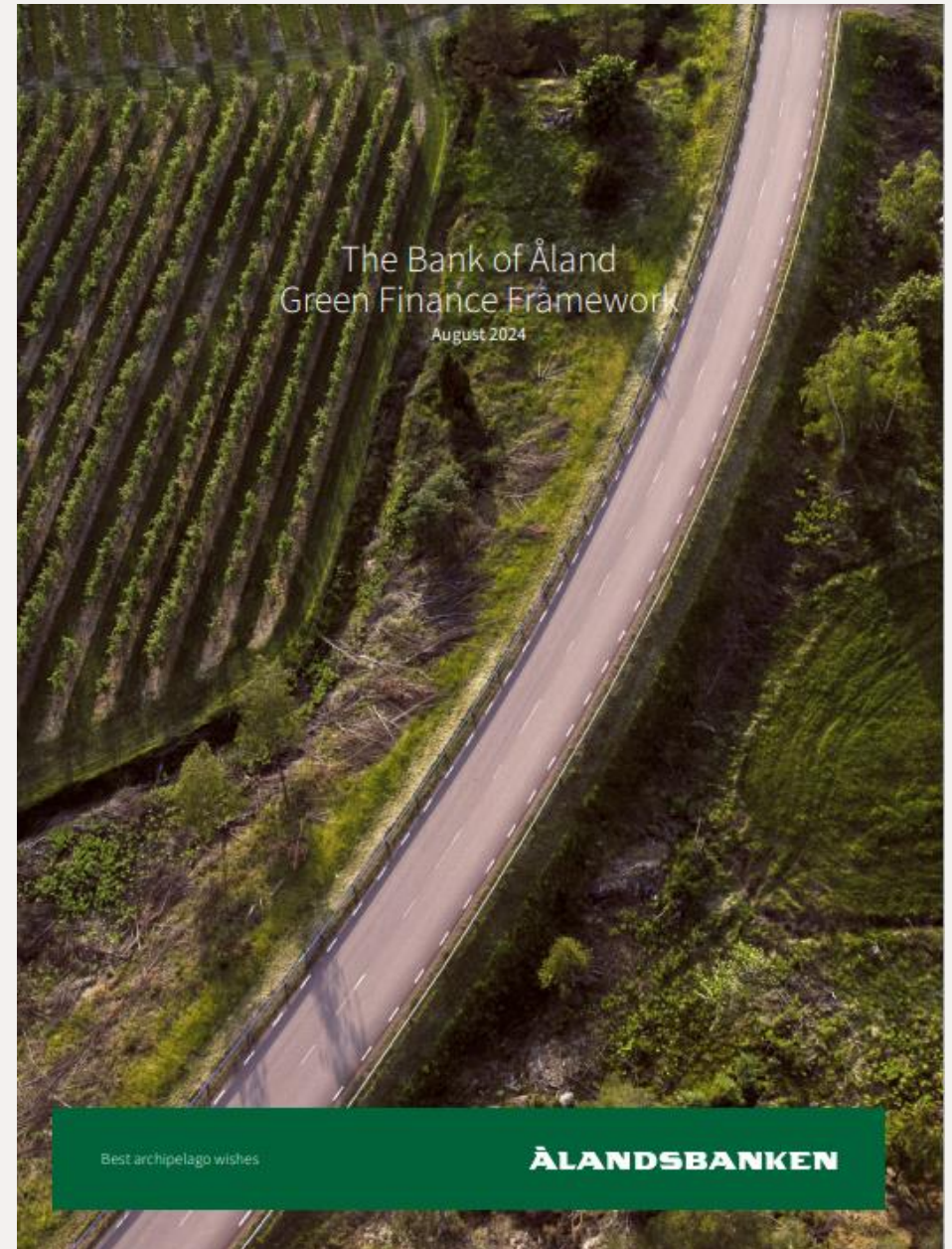
Some of the funding recipients through the Baltic Sea Project:





# Green Finance Framework

- The Bank of Åland Green Finance Framework was initially published in September 2021 and updated in August 2024
- The Framework is based on the Green Bond Principles (GBP), published by ICMA
- The Bank of Åland has received a Second Opinion from Moody's Investors Service on the Bank's August 2024 Green Finance Framework. The Green Finance Framework was assigned the Sustainability Quality Score SQS2 (Very Good)
- Eligible green project types are Renewable Energy, Green Buildings and Clean Transportation
- An impact report is published annually and on a timely basis in case of material changes
- The Bank of Åland has one outstanding green bond in the form of a Green SEK Tier 2 instrument amounting to SEK 150 M





An aerial photograph of a small, rocky island in the middle of a dark blue sea. On the island stands a lighthouse with a red and black striped tower and a red lantern room. The surrounding water is dark and textured with small waves. The overall scene is serene and isolated.

# 4. Performance and Capital

# Long-Term Financial Targets

The current long-term targets were updated by the Board of Directors in September 2021 to better reflect the strategy and business model as well as the experienced growth. The previous targets had been in effect since 2013

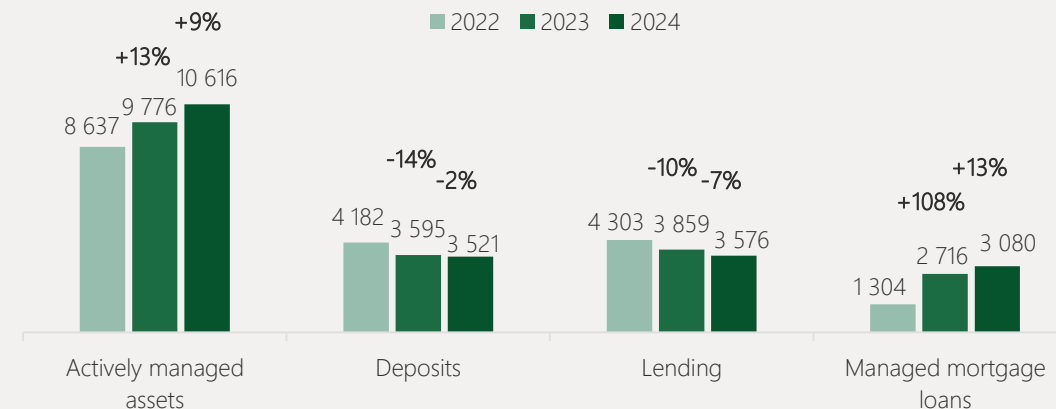
<b>Profitability</b>	Return on equity after taxes (ROE) shall exceed 15 per cent over time
<b>Capitalization</b>	The Common Equity Tier 1 capital ratio shall exceed the FIN-FSA's minimum requirement by 1.75-3.0 percentage points
<b>Payout ratio</b>	The payout ratio shall be 60 per cent of shareholders' interest in profit or higher, provided that capital adequacy does not fall below the target



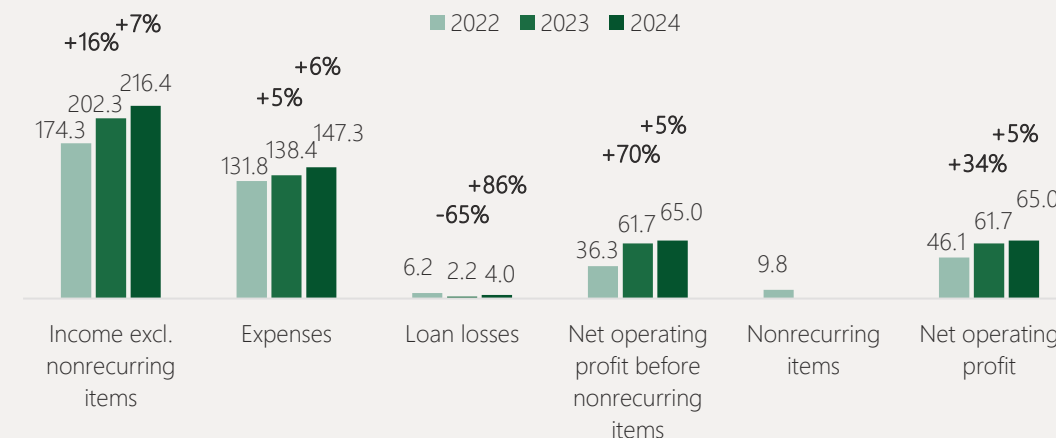
# 2024 in Summary

- 2024 was marked by continued geopolitical turmoil. Global economic expansion was uneven, with the US economy continuing to grow while China and Europe faced continued headwinds. Key interest rate cuts announced during the year were 1.00 percentage points by the ECB and 1.50 percentage points by Sweden's Riksbank. There are many indications that inflation has now been defeated, at least in the short term
- Best earnings year ever with a net operating profit of EUR 65.0 million (61.7) and a return on equity after taxes of 17.9 per cent (17.2)
- Falling market interest rates will have a negative impact on banks' net interest income, but this should also contribute to higher activity in the markets and greater interest in financial investment products, which should benefit the net commission income over time
- Late in 2024, a new mutual fund was launched, Ålandsbanken Norden Dividend. The fund is a unique, actively managed equity fund that invests in Nordic quality companies with reasonable valuations and with good, stable dividend yields. It was well received, with subscriptions of more than EUR 100 million
- The third and final transfer of Swedish home mortgage loans from the Bank of Åland to Borgo was completed on June 10. The nominal amount of the mortgage portfolio that was transferred was SEK 3.0 billion. The transfer had no significant effect on the Bank of Åland's earnings, but it freed up liquidity and capital
- 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
- For the fourth year in a row, the Bank of Åland was named Finland's best Private Banking operator in Kantar Prospera's Private Banking Finland survey. The survey showed that customers appreciate the Bank's long-term work with customer relationships, financial planning and sustainability. The Bank of Åland's customers are also the ones who are the most willing to recommend their bank to others

## Volumes, EUR M



## Net operating profit, EUR M



# 2024 Results

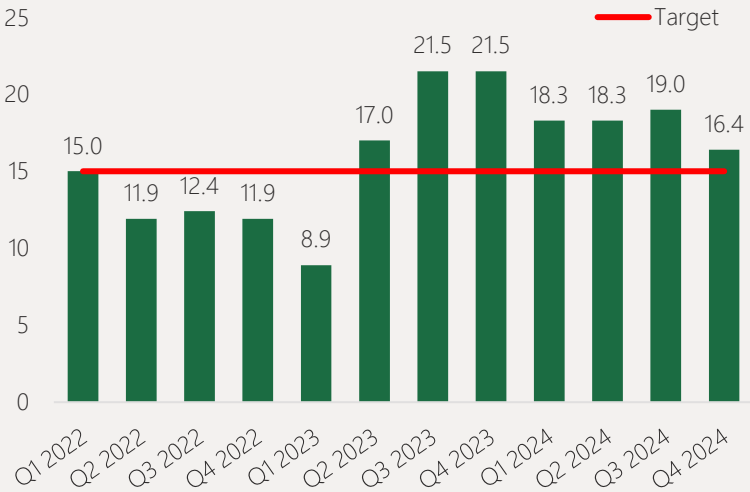
## Results

- Net operating profit EUR 65.0 M in 2024 (EUR 61.7 M in 2023), +5 %
- ROE 17.9 % in 2024 (17.2 % in 2023)
- Earnings per share, EUR 3.41 in 2024 (EUR 3.18 in 2023), +7 %

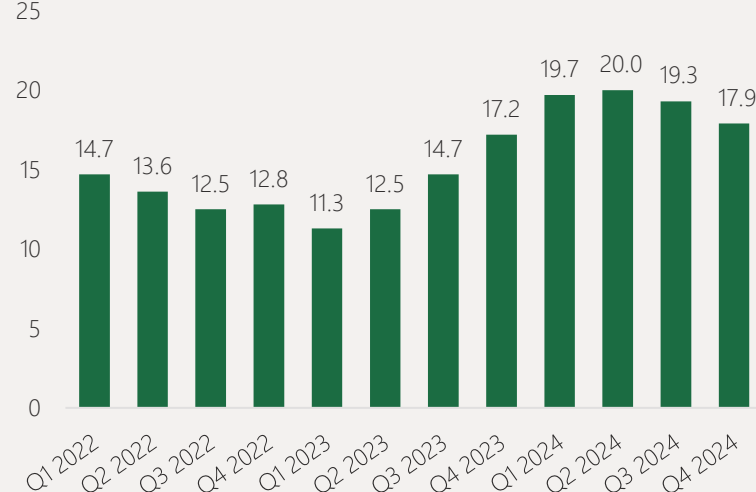
## Future Outlook

- The Bank of Åland expects its return on equity after taxes (ROE) to continue to exceed its long-term financial target of 15 per cent during 2025
  - Dependent on the performance of the fixed income and stock markets
  - Some uncertainty about the Bank’s current forecast due to concerns about economic development in a number of important markets

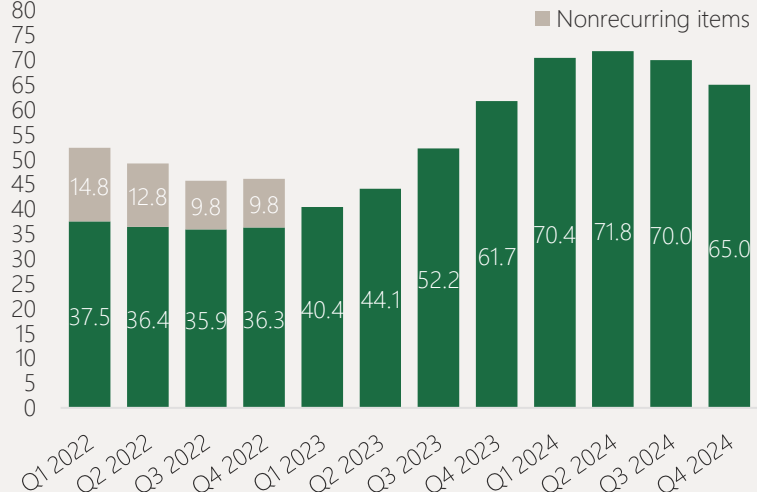
ROE %, 2022-2024



ROE, Rolling 12 Months, %



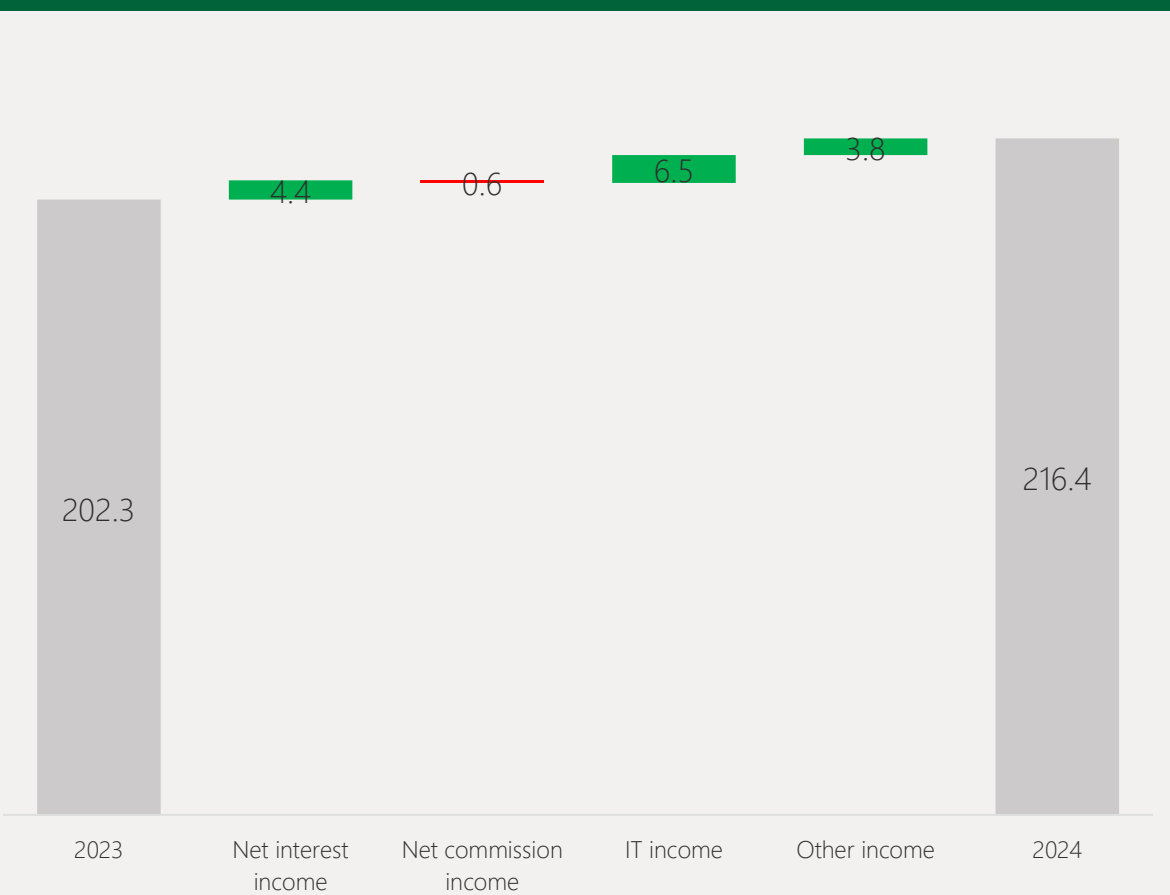
Net Operating Profit, Rolling 12 Months, EUR M



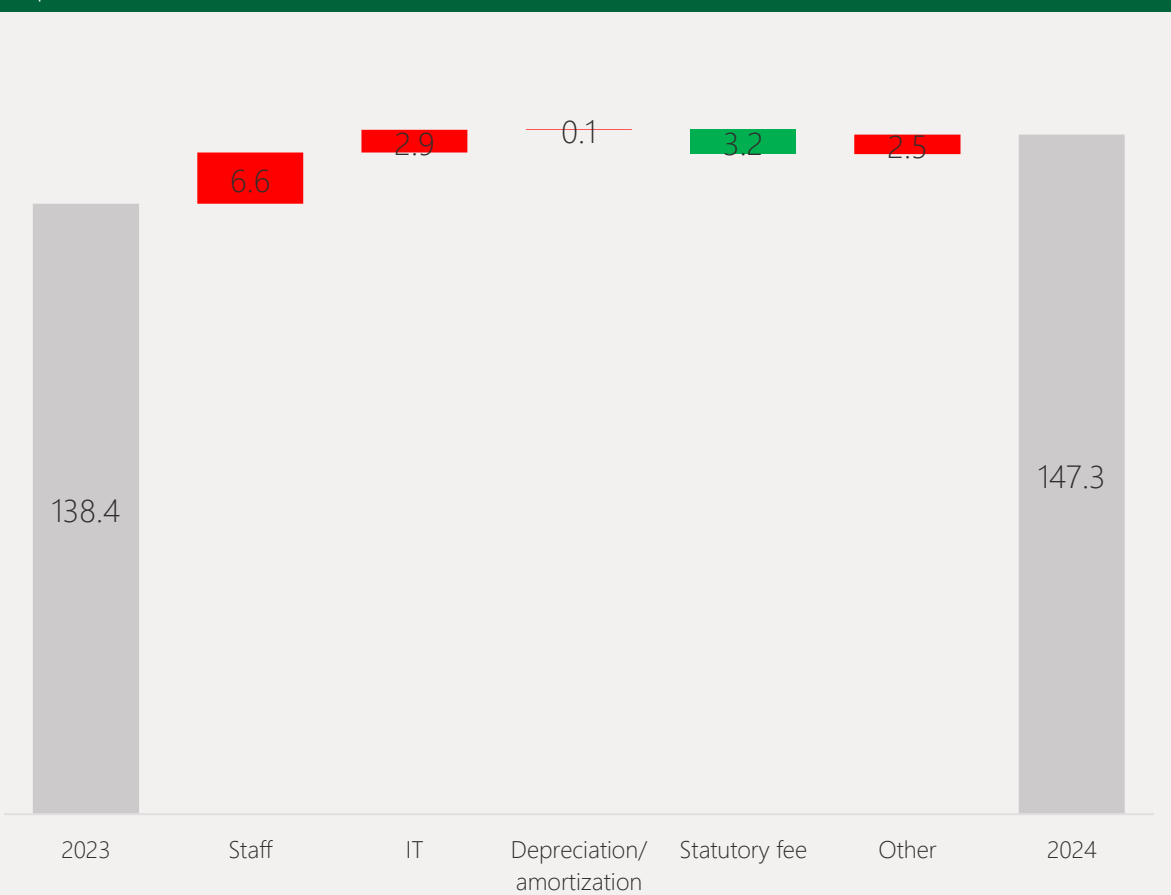


# Income and Expenses 2023-2024

Income, EUR M



Expenses, EUR M



# Committed to Maintaining a Strong Capital Ratio

- The Bank of Åland is committed to a strong capital ratio. The Common Equity Tier 1 capital ratio shall exceed the FIN-FSA's minimum requirement by 1.75-3.0 percentage points
- The Bank will continue to build up its capital base, improve and diversify earnings, and uphold a sound approach to risk
- Various buffer requirements apply. The capital conservation buffer requirement, 2.5 per cent of CET1 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 requirement 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 Bank of Åland is also 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
- The FIN-FSA has cancelled the Bank of Åland's minimum requirement for eligible liabilities (MREL) under EU regulations. In practice, however, the requirement does not represent any extra capital requirement beyond the already existing minimum requirements
- CET1 capital ratio for a small bank like the Bank of Åland is not comparable to larger banks with IRB methods

Capital position, %



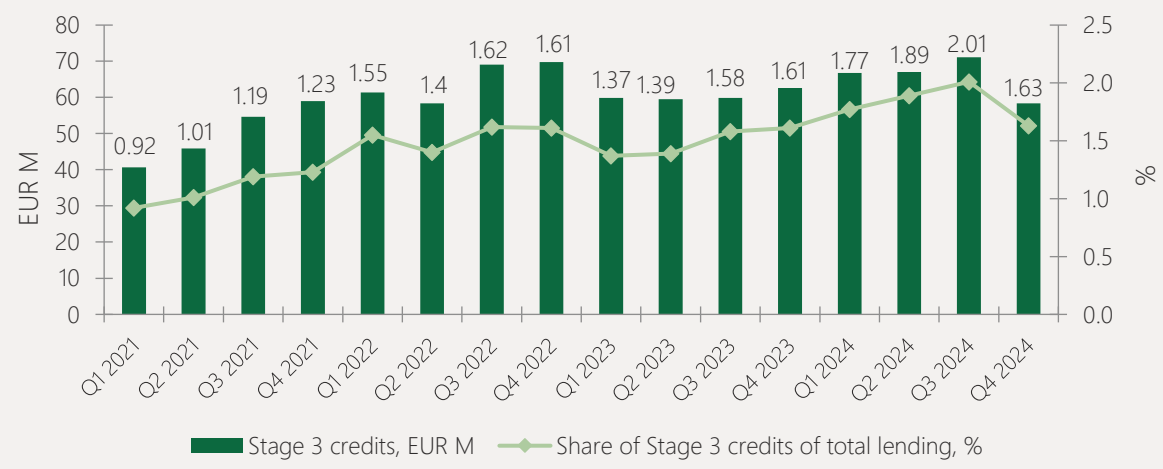


# 5. Asset Quality

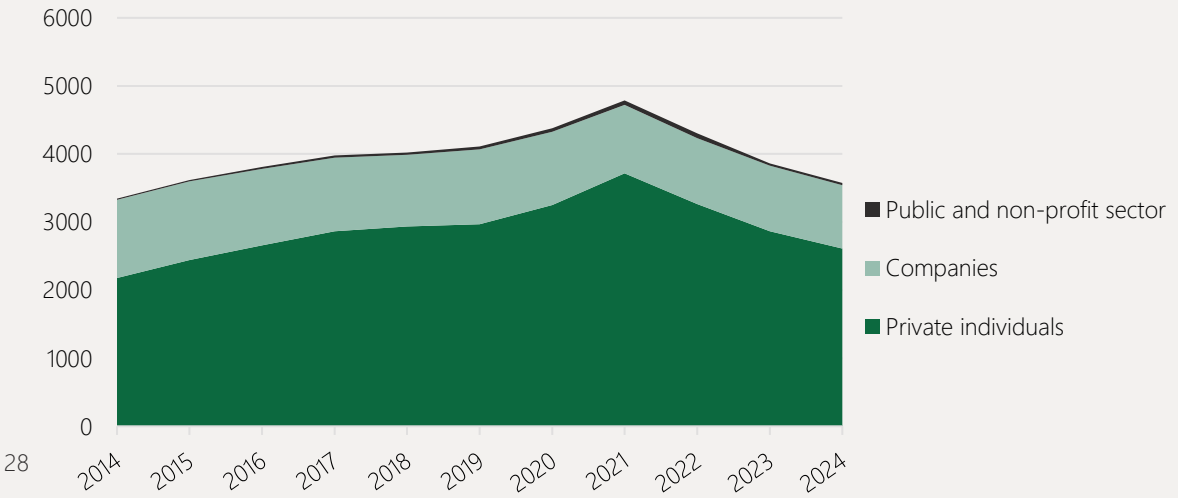
# Lending Strategy Focused on Balanced Credit Growth

- The Bank of Åland is a relationship bank with the primary focus on customers with investment needs in the Private Banking and Premium Banking segments
  - Selective lending to high quality, affluent clients, where asset quality is prioritised over lending volume growth and higher returns
- The Bank of Åland is not granting credits as a standalone product to mass market clients or corporate clients
- Balanced growth in lending versus deposits in every business area
- Residential mortgages or property as collateral in at least half of the lending
- Many small loans are preferred to a few large
- Loan loss level of 0.10 % in 2024 (0.05 % in 2023)

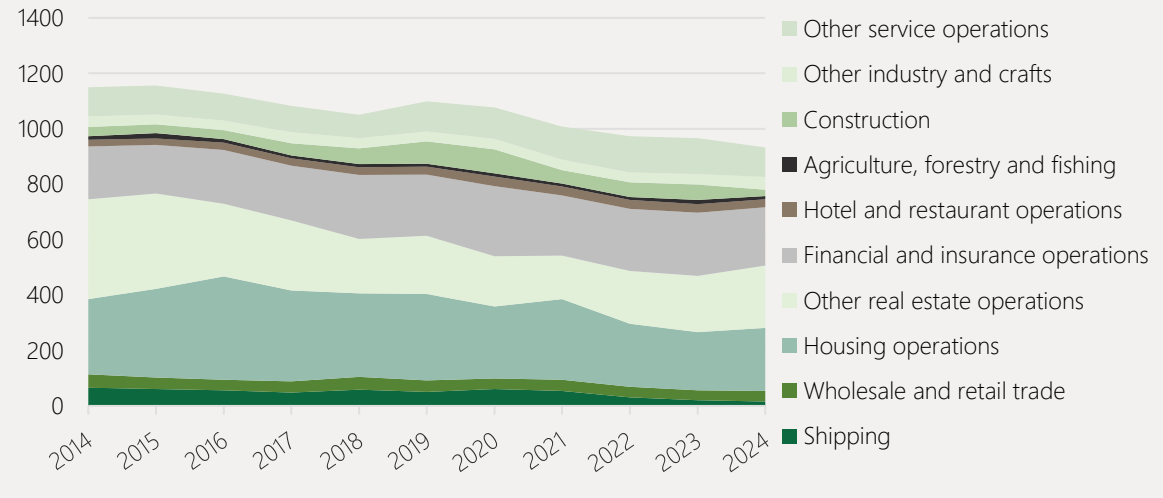
## Stage 3 Credits 2021-2024



## Lending to the Public, EUR M



## Lending to Companies, EUR M





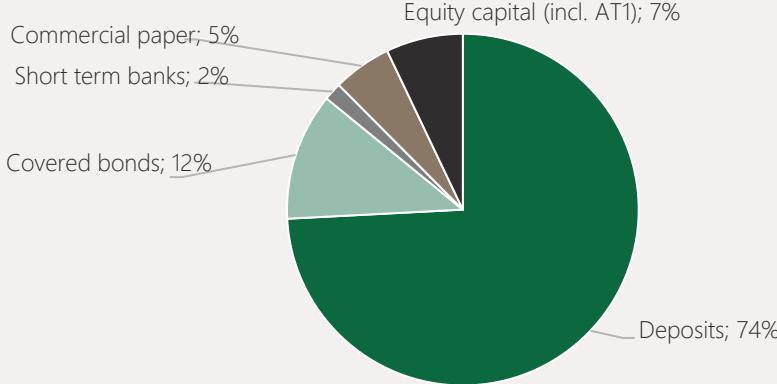
## 6. Liquidity and Funding



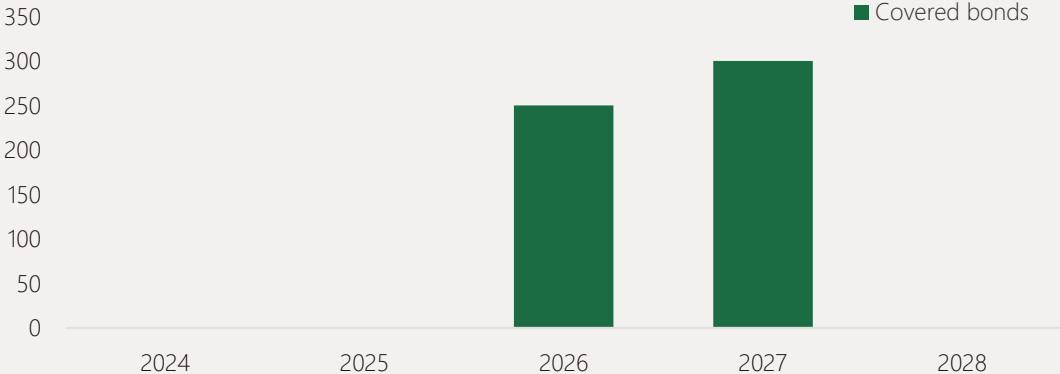
# Group Funding and Liquidity Management

- Demand deposits and time deposits from core private customers and their companies are the main funding sources
- Covered Bonds, the main long-term wholesale funding source today, were introduced in early 2012 in order to diversify the funding mix and to form a reliable and cost-efficient funding channel
- A balanced funding mix is maintained with a diversity of funding sources
- Well-diversified maturity profile with limited exposure to short-term wholesale funding

## Group Funding Profile December 31, 2024



## Maturing Long-Term Funding\* December 31, 2024, EUR M



## Themes 2025

- After the third and final transfer of SEK mortgages to Borgo in 2024, the share of customer deposits is high, over 70 per cent of the funding profile
- Demand conditions and the market situation favour issuance in Covered Bonds
- The balanced funding mix is maintained

\* Excluding retained covered bonds



# Liquidity Reserve

### Key metrics

Liquidity reserve

22 %  
of total assets

Liquidity portfolio

EUR 1,077 M

LCR

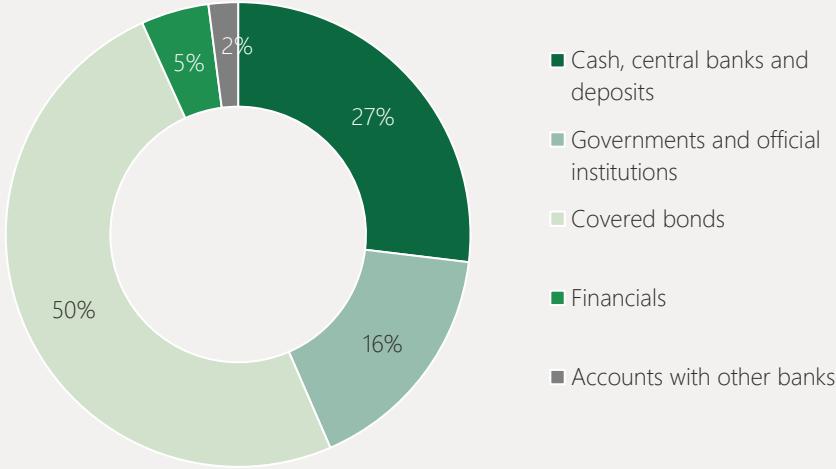
169 %

NSFR

118 %

- Very high quality in liquidity reserves
  - The most liquid and tradable assets
  - LCR and NSFR targets reached
- Coordinated cash pools between Finland and Sweden
- Conservative approach to market risk within liquidity reserves
  - Assets with short duration
  - Well diversified counterparty risk profile

Composition of the Liquidity Reserve December 31, 2024



An aerial photograph of a small, rocky island in the middle of a dark blue sea. On the island stands a lighthouse with a red and black striped tower and a red lantern room. The surrounding water is dark and textured with small waves. The text '7. CBA Cover Asset Pool' is overlaid in white on the lower right portion of the image.

## 7. CBA Cover Asset Pool



# CBA Cover Asset Pool Characteristics

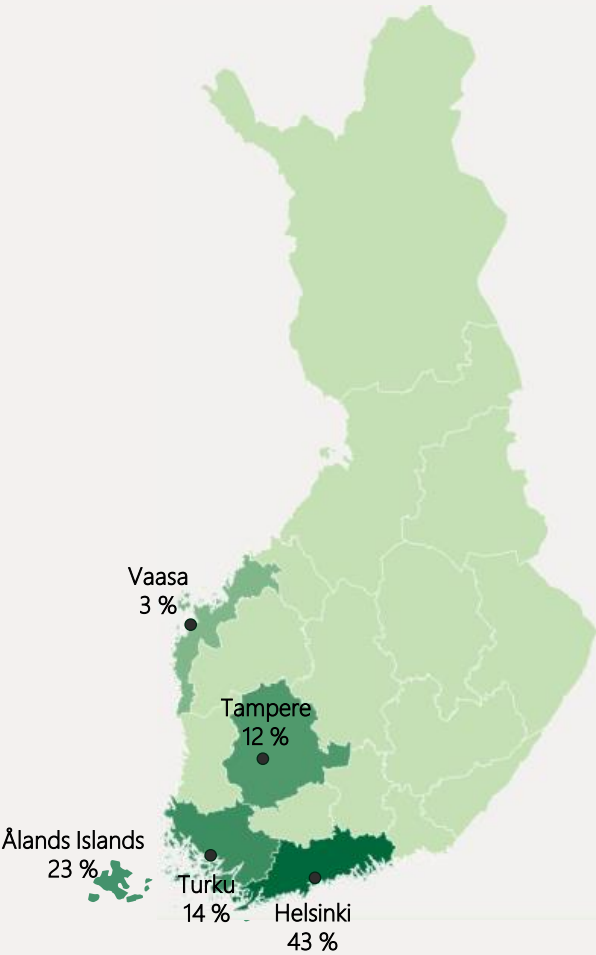
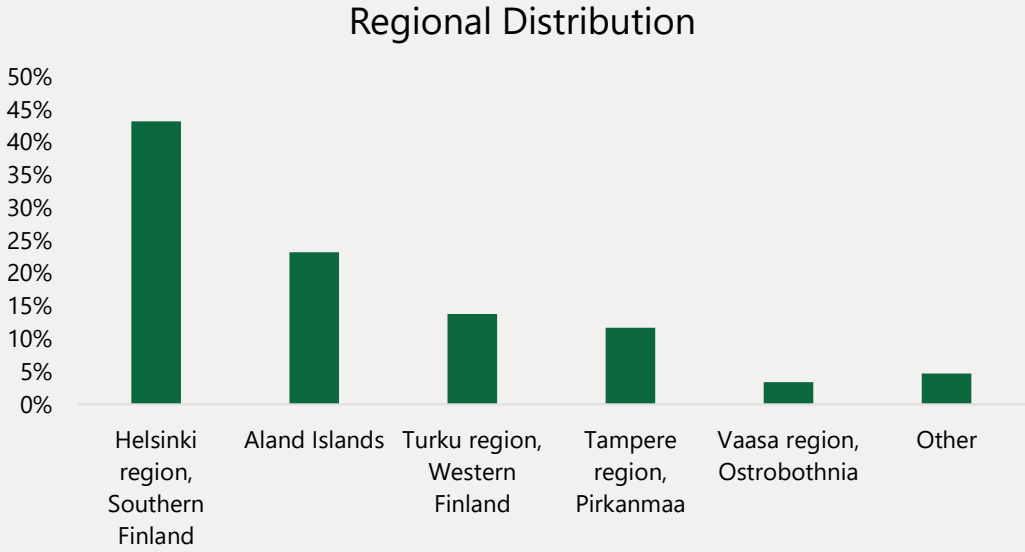
## Key Characteristics of the CBA Cover Asset Pool December 31, 2024

Prime Finnish residential mortgages, %	100.0
Total nominal amount, EUR M	1,008.7
Weighted arithmetic average LTV, unindexed, %	53.0
Weighted average life, years	8.2
Weighted average loan seasoning, years	6.32
Number of unique loans	10,510
Number of borrowers	9,145
Average loan size, EUR k	95.7
Interest rate base, %	96.4 floating / 3.6 fixed
Impaired loans, %	0.0
Repayment type, %	15.1 interest only / 84.9 amortizing
Over-collateralization, %	actual 26.1/ minimum committed 6.5

- One Cover Pool as of April 22, 2024. All new issuances are secured by the CBA Cover Asset Pool, which consists of 100 % Finnish and the Åland Island’s residential mortgages
- On April 26, 2024, Moody’s assigned Aaa ratings to the CBA Covered Bonds of the Bank of Åland
- The Bank of Åland is committed to keeping the CBA Covered Bond over-collateralization clearly over the legislative minimum of 2 %. In excess of 2 %, the excess collateral must also cover the estimated write-down costs related to the Covered Bonds
- Under the CBA, the Bank of Åland is required to ensure that the CBA Cover Asset Pool continuously contains certain types of liquid funds in an amount which covers the maximum net outflow relating to CBA Covered Bonds over the coming 180 days’ period

# Geographical Distribution of the CBA Cover Asset Pool

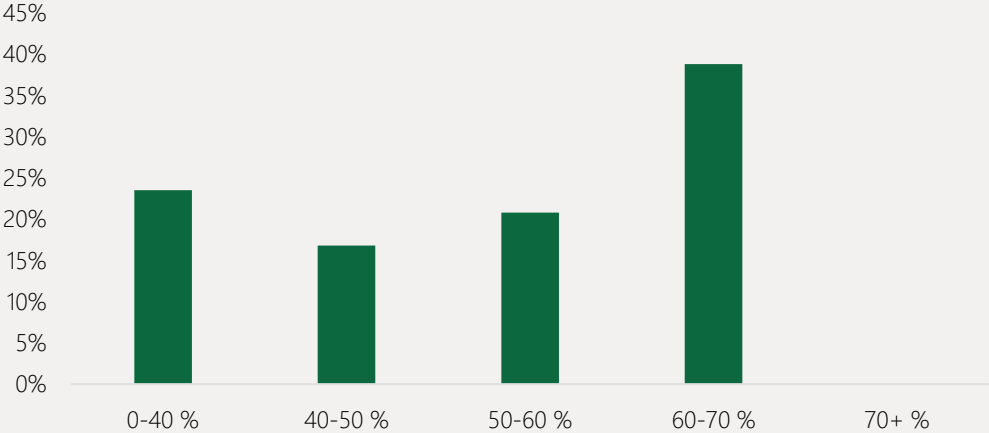
- Clear concentration to the growth centres, the wealthiest parts of Finland



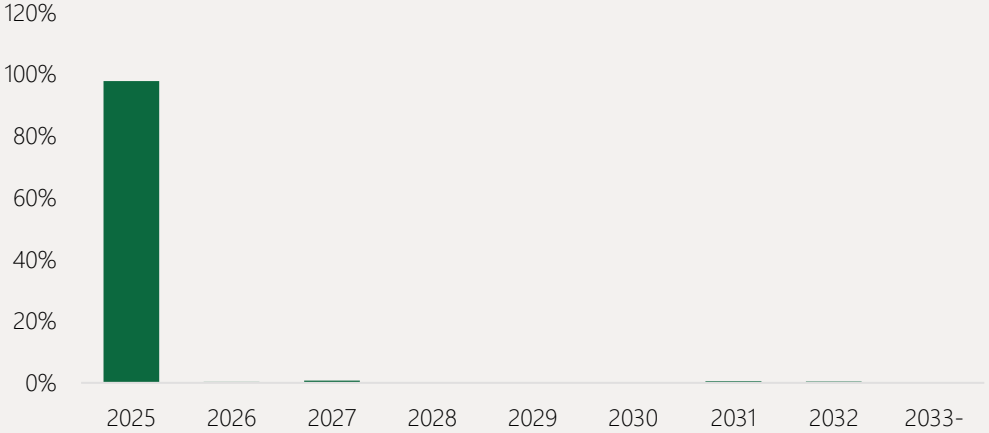


# CBA Cover Asset Pool Details

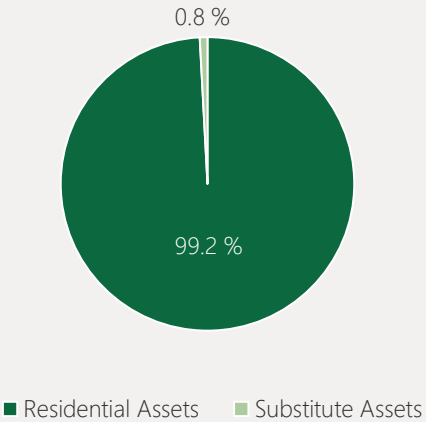
LTV, Unindexed



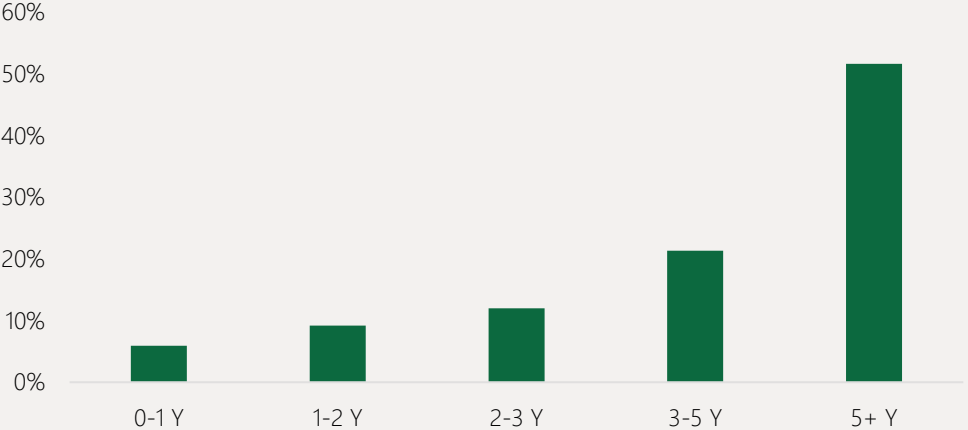
Interest Rate Reset



Cover Pool Composition



Seasoning



# 8. Finnish Economy and Housing Market



# Finnish Economy

- Finland's economy is making a slow recovery from recession
- Bank of Finland expects the economy to show a contraction of 0.5% for 2024, but in turn grow by 0.8% in 2025 and by 1.8% in 2026
- Inflation has fallen considerably in 2024, but increases in taxation will raise consumer prices in 2025. In 2026-2027 the upturn in the economy and increased household purchasing power will maintain a modest inflation rate
- The labour market has suffered from the weak economy. Employment will improve when labour demand picks up during the upswing in 2026-2027
- Despite stronger purchasing power, private consumption will be down because of weak consumer confidence and an elevated threat of unemployment. Improvement in household purchasing power will be halted temporarily by a rise in unemployment, higher taxation and cuts to social benefits
- Investment has still been declining in 2024, but is expected to pick up as cyclical conditions improve, and the markets are anticipating a further reduction in interest rates
- Geopolitical risks are very much present; the anticipated tightening of trade policy with the U.S threatens to hamper the growth opportunities for Finnish exports. Uncertainty in the global economy is elevated by the geopolitical tensions in Ukraine and the Middle East

Interim forecast	2023	2024 (f)	2025 (f)	2026 (f)	2027 (f)
Annual GDP growth (%)	-1.2	-0.3	1.6	1.5	1.5
Unemployment rate (%)	7.2	8.3	8.4	7.9	7.4
Inflation, HICP (%)	4.3	1.0	2.1	1.9	1.9
Core inflation, HICP excl food and energy (%)	4.1	2.2	2.6	2.1	1.9

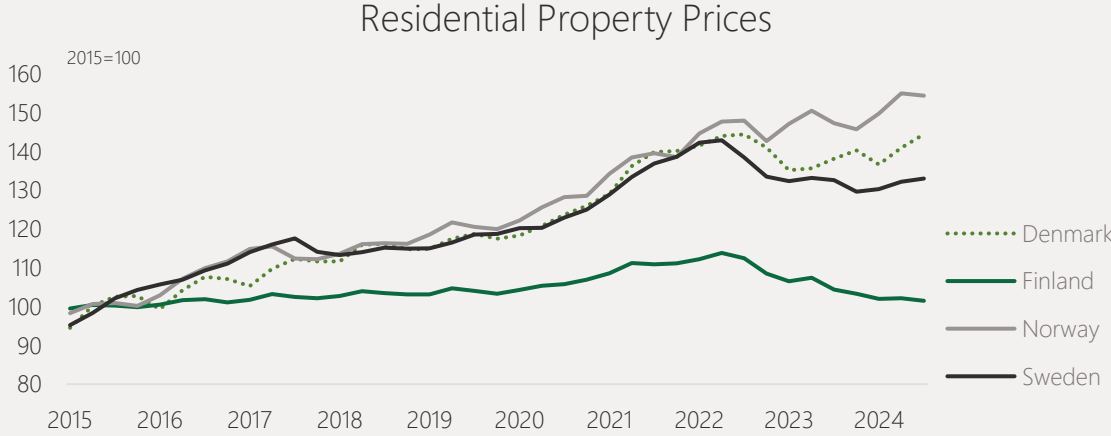
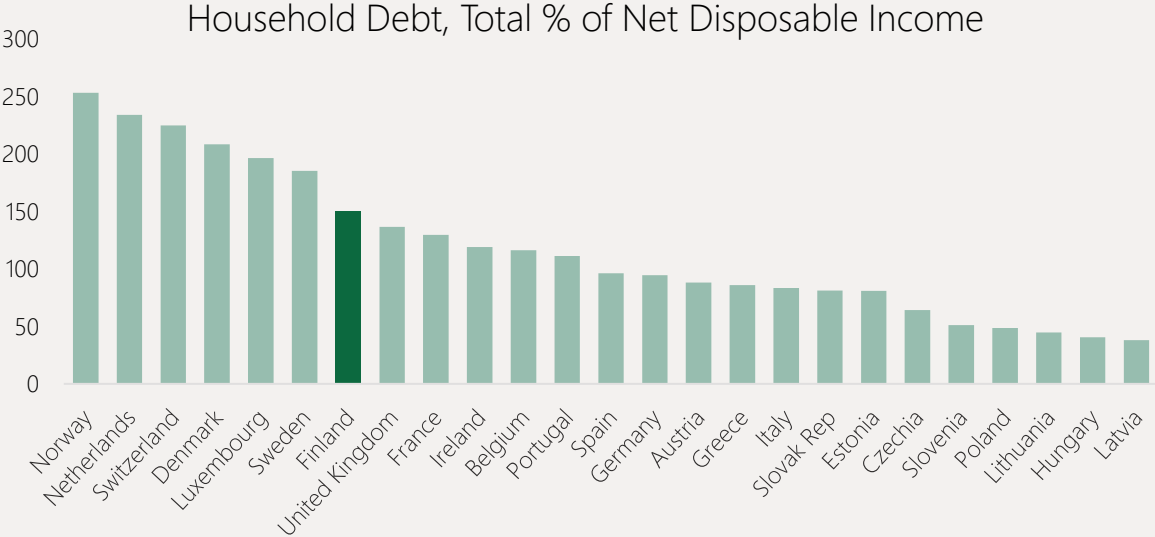
Consumption	2023	2024 (f)	2025 (f)	2026 (f)	2027 (f)
Private consumption (change in vol, %)	0.3	-0.4	1.2	1.8	1.6
Public consumption (change in vol, %)	3.4	1.2	-0.5	-0.4	0.1
Households' disposable income (change, %)	4.8	3.2	2.8	3.2	3.3
Households' real disposable income (change, %)	0.2	2.0	0.7	1.2	1.2
Household savings ratio (%)	1.3	3.7	3.2	2.7	2.3

Source: (1) [Bank of Finland](#), (2) [Ministry of Finance](#)

# Finnish Housing Market

- Household debt is 150 % of disposable income, mostly for housing loans, making households vulnerable to higher housing loan interest rates
- To curb rising household indebtedness, the FIN-FSA lowered the maximum loan-to-value by five percentage points<sup>1</sup> in summer 2021 and later issued a recommendation on a debt servicing-to-income limit<sup>2</sup> for mortgage lending. As the household indebtedness lately has declined, the loan-to-value restriction has been restored to pre-pandemic levels<sup>3</sup>

- Growth in residential property prices has been moderate in Finland compared to its Nordic peers
- The housing market recovery has started with the fall in interest rates. Sales volumes have taken a moderate upturn and at least the decline in home prices has come to a halt. The number of housing starts produced on market terms is still exceptionally low, and currently state-subsidized residential construction maintains new housing construction



Source: (1) [OECD](#), (2) [OECD](#), (3) [FIN-FSA](#)

Source: (1) [Eurostat](#), (2) [Ministry of Finance](#)

<sup>1</sup> Maximum LTV 85 % for others than first time home buyers. 95 % for first-home loans  
<sup>2</sup> Total loan-servicing costs below 60 % of loan applicants net income under stress conditions  
<sup>3</sup> Maximum LTV 90 % for others than first time home buyers. 95 % for first-home loans



# 9. Appendix

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# Key Figures

	Q4 2024	Q4 2023	2024	2023	2022	2021	2020
ROE, %	16.4	21.5	17.9	17.2	12.8	14.0	11.6
Expense/ income ratio, %	68	68	68	68	72	69	70
Loan loss level, %	0.18	0.02	0.10	0.05	0.14	0.12	0.11
CET1 capital ratio, %	14.5	13.7	14.5	13.7	12.1	12.1	14.3
Total capital ratio, %	18.1	17.1	18.1	17.1	15.2	15.4	16.5
Earnings per share, EUR	0.80	1.05	3.41	3.18	2.37	2.55	2.02
Equity capital per share, EUR	19.95	19.98	19.95	19.98	18.85	19.39	18.76
Lending to the public, EUR M	3,576	3,859	3,576	3,859	4,303	4,788	4,378
Deposits from public, EUR M	3,521	3,595	3,521	3,595	4,182	4,070	3,605
Equity capital, EUR M	336	335	336	335	317	332	292
Risk exposure amount, EUR M	1,643	1,774	1,643	1,774	1,938	1,976	1,671
FTE	1,000	912	977	906	854	815	751

# Income Statement

EUR M	Q4 2024	Q4 2023	2024	2023	2022	2021	2020
Net interest income	25.2	27.8	104.1	99.7	68.2	62.2	58.9
Net commission income	19.9	22.6	76.4	77.0	78.4	79.0	66.3
IT income	9.4	8.4	35.1	28.6	23.5	24.4	21.9
Other income	-0.4	-3.2	0.7	-3.0	14.0	10.4	3.0
<b>Total income</b>	<b>54.1</b>	<b>55.7</b>	<b>216.4</b>	<b>202.3</b>	<b>184.1</b>	<b>176.0</b>	<b>150.1</b>
Staff costs	-22.1	-20.9	-87.9	-81.3	-75.5	-71.1	-62.9
Other expenses	-15.2	-14.4	-59.4	-57.0	-56.3	-50.8	-42.6
<b>Total expenses</b>	<b>-37.3</b>	<b>-35.3</b>	<b>-147.3</b>	<b>-138.4</b>	<b>-131.8</b>	<b>-121.9</b>	<b>-105.6</b>
<b>Profit before impairment losses</b>	<b>16.8</b>	<b>20.4</b>	<b>69.0</b>	<b>63.9</b>	<b>52.3</b>	<b>54.1</b>	<b>44.6</b>
Net impairment loss on financial assets	-1.5	-0.1	-4.0	-2.2	-6.2	-4.9	-4.9
<b>Net operating profit</b>	<b>15.3</b>	<b>20.2</b>	<b>65.0</b>	<b>61.7</b>	<b>46.1</b>	<b>49.2</b>	<b>39.7</b>
Income taxes	-2.9	-4.2	-12.8	-13.1	-9.3	-9.3	-8.2
<b>Net profit for the period</b>	<b>12.4</b>	<b>16.1</b>	<b>52.3</b>	<b>48.7</b>	<b>36.8</b>	<b>39.9</b>	<b>31.5</b>
Attributable to:							
Non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Shareholders in Bank of Åland Plc</b>	<b>12.4</b>	<b>16.1</b>	<b>52.3</b>	<b>48.7</b>	<b>36.8</b>	<b>39.8</b>	<b>31.5</b>



# Balance Sheet

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

# Outstanding Long-Term Funding\* December 31, 2024

CBA Cover Asset Pool

ISIN	Nominal Amt	Settlement date	Maturity date	Coupon	Currency	EUR eq amt	Time to maturity
FI4000549548	250 000 000	16.03.2023	16.03.2026	3.875	EUR	250 000 000	1.21
FI4000566351	300 000 000	22.01.2024	22.07.2027	3.000	EUR	300 000 000	2.56
						550 000 000	1.94

\* Excluding retained covered bonds

# Sustainability Information

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



# Sustainability Information

Group, scope 3, downstream	Q4 2024	Q3 2024	%	Q4 2023	%
Current situation on annual basis (tonnes of CO <sub>2</sub> e)					
<b>Loan portfolio Scope 1 and 2</b>	196,937	198,145	-1	258,301	-24
<i>of which scope 1-2</i>	196,937	198,145	-1	258,301	-24
<b>Investments Scope 1, 2 and 3</b>	2,586,529	2,493,836	4	2,336,184	11
<i>of which scope 1</i>	125,744	116,280	8	103,430	22
<i>of which scope 2</i>	36,253	33,427	8	30,530	19
<i>of which scope 3</i>	2,424,532	2,344,129	3	2,202,224	10
<b>Treasury Scope 1, 2 and 3</b>	13,720	22,403	-39	30,762	-55
<i>of which scope 1</i>	2,028	2,129	-5	7,948	-74
<i>of which scope 2</i>	547	578	-5	416	31
<i>of which scope 3</i>	11,145	19,696	-43	22,398	-50
<b>Total, Scope 3, downstream</b>	<b>2,797,186</b>	<b>2,714,384</b>	<b>3</b>	<b>2,625,247</b>	<b>7</b>

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