

January–March 2022

Compared to January–March 2021

- Net operating profit increased by 29 per cent to EUR 13.9 M (10.8).
- Net interest income decreased by 6 per cent to EUR 14.3 M (15.2).
- Net commission income increased by 3 per cent to EUR 20.2 M (19.6).
- Total expenses increased by 16 per cent to EUR 35.5 M (30.5).
- Net impairment losses on financial assets (including recoveries) totalled EUR 1.7 M (0.1), equivalent to a loan loss level of 0.16 (0.02) per cent.
- Return on equity after taxes (ROE) increased to 15.0 (12.5) per cent.
- Earnings per share increased by 29 per cent to EUR 0.71 (0.55).
- The common equity Tier 1 capital ratio increased to 13.9 per cent (12.1 per cent on December 31, 2021).
- Unchanged future outlook: The Bank of Åland expects its net operating profit in 2022 to be about the same as in 2021.

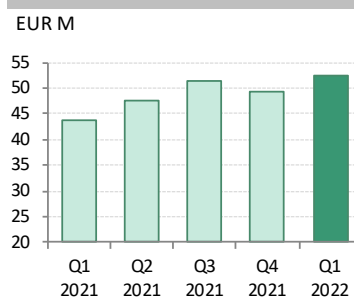
“The quarter included major macroeconomic events, with rising interest rates and bond yields as well as falling stock markets due to mounting inflation and Russia’s invasion of Ukraine.”

“One major change for the Bank of Åland was the divestment of most of our Swedish mortgage loan portfolio (SEK 10.4 billion) to the mortgage company Borgo, in which the Bank of Åland is one of the main shareholders. As communicated earlier, this divestment provided a nonrecurring income of EUR 9.8 M. The diminished loan portfolio lowers our net interest income but will generate income from distribution and management of Borgo’s mortgage loans.”

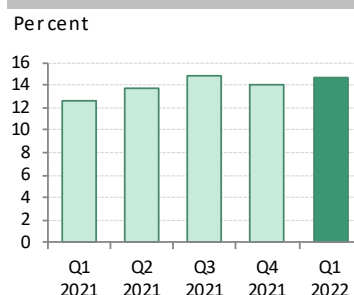
“Despite market volatility during the quarter, we saw a continued net inflow to our investment services of EUR 123 M. We also saw both our deposit and lending volumes rise by 4 per cent compared to year-end 2021 when we exclude the volume of mortgage loans that we divested.”

Peter Wiklöf, Managing Director and Chief Executive

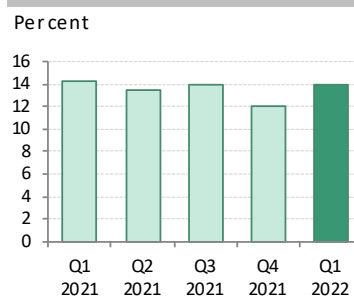
4-quarter moving net operating profit



4-quarter moving ROE



Common equity Tier 1 ratio



The Bank of Åland is a 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 of Åland’s Head Office is in Mariehamn. The Bank has two offices in the Åland Islands, six offices elsewhere in Finland and three offices in Sweden.

Two subsidiaries, whose operations are connected in various ways to banking, belong to the Bank of Åland Group.

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Financial summary

Group	Q1 2022	Q4 2021	%	Q1 2021	%
EUR M					
Income					
Net interest income	14.3	16.2	-12	15.2	-6
Net commission income	20.2	21.5	-6	19.6	3
Net income from financial items at fair value	10.8	1.5		0.4	
Other income	5.7	7.0	-18	6.2	-8
Total income	51.1	46.2	11	41.4	23
Expenses					
Staff costs	-18.9	-18.0	5	-17.4	8
Other expences	-13.3	-10.3	28	-10.2	30
Depreciation/amortisation	-3.4	-4.1	-18	-2.9	16
Total expenses	-35.5	-32.5	9	-30.5	16
Profit before impairment losses	15.6	13.8	13	10.9	43
Impairment losses on financial assets, net	-1.7	-3.5	-52	-0.1	
Net operating profit	13.9	10.2	36	10.8	29
Income taxes	-2.9	-2.3	25	-2.2	31
Profit for the report period	11.0	7.9	39	8.6	28
Attributable to:					
Shareholders in Bank of Åland Plc	11.0	7.9	39	8.6	28
Volume					
Lending to the public	3,936	4,788	-18	4,419	-11
Deposits from the public	4,238	4,070	4	3,529	20
Actively managed assets ¹	9,082	9,826	-8	7,808	16
Managed mortgage loans ²	1,114	2			
Equity capital	310	332	-7	298	4
Balance sheet total	5,950	6,635	-10	6,089	-2
Risk exposure amount	1,805	1,976	-9	1,747	3
Financial ratios					
Return on equity after taxes, % (ROE) ³	15.0	10.6		12.5	
Return on equity after taxes, % (ROE), moving 12-month average to end of report period	14.7	14.0		12.6	
Expense/income ratio ⁴	0.69	0.70		0.74	
Loan loss level, % ⁵	0.16	0.30		0.02	
Gross share of loans in Stage 3, % ⁶	1.55	1.23		0.92	
Liquidity coverage ratio (LCR), % ⁷	132	139		165	
Net stable funding ratio (NSFR), % ⁸	121	109		106	
Loan/deposit ratio, % ⁹	93	118		125	
Common equity Tier 1 capital ratio, % ¹⁰	13.9	12.1		13.6	
Tier 1 capital ratio, % ¹¹	15.5	13.6		15.3	
Total capital ratio, % ¹²	17.5	15.4		17.4	
Leverage ratio, % ¹³	5.0	4.3		4.6	
Earnings per share, EUR ¹⁴	0.71	0.51	39	0.55	29
Earnings per share, EUR, moving 12-month	2.71	2.55	6	2.22	22
Equity capital per share, EUR ¹⁵	18.02	19.39	-7	17.19	5
Working hours re-calculated to full-time equivalent positions	836	817	2	790	6

¹ Actively managed assets encompassed managed assets in the Group's own mutual funds, as well as discretionary and advisory securities volume plus external funds with contractual earnings

² Total mortgage loan volume in Borgo AB that the Bank of Åland manages through various services

³ Profit for the report period attributable to shareholders / Average shareholdings' portion of equity capital

⁴ Expenses / Income

⁵ Impairment losses on loan portfolio and other commitments / Lending to the public at the beginning of the period

⁶ Shares of loans in stage 3 / Gross lending to the public

⁷ LCR, assets at levels 1 and 2 / 30-day net cash outflow

⁸ Available stable funding / Stable funding requirement

⁹ Lending to the public / Deposits from the public

¹⁰ Common equity Tier 1 capital / Risk exposure amount

¹¹ Tier 1 capital / Risk exposure amount

¹² Own funds / Risk exposure amount

¹³ Tier 1 capital / Total exposure metric

¹⁴ Shareholders' portion of profit for the period / Average number of shares

¹⁵ Shareholders' portion of equity capital / Number of shares on closing day

Comments

MACRO SITUATION

Early 2022 has been dramatic, to say the least. After the COVID-19 (coronavirus) pandemic had finally begun to release its two-year grip in Finland and Sweden, on February 24 Russia began a full-scale war of invasion against its neighbouring country of Ukraine.

The world's capital markets have experienced high volatility, and there is still great uncertainty about the future. Inflation is rising and may be more long-lasting than earlier forecasts had indicated. World economic growth is slowing. Long-term market yields have already climbed sharply for a long time, while short-term interest rates began to rise only towards the end of the first quarter. Both the European Central Bank and Sweden's Riksbank are expected to begin hiking their key interest rates.

BENCHMARK INTEREST RATES, AVERAGES, PER CENT

	Q1 2022	Q4 2021	Q1 2021
Euribor 3 mo	-0.53	-0.57	-0.52
Euribor 12 mo	-0.35	-0.49	-0.48
Stibor 3 mo	-0.02	-0.09	-0.03

During the first quarter of 2022, share prices according to the Nasdaq Helsinki stock exchange's OMXHPI index fell by 13 per cent, while the Nasdaq Stockholm's OMXSPI index fell by 14 per cent.

The average value of the Swedish krona (SEK) in relation to the euro (EUR) was 4 per cent lower during the first quarter of 2022 than in the year-earlier period and 1 per cent lower than at the end of 2021. 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

Finland's POP Bank has chosen the Bank of Åland's subsidiary Crosskey as its central banking system partner. On January 4, 2022 POP Bank signed a cooperation agreement with Crosskey on the renewal of its core banking system. POP Bank anticipates that it will introduce the new core banking system during 2025.

On February 14, the Bank of Åland transferred most of its Swedish mortgage loans and related previously issued covered bonds to Borgo AB (publ), in which the Bank of Åland's ownership stake amounts to 19.9 per cent. The nominal amount of the mortgage loan portfolio that was transferred was EUR 10.4 billion. The nominal amount of the previously issued covered bonds, which now have Borgo as their issuer, was EUR 7.5 billion. A smaller mortgage loan portfolio will be transferred later. The transaction had a nonrecurring positive effect in the Bank of Åland's income statement of EUR 9.8 M. At the same time, this will mean a smaller loan portfolio in the Bank of Åland's own balance sheet and thus a lower current net interest income. The Bank of Åland will instead receive distribution fees for brokered loans and platform revenues for maintaining various services to Borgo. The transaction also improved the Bank's common equity Tier 1 (CET1) capital ratio on a pro forma basis by about 2.5 percentage points.

During the first quarter of 2022, the number of Series B shares outstanding decreased by a net number of 37,175. The Bank of Åland bought back 50,000 of its own Series B shares, amounting to about 0.3 per cent of the number of shares in the Company. All of these shares were then annulled. The Bank also issued 12,825 new Series B shares due to its obligations as part of the employee incentive programme.

On March 30, 2022, the Annual General Meeting (AGM) approved the distribution of a dividend of EUR 2.00 per share for the financial year 2021 (a regular dividend of EUR 1.55 plus an extra dividend of EUR 0.45).

The AGM also decided to authorise the Board to approve acquisitions of no more than 1,500,000 of the Bank of Åland's Series B shares, which is equivalent to about 10 per cent of all shares in the Company and about 17 per cent of all Series B shares in the Company.

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

EARNINGS FOR JANUARY–MARCH 2022

Net operating profit rose by EUR 3.1 M or 29 per cent to EUR 13.9 M (10.8).

Profit for the period attributable to shareholders increased by EUR 2.4 M or 28 per cent to EUR 11.0 M (8.6).

Return on equity after taxes (ROE) increased to 15.0 per cent (12.5).

Total income rose by EUR 9.7 M or 23 per cent to EUR 51.1 M (41.4).

Net interest income fell by EUR 0.9 M or 6 per cent to EUR 14.3 M (15.2). The decrease came from lower lending volume. Lending volume was lower because on February 14, the Bank of Åland transferred most of its Swedish mortgage loans to Borgo.

Net commission income rose by EUR 0.6 M or 3 per cent to EUR 20.2 M (19.6). The increase was due to both higher banking commissions and higher income from the Bank's asset management business. Starting in 2022, banking commissions include income from brokered and managed mortgage loans.

Net income on financial items rose by EUR 10.4 M to EUR 10.8 M (0.4), mainly due to a capital gain of EUR 9.8 M from the transfer of most of the Bank's Swedish mortgage loans.

Information technology (IT) income fell by EUR 0.5 M or 8 per cent to EUR 5.5 M (6.0). The decrease mainly came from lower project income.

Total expenses increased by EUR 5.0 M or 16 per cent and amounted to EUR 35.5 M (30.5). Higher staff costs, costs of premises and property plus a substantially higher stability fee to Finland's Resolution Fund were the main reasons. Higher depreciation/amortisation also contributed. The estimated cost of the stability fee amounted to EUR 3.6 M, which was 26 per

cent or EUR 0.8 M higher than last year. In compliance with regulatory interpretations of financial reporting, the stability fee for the entire year is recognised in the first quarter. Among costs of premises and property was an allocation of EUR 0.6 M for a new office in Helsinki. In relation to the remaining quarters of 2022, the first quarter thus included nonrecurring expenses of EUR 4.2 M.

Net impairment losses on financial assets amounted to EUR 1.7 M (0.1), equivalent to a loan loss level of 0.16 (0.02) per cent. These impairment losses were mainly due to a small number of individual loans. Due to lower risk of future loan losses related to the coronavirus pandemic, the Bank withdrew 75 per cent of its earlier coronavirus reserve, which was equivalent to EUR 1.5 M.

Tax expense amounted to EUR 2.9 M (2.2), equivalent to an effective tax rate of 20.6 (20.3) per cent.

OPERATING SEGMENTS

The Group's EUR 3.1 M increase in net operating profit to EUR 13.9 M was allocated as follows:

- Private Banking -2.4 (higher impairment loss provisions)
- Premium Banking +5.7 (divested mortgage loan portfolio)
- IT -0.2 (lower project income)
- Corporate Units & Eliminations +0.1

BUSINESS VOLUME

Actively managed assets on behalf of customers decreased by EUR 744 M or 8 per cent compared to year-end 2021, despite continued strong inflows from customers, and amounted to EUR 9,082 M (9,826). The increase was due to a negative market effect.

Deposits from the public rose by 4 per cent compared to year-end 2021 and amounted to EUR 4,238 M (4,070).

Lending to the public decreased by 18 per cent compared to year-end 2021 and totalled EUR 3,936 M (4,788). The transferred Swedish mortgage loan portfolio was the reason for this big change. Underlying lending grew by EUR 163 M.

Starting in 2022, the Bank of Åland is reporting a new business volume item in the form of managed mortgage loans. On March 31, 2022, managed mortgage loans totalled EUR 1,114 M. This business volume item generates continuous commission and IT income.

CREDIT QUALITY

Lending to private individuals comprised 72 per cent of the loan portfolio. Home mortgage loans accounted for 69 per cent of this. Loans for the purchase of securities, with market-listed securities as collateral, comprised the second-largest type of lending to individuals. Historically, the Bank of Åland has not had any substantial loan losses on this lending segment. 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 Group had EUR 17.0 M in impairment loss provisions on March 31, 2022 (14.6 on December 31, 2021), of which EUR 0.7 M (2.1) in Stage 1, EUR 0.8 M (0.8) in Stage 2 and EUR 15.5 M (11.7) in Stage 3.

Stage 3 loans as a share of gross lending to the public totalled 1.55 per cent (1.23). The level of provisions for Stage 3 loans

amounted to 25 (20) per cent. Most of these loans have good collateral.

The Bank of Åland has no direct exposure to Ukraine or Russia. The direct impact of the war on the Bank's credit risk is thus limited.

LIQUIDITY AND BORROWING

The Bank of Åland's liquidity reserve in the form of cash and deposits with the central bank, account balances and investments with other banks, liquid interest-bearing securities plus holdings of unencumbered covered bonds issued by the Bank amounted to EUR 1,376 M on March 31, 2022 (1,320 on December 31, 2021). This was equivalent to 23 (20) per cent of total assets and 35 (28) per cent of lending to the public.

The Bank of Åland's balance sheet structure has changed as a result of the transfer of its mortgage banking business to Borgo AB. Because of this restructuring transaction, the Bank of Åland temporarily has a larger liquidity reserve than is desirable in the long term. In addition, its funding structure has changed in such a way that deposits from the public now account for a larger proportion of the Bank of Åland's funding. There are no longer any Swedish covered bonds. Because of the Bank's good liquidity and borrowing situation, there is currently no need to use certificates of deposit or non-covered bonds.

During 2022 no capital market borrowings will mature.

On March 31, 2022, the average remaining maturity of the Bank of Åland's bonds outstanding was about 1.9 (3.1) years.

The loan/deposit ratio amounted to 93 (118) per cent.

Of the Bank of Åland's external funding sources aside from equity capital, deposits from the public accounted for 78 (66) per cent and covered bonds issued accounted for 12 (19) per cent.

The liquidity coverage ratio (LCR) amounted to 132 (139) per cent.

The net stable funding ratio (NSFR) amounted to 121 (109) per cent.

RATING

The Bank of Åland had a credit rating from the Standard & Poor's Global Ratings agency of BBB/A-2 with a positive outlook for its long- and short-term borrowing. Covered bonds issued by the Bank of Åland have a credit rating of AAA with a stable outlook.

EQUITY AND CAPITAL ADEQUACY

During the report period, equity capital changed in the amount of profit for the period, EUR 11.0 M; other comprehensive income, EUR -0.3 M; issuance of new shares as part of the incentive programme, EUR 0.5 M; buy-backs of the Bank's own shares, EUR 1.7 M; an approved dividend of EUR 31.1 M to shareholders; and distributed dividends of EUR 0.3 M to holders of additional Tier 1 (AT1) capital instruments. On March 31, 2022, equity capital amounted to EUR 310.0 M (331.9 on December 31, 2021).

Other comprehensive income included re-measurements of defined-benefit pension plans by EUR 1.8 M after taxes, in compliance with IAS 19.

Common equity Tier 1 capital rose by EUR 12.4 M during the report period to EUR 251.4 M (239.0). At year-end 2021, there was unutilised permission from the Finnish Financial Supervisory Authority for buy-backs of the Bank's own shares totalling up to EUR 10.5 M. This amount was a fully deductible item in the capital base (own funds) even when these buy-backs had not occurred. As of March 31, 2022 this permission was no longer in force.

The risk exposure amount decreased by 9 per cent during January–March 2022 and totalled EUR 1,805 M (1,976). The risk exposure amount for credit risk fell by EUR 255 M or 16 per cent. The main reason was the reduced Swedish mortgage loan portfolio in the Bank's balance sheet. Starting in the first quarter, the standardised 26.5 per cent upward adjustment in the risk exposure amount calculated according to the current IRB approach was raised to 45.5 per cent for the retail portfolio. Operational risk exposure increased by EUR 21 M. A new risk exposure amount of EUR 21 M was added due to an increased strategic foreign exchange position in Swedish kronor after the transfer of most of the Swedish mortgage loan portfolio to Borgo AB (publ).

The common equity Tier 1 (CET1) capital ratio increased to 13.9 (12.1) per cent. The Tier 1 (T1) capital ratio increased to 15.5 (13.6) per cent. The total capital ratio increased to 17.5 (15.4) per cent.

A mitigation measure in the calculation of the leverage ratio has been introduced, exempting exposures to central banks with relevance for the transmission of monetary policy. The Bank of Åland has taken this into account in its calculation of the leverage ratio, which amounted to 5.0 (4.3) per cent on March 31, 2022. Excluding the mitigation measure, it would have amounted to 4.5 (3.9) per cent. Starting in the second quarter of 2022, the above mitigation measure may no longer be used.

In addition to the basic capital requirement, various buffer requirements apply. These are mainly imposed by national regulatory authorities. Due to the coronavirus crisis, several of these buffer requirements have been lowered. 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 and Swedish exposures, the requirement remains 0.0 per cent. However, the Swedish Financial Supervisory Authority has decided to raise the amount of the countercyclical buffer to 1.0 per cent starting on September 29, 2022. The Swedish FSA is aiming at gradually raising the buffer amount to 2.0 per cent during 2022 if the economic recovery continues.

The Finnish Financial Supervisory Authority (FIN-FSA) has also set the buffer requirement related to Pillar 2 capital adequacy regulations at 1.0 per cent of the Bank's risk exposure amount (REA).

The minimum levels currently applicable to the Bank of Åland are thus:

- Common equity Tier 1 capital ratio 7.6 per cent
- Tier 1 capital ratio 9.3 per cent
- Total capital ratio 11.5 per cent

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

- Common equity Tier 1 capital ratio +6.3 percentage points
- Tier 1 capital ratio +6.2 percentage points
- Total capital ratio +6.0 percentage points

Effective on January 1, 2022, Finland's Financial Stability Authority has given the Bank of Åland a formal minimum requirement for own funds and 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 applies the Greenhouse Gas Protocol (GHGP) to estimate and report its greenhouse gas emissions. The GHGP is a global standard for measuring, managing and reporting greenhouse gas emissions. In addition to carbon dioxide, it includes six greenhouse gases identified according to the Kyoto Protocol. Total emissions are measured and reported in tonnes of carbon dioxide equivalent, CO₂e.

These emissions are reported in three scopes, where the Bank of Åland's climate estimate initially encompasses Scope 1 and 2 plus supplier-related emissions from purchases in Scope 3.

Emissions during the first quarter of 2022 totalled 136 tonnes of carbon dioxide equivalents, which was an increase of 47 tonnes or 53 per cent compared to the preceding year. This increase is primarily explained by greater expenses for new premises in Helsinki, increased business travel and higher space heating expenses compared to 2021. Compared to the preceding quarter, emissions decreased by 24 tonnes, or 15 per cent, mainly due to lower energy-related emissions, since the proportion of environmentally certified green electricity also rose during the period and there was less business travel.

During the report period, environmentally certified electricity rose from 83 per cent to 89 per cent of total purchases.

The Bank of Åland paid climate compensation for its estimated emissions.

IMPORTANT EVENTS AFTER CLOSE OF REPORT PERIOD

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

RISK AND UNCERTAINTIES

The single largest risk and uncertainty factors are Russia's actions in Ukraine and the related geopolitical risks, together with record-high inflation. The consequences of the war and inflation 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, share prices and exchange rates, along with higher expenses due to regulatory decisions and directives as well as 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.

Since 2017 the Bank of Åland has had a pending case with the Swedish Tax Agency concerning value-added tax (VAT) for the financial year 2016. The Tax Agency has announced a decision on the matter, in which it states that the Bank of Åland must pay about EUR 0.5 M in VAT. The Bank of Åland does not agree with the Tax Agency's assessment and has appealed the Administrative Court's negative ruling of December 2021. A provision for half the amount was made earlier as a tax expense in the financial accounts.

UNCHANGED FUTURE OUTLOOK

The Bank of Åland expects its net operating profit in 2021 to about the same as in 2021.

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 CALENDAR

The Half-year Financial Report for the period January–June 2022 will be published on Tuesday, July 19, 2022.

The Interim Report for the period January–September 2022 will be published on Tuesday, October 25, 2022.

THE BOARD OF DIRECTORS
Mariehamn, April 26, 2022

Sustainability information

The Bank of Åland works towards an awareness and reduction of the organisation's resource consumption and environmental impact. We make an active effort to achieve the established targets in the Group's environmental plan. We include sustainability as a natural element of the dialogue with our suppliers and business partners. By distributing funds yearly for environmental projects that promote a healthier Baltic Sea and providing climate compensation through other projects, we offset our resource consumption and environmental impact.

The Bank of Åland's climate impact estimate encompasses Scope 1, 2 and 3 of the Greenhouse Gas Protocol. Scope 1 includes direct emissions from resources owned or controlled by the Company. Scope 2 includes indirect emissions from the production of electricity, heating and cooling. Scope 3 encompasses indirect emissions that arise from sources that are not owned or controlled by the Bank of Åland. Emissions are estimated with the aid of emission factors and the Åland Index, based on activities in the income statement that are recognised as costs. The exception is purchased electricity, which is recognised in the note according to a market-based method where environmentally certified electricity is recognised at zero CO₂e emissions.

Bank of Åland Group	Q1 2022	Q4 2021	%	Q1 2021	%
Greenhouse gases, tonnes of CO₂e					
Scope 1					
Emissions from owned and controlled resources	1.0	1.2	-15	0.9	19
Scope 2					
Energy-related emissions ¹	39.4	43.4	-9	32.4	22
<i>of which from electricity according to the market-based method</i>	13.9	32.7	-58	17.0	-18
Scope 3 [*]					
Purchased goods and services	39.4	24.1	63	17.0	
Capital goods	1.3	1.8	-26	1.8	-27
Transport and distribution	31.1	21.4	45	28.9	8
Waste generated by own operations	0.5	0.5	-5	0.4	16
Business travel	22.5	66.3	-66	6.8	
Leased assets	1.1	1.1	-5	1.0	3
Total Scope 3	95.9	115.3	-17	55.9	71
Total greenhouse gases, tonnes of CO₂e	136.3	159.9	-15	89.1	53
Climate compensation	-136.3	-775.2	-82	0.0	0
Net greenhouse gases, tonnes of CO₂e	0.0	-615.3	-100	89.1	-100
¹ Emissions from electricity according to location-based method subtracted from Nordic Residual Mix, tonnes of CO ₂ e	204.6	219.2	-7	179.4	14
[*] Supplier-related emissions from purchases					
Emissions per employee (tonnes/average full-time equivalent)	0.66	0.78		0.46	
Emissions per EUR M earned (tonnes/EUR M)	2.67	3.46		2.15	

Bank of Åland Group	Q1 2022	Q4 2021	%	Q1 2021	%
Paper consumption, tonnes	6.1	4.1	48	5.4	12
Energy consumption, GWh	0.56	0.60	-7	0.53	6
<i>of which renewable</i>	0.50	0.50	0	0.45	11
<i>of which other</i>	0.06	0.10	-40	0.08	-25
Number of business trips	71	348	-80	37	92
<i>of which aircraft</i>	36	230	-84	17	112
<i>of which ship</i>	26	79	-67	0	
<i>of which train</i>	9	39	-77	20	-55

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Summary income statement

Group	Note	Q1 2022	Q4 2021	%	Q1 2021	%
EUR M						
Net interest income	5	14.3	16.2	-12	15.2	-6
Net commission income	6	20.2	21.5	-6	19.6	3
Net income from financial items at fair value	7	10.8	1.5		0.4	
IT income		5.5	6.3	-13	6.0	-8
Other operating income		0.2	0.7	-67	0.2	21
Total income		51.1	46.2	11	41.4	23
Staff costs		-18.9	-18.0	5	-17.4	8
Other expenses	8	-13.3	-10.3	28	-10.2	30
Depreciation/amortisation		-3.4	-4.1	-18	-2.9	16
Total expenses		-35.5	-32.5	9	-30.5	16
Profit before impairment losses		15.6	13.8	13	10.9	43
Impairment losses on financial assets, net	9	-1.7	-3.5	-52	-0.1	
Net operating profit		13.9	10.2	36	10.8	29
Income taxes		-2.9	-2.3	25	-2.2	31
Profit for the period		11.0	7.9	39	8.6	28
Attributable to:						
Non-controlling interests		0.0	0.0		0.0	
Shareholders in Bank of Åland Plc		11.0	7.9	39	8.6	28
Earnings per share, EUR		0.71	0.51	39	0.55	29
Earnings per share, EUR, moving 12-month average to end of report period		2.71	2.55	6	2.22	22

Summary statement of other comprehensive income

Group	Q1 2022	Q4 2021	%	Q1 2021	%
EUR M					
Profit for the period	11.0	7.9	39	8.6	28
Assets measured via other comprehensive income					
Changes in valuation at fair value	-0.9	-0.1		-0.8	23
Realised change in value	0.0	0.1	-98		
Transferred to the income statement	-0.7	-0.1		-0.2	
Translation differences					
Gains/Losses arising during the period	-0.8	-0.8	-8	-2.0	-62
Taxes on items that have been or may be reclassified to the income statement	0.3	0.0		0.2	58
<i>of which assets measured via other comprehensive income</i>	0.3	0.0		0.2	58
Items that have been or may be reclassified to the income statement	-2.1	-0.9		-2.8	-27
Changes in value of equity instruments	0.2	-0.1		-0.2	
Translation differences	-0.3	-0.3	4		
Re-measurements of defined benefit pension plans	2.3	4.7	-52	1.3	76
Taxes on items that may not be reclassified to the income statement	-0.4	-0.8	-54	-0.2	75
<i>of which changes in value of equity instruments</i>	0.0	0.0		0.0	
<i>of which translation differences</i>	0.1	0.1	4		
<i>of which re-measurements of defined-benefit pension plans</i>	-0.5	-0.9	-52	-0.3	76
<i>of which taxes on dividends to holders of T1 capital instrument</i>	0.1	0.1	-8		
Items that may not be reclassified to the income statement	1.7	3.5	-50	0.8	
Other comprehensive income for the period	-0.3	2.5		-2.0	-84
Total comprehensive income for the period	10.7	10.5	3	6.6	62
Attributable to:					
Non-controlling interests	0.0	0.0		0.0	
Shareholders in Bank of Åland Plc	10.7	10.5	3	6.6	62

Income statement by quarter

Group	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
EUR M					
Net interest income	14.3	16.2	15.5	15.2	15.2
Net commission income	20.2	21.5	19.1	18.9	19.6
Net income from financial items at fair value	10.8	1.5	-1.7	-0.6	0.4
IT income	5.5	6.3	5.4	6.7	6.0
Other operating income	0.2	0.7	6.9	3.0	0.2
Total income	51.1	46.2	45.2	43.2	41.4
Staff costs	-18.9	-18.0	-17.1	-18.5	-17.4
Other expenses	-13.3	-10.3	-8.3	-7.7	-10.2
Depreciation/amortisation	-3.4	-4.1	-4.3	-2.9	-2.9
Total expenses	-35.5	-32.5	-29.8	-29.2	-30.5
Profit before impairment losses	15.6	13.8	15.4	14.1	10.9
Net impairment losses on financial assets	-1.7	-3.5	-0.8	-0.5	-0.1
Net operating profit	13.9	10.2	14.6	13.6	10.8
Income taxes	-2.9	-2.3	-2.5	-2.4	-2.2
Profit for the period	11.0	7.9	12.1	11.2	8.6
Attributable to:					
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Shareholders in Bank of Åland Plc	11.0	7.9	12.1	11.2	8.6

Summary balance sheet

Group	Note	Mar 31, 2022	Dec 31, 2021	%	Mar 31, 2021	%
EUR M						
Assets						
Cash and balances with central banks		900	894	1	744	21
Debt securities		825	718	15	702	18
Lending to credit institutions		96	64	49	71	35
Lending to the public	10, 11	3,936	4,788	-18	4,419	-11
Shares and participations		31	15		13	
Participations in associated companies		6	15	-56	2	
Derivative instruments	13	13	13	2	18	-26
Intangible assets		23	23	-2	25	-9
Tangible assets		33	34	-3	32	4
Investment properties		0	0		0	-2
Current tax assets		1	0		0	99
Deferred tax assets		5	5	1	5	-8
Other assets		52	34	51	34	54
Accrued income and prepayments		29	31	-7	25	18
Total assets		5,950	6,635	-10	6,089	-2
Liabilities						
Liabilities to credit institutions and central banks		548	867	-37	717	-23
Deposits from the public		4,238	4,070	4	3,529	20
Debt securities issued	12	636	1,197	-47	1,356	-53
Derivative instruments	13	10	7	49	10	6
Current tax liabilities		2	4	-57	2	-24
Deferred tax liabilities		34	35	-1	32	6
Other liabilities		97	50	95	68	43
Provisions		1	0		0	
Accrued expenses and prepaid income		37	36	0	40	-10
Subordinated liabilities		36	36	-1	37	-1
Total liabilities		5,640	6,303	-11	5,792	-3
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		1	3	-77	3	-79
Unrestricted equity capital fund		28	28	2	28	2
Retained earnings		152	172	-12	137	11
Shareholders' portion of equity capital		281	302	-7	268	5
Non-controlling interests' portion of equity capital						
Additional Tier 1 capital holders		29	29		29	0
Total equity capital		310	332	-7	298	4
Total liabilities and equity capital		5,950	6,635	-10	6,089	-2

Statement of changes in equity capital

Group

EUR M	Share capital	Share premium account	Reserve fund	Fair value reserve	Own shares	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, 2020	42.0	32.7	25.1	4.1	2.1	0.0	27.6	158.6	292.4	0.0	0.0	292.4
Profit for the period								8.6	8.6	0.0		8.6
Other comprehensive income				-1.0	-2.0			1.0	-2.0			-2.0
<i>Transactions with owners</i>												
Additional Tier 1 capital issue											29.4	29.4
Dividends paid								-31.2	-31.2			-31.2
Incentive programme							0.4		0.4			0.4
Equity capital, Mar 31, 2021	42.0	32.7	25.1	3.1	0.1	0.0	28.0	137.0	268.2	0.0	29.4	297.6
Profit for the period								31.2	31.2	0.0		31.2
Other comprehensive income				-0.1	-0.3			4.3	3.9			3.9
<i>Transactions with owners</i>												
Tier 1 capital instrument dividends								-0.8	-0.8			-0.8
Equity capital, Dec 31, 2021	42.0	32.7	25.1	3.0	-0.1	0.0	28.0	171.7	302.5	0.0	29.4	331.9
Profit for the period								11.0	11.0	0.0		11.0
Other comprehensive income				-1.2	-1.0			1.9	-0.3			-0.3
<i>Transactions with owners</i>												
Buy-backs of own shares							-1.7		-1.7			-1.7
Annulment of own shares							1.7		-1.7			
Tier 1 capital instrument dividends								-0.3	-0.3			-0.3
Dividends approved								-31.1	-31.1			-31.1
Incentive programme							0.5		0.5			0.5
Equity capital, Mar 31, 2022	42.0	32.7	25.1	1.8	-1.2	0.0	28.5	151.5	280.5	0.0	29.4	310.0

Summary cash flow statement

Group	Jan-Mar 2022	Jan-Dec 2021	Jan-Mar 2021
EUR M			
Operating activities			
Net operating profit	13.9	49.2	10.8
Adjustment for net operating profit items not affecting cash flow	7.4	28.1	4.4
Profit from investing activities	0.0	-1.9	
Income taxes paid	-6.1	-8.2	-4.8
Changes in assets and liabilities from operating activities	30.8	190.9	71.9
Cash flow from operating activities	46.0	258.1	82.3
Investing activities			
Changes in shares	-7.7	-13.1	-0.6
Changes in tangible assets	-0.3	-2.7	-0.5
Changes in intangible assets	-1.0	-5.9	-1.8
Cash flow from investing activities	-9.1	-21.7	-3.0
Financing activities			
Additional Tier 1 capital issue		29.4	29.4
Share issue	0.5	0.4	0.4
Buy-backs of own shares	-1.7		
Subordinated debt issue/payments of principal		-0.2	
Payment of principal on lease liability	-0.9	-4.0	-1.0
Tier 1 capital instrument dividends	-0.3	-0.8	
Dividends paid		-31.2	-15.6
Cash flow from financing activities	-2.4	-6.4	13.2
Cash and cash equivalents at beginning of period	900.3	672.3	672.3
Cash flow during the period	34.4	229.9	92.5
Exchange rate differences in cash and cash equivalents	-2.8	-1.8	-1.7
Cash and cash equivalents at end of period	932.0	900.3	763.0
Cash and cash equivalents consisted of the following items:			
Cash and deposits with central banks	868.1	862.2	712.3
Lending to credit institutions that is repayable on demand	63.9	38.2	50.8
Total cash and cash equivalents	932.0	900.3	763.0

Notes to the consolidated Interim Report

1. Corporate information

The Bank of Åland Plc (Ålandsbanken Abp) is a Finnish public limited company with its Head Office in Mariehamn. The Bank of Åland Plc is a commercial bank with a total of 11 offices in Åland, on the Finnish mainland and in Sweden. Through its subsidiary Crosskey Banking Solutions Ab Ltd, the Bank of Åland Group is also a supplier of modern banking computer systems for small and medium-sized banks.

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).

The Interim Report for the accounting period January 1–March 31, 2022 was approved by the Board of Directors on April 25, 2022.

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.

2. Basis for preparation of the Interim Report and essential accounting principles

BASIS FOR PREPARATION OF THE INTERIM REPORT

This Interim Report for the period January 1–March 31, 2022 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, 2021.

Tables show correct rounded-off figures on each line, but this does not mean that rounded-off figures add up to the correct total. In cases where rounded-off figures add up to zero, they are shown as "0" in the tables, while a lack of figures is shown as an empty space.

ESSENTIAL ACCOUNTING PRINCIPLES

The essential accounting principles that have been used in preparing the Interim Report are the same as those used in preparing the financial statements for the year ended December 31, 2021.

ESTIMATES AND JUDGEMENTS

Preparation of this Interim Report in compliance with IFRSs 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 new impairment model in compliance with IFRS 9 and accounting of financial instruments.

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 six 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-Mar 2022					
EUR M	Private Banking	Premium Banking	IT	Corporate and Other	Eliminations	Total
Net interest income	6.2	6.6	0.0	1.5	0.0	14.3
Net commission income	14.9	4.3	0.0	0.9	0.1	20.2
Net income from financial items at fair value	3.1	5.5	-0.1	2.3	0.0	10.8
IT income			11.1	-0.3	-5.3	5.5
Other income	0.0	0.0	0.3	0.3	-0.4	0.2
Total income	24.2	16.5	11.3	4.7	-5.6	51.1
Staff costs	-5.0	-1.7	-6.3	-5.8		-18.9
Other expenses	-3.6	-2.8	-4.1	-7.6	4.7	-13.3
Depreciation/amortisation	-0.7	-0.1	-0.9	-2.3	0.6	-3.4
Internal allocation of expenses	-6.3	-5.5		11.8		0.0
Total expenses	-15.6	-10.0	-11.3	-3.8	5.3	-35.5
Profit before impairment losses	8.6	6.4	0.0	0.9	-0.2	15.6
Net impairment losses on financial assets	-2.9	1.0		0.2		-1.7
Net operating profit	5.7	7.5	0.0	1.0	-0.2	13.9
Income taxes	-1.2	-1.5	0.0	-0.2		-2.9
Profit for the period attributable to shareholders in Bank of Åland Plc	4.5	5.9	0.0	0.9	-0.2	11.0
Business volume						
Lending to the public	1,846	2,011		79	0	3,936
Deposits from the public	2,175	2,032		62	-30	4,238
Actively managed assets	8,419	654		10		9,082
Managed mortgage loans				1,114		1,114
Risk exposure amount	738	486	75	505		1,805
Equity capital	109	74	26	102		310
Financial ratios etc.						
Return on equity after taxes, % (ROE)	18.7	29.7	-0.5	3.8		15.0
Expense/income ratio	0.65	0.61	1.00	0.82		0.69

Group		Jan-Mar 2021				
EUR M	Private Banking	Premium Banking	IT	Corporate and Other	Eliminations	Total
Net interest income	7.0	6.9	0.0	1.4	0.0	15.2
Net commission income	14.6	3.9	0.0	1.0	0.1	19.6
Net income from financial items at fair value	0.0	0.0	0.0	0.4	0.0	0.4
IT income			10.2	0.2	-4.4	6.0
Other income	0.0	0.0	0.2	0.3	-0.3	0.2
Total income	21.6	10.7	10.4	3.3	-4.7	41.4
Staff costs	-4.3	-1.6	-5.9	-5.5		-17.4
Other expenses	-3.1	-2.4	-3.6	-4.8	3.6	-10.2
Depreciation/amortisation	-0.2	-0.1	-0.7	-2.5	0.6	-2.9
Internal allocation of expenses	-5.6	-5.0		10.6	0.0	0.0
Total expenses	-13.2	-9.1	-10.2	-2.2	4.3	-30.5
Profit before impairment losses	8.4	1.6	0.2	1.0	-0.4	10.9
Net impairment losses on financial assets	-0.3	0.1		0.1		-0.1
Net operating profit	8.1	1.8	0.2	1.1	-0.4	10.8
Income taxes	-1.7	-0.4	0.0	-0.1		-2.2
Profit for the period attributable to shareholders in Bank of Åland Plc	6.5	1.4	0.2	1.0	-0.4	8.6
Business volume						
Lending to the public	1,935	2,241		246	-3	4,419
Deposits from the public	1,677	1,809		63	-19	3,529
Actively managed assets	7,276	524		8		7,808
Risk exposure amount	708	588	75	376		1,747
Equity capital	87	93	26	91		298
Financial ratios etc.						
Return on equity after taxes, % (ROE)	29.8	6.1	2.5	5.5		12.5
Expense/income ratio	0.61	0.85	0.98	0.68		0.74

4. Changes in Group structure

During the first quarter of 2022, Borgo AB (publ) was reclassified in such a way that it is no longer an associated company, since the Bank of Åland's ownership stake decreased to 19.9 per cent.

5. Net interest income

Group	Q1 2022	Q4 2021	%	Q1 2021	%
EUR M					
Lending to credit institutions and banks	-0.3	-0.2	38	-0.1	
Lending to the public	14.1	16.0	-12	15.9	-11
Debt securities	0.3	0.1		0.0	
Derivative instruments	0.3	0.3	6	0.3	2
Other interest income	0.1	0.1	-23		
Total interest income	14.5	16.3	-11	16.1	-10
<i>of which interest income according to the effective interest method</i>	14.3	16.1	-11	16.0	-11
Liabilities to credit institutions and central banks	-0.8	-0.7	2	-0.6	17
Deposits from the public	0.4	0.2	95	0.5	-13
Debt securities issued	-0.1	0.1		0.4	
Subordinated liabilities	0.2	0.2	34	0.3	-24
Derivative instruments	0.4	0.3	33	0.3	5
Other interest expenses	0.0	0.1	-40	0.0	
Total interest expenses	0.1	0.0		0.9	-83
<i>of which interest expenses according to the effective interest method</i>	0.1	-0.1		0.8	-92
Net interest income	14.3	16.2	-12	15.2	-6
Interest margin, per cent	0.97	1.03		1.06	
Investment margin, per cent	0.93	1.00		1.03	

Interest from derivative instruments is recognised together with the item that they hedge within the framework of hedge accounting (fair value hedging and cash flow hedging). 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	Q1 2022	Q4 2021	%	Q1 2021	%
EUR M					
Bank commissions	2.8	3.0	-5	2.6	9
Asset management commissions	16.6	17.8	-6	16.3	2
Other commissions	0.8	0.7	10	0.7	13
Net commission income	20.2	21.5	-6	19.6	3

7. Net income from financial items at fair value

Group	Q1 2022	Q4 2021	%	Q1 2021	%
EUR M					
Valuation category fair value via the income statement ("profit and losses")					
Derivative instruments	0.0	0.5		0.0	
Valuation category fair value via the income statement ("profit and losses")	0.0	0.5		0.0	
Hedge accounting					
<i>of which hedging instruments</i>	-1.5	-0.9	64	-0.8	96
<i>of which hedged item</i>	1.5	1.0	60	0.8	81
Hedge accounting	0.0	0.1	-15	0.1	-47
Net income from foreign currency revaluation	-0.2	0.0		-0.1	15
Modification results and expected credit losses	0.0	0.0		0.2	
Net income from financial assets	11.0	1.0		0.2	
Total	10.8	1.5		0.4	

8. Other expenses

Group	Q1 2022	Q4 2021	%	Q1 2021	%
EUR M					
Stability fee	3.6	0.0		2.8	26
Other administrative expenses	9.7	10.3	-6	7.4	32
Total	13.3	10.3	28	10.2	30

9. Net impairment losses on financial assets

Group	Q1 2022	Q4 2021	%	Q1 2021	%
EUR M					
Impairment losses, Stage 1	-1.6	0.0		-0.3	
Impairment losses, Stage 2	-0.1	-0.1	-48	0.1	
Net impairment losses, Stages 1-2	-1.7	-0.2		-0.2	
Impairment losses, Stage 3					
New and increased individual provisions	6.2	4.7	32	0.7	
Recovered from previous provisions	-2.4	-0.9		-0.6	
Utilised for actual loan losses	0.0	-2.1	-98	-0.2	-79
Actual loan losses	0.1	2.1	-93	0.3	-50
Recoveries of actual loan losses	-0.5	-0.2		0.0	
Net impairment losses, Stage 3	3.4	3.7	-8	0.3	
Total impairment losses	1.7	3.5	-52	0.1	
of which receivables from the public lending to the public	1.9	3.5	-45	0.2	
of which off-balance sheet commitments	-0.2	0.0		0.0	
of which debt securities at amortised cost	-0.1	0.1		-0.1	-13
Loan loss level, lending to the public, %	0.16	0.30		0.02	

10. Lending to the public by purpose

Group	Mar 31, 2022			Dec 31, 2021	%	Mar 31, 2021	%
EUR M	Lending before provisions	Provisions	Lending after provisions	Lending after provisions		Lending after provisions	
Private individuals							
Home loans	1,958	-3	1,954	2,832	-31	2,490	-22
Securities and other investments	449	0	449	438	3	393	14
Business operations	89	-1	88	84	5	98	-10
Other household purposes	357	-8	350	363	-4	296	18
Total, private individuals	2,854	-13	2,841	3,716	-24	3,277	-13
Companies							
Shipping	53	0	53	54	-1	67	-20
Wholesale and retail trade	43	0	42	41	4	41	3
Housing operations	291	-2	289	290	0	260	11
Other real estate operations	169	-1	168	157	7	189	-11
Financial and insurance operations	227	0	227	217	5	248	-8
Hotel and restaurant operations	33	0	33	33	1	34	-4
Agriculture, forestry and fishing	11	0	11	10	9	11	2
Construction	42	0	42	49	-15	88	-52
Other industry and crafts	38	0	37	38	-1	37	2
Other service operations	124	0	124	118	5	113	10
Total, companies	1,031	-4	1,027	1,004	2	1,086	-5
Public sector and non-profit organisations	68	0	68	67	2	56	22
Total, public sector and non-profit organisations	68	0	68	67	2	56	22
Total	3,953	-17	3,936	4,788	-18	4,419	-11

11. Lending to the public by stage

Group	Jan 1, 2022 - Mar 31, 2022				Jan 1, 2021 - Mar 31, 2021
	Stage 1	Stage 2	Stage 3	Total	Total
EUR M					
Carrying amount, gross					
Opening balance, January 1	4,603.5	139.9	59.0	4,802.5	4,389.8
Closing balance, March 31	3,781.7	109.7	61.4	3,952.9	4,430.8
Provisions for expected losses					
Opening balance, January 1	2.1	0.8	11.7	14.6	11.9
Increases due to issuances and acquisitions	0.5	0.0	4.3	4.8	0.4
Decrease due to removal from balance sheet	-0.7	-0.1	-3.2	-4.1	1.0
Decrease due to write-offs	0.0	0.0	0.0	0.0	0.0
Transfer to Stage 1	0.5	-0.5	0.0	0.0	0.0
Transfer to Stage 2	-0.7	1.0	-0.4	0.0	0.0
Transfer to Stage 3	0.0	-0.3	0.3	0.0	0.0
Net changes due to changed credit risk	0.3	-0.2	2.8	2.8	-1.5
Net changes due to changed estimation method	-1.2	-0.1	0.0	-1.3	0.1
Exchange rate differences and other adjustments	0.0	0.0	0.0	0.0	0.0
Closing balance, March 31	0.7	0.8	15.5	17.0	11.8
Carrying amount, net					
Opening balance, January 1	4,601.4	139.1	47.3	4,787.8	4,377.9
Closing balance, March 31	3,781.0	109.0	45.9	3,935.9	4,419.0
	Mar 31,	Dec 31,	Mar 31,		
Impairment losses, IFRS 9 - Financial ratios	2022	2021	2021		
Total provision ratio, lending to the public, %	0.43	0.30	0.27		
Provision ratio, Stage 1, lending to the public, %	0.02	0.05	0.06		
Provision ratio, Stage 2, lending to the public, %	0.70	0.60	0.71		
Provision ratio, Stage 3, lending to the public, %	25	20	21		
Share of lending to the public in Stage 3, %	1.55	1.23	0.92		

12. Debt securities issued

Group	Mar 31, 2022	Dec 31, 2021	%	Mar 31, 2021	%
EUR M					
Certificates of deposit				202	-100
Covered bonds	636	1,197	-47	903	-30
Senior non-covered bonds				250	-100
Total	636	1,197	-47	1,356	-53

13. Derivative instruments

Group	Mar 31, 2022						Dec 31, 2021		
	Nominal amount/maturity			Nominal amount	Positive market values	Negative market values	Nominal amount	Positive market values	Negative market values
	Under 1 yr	1-5 yrs	over 5 yrs						
EUR M									
Derivatives for trading									
Interest-related contracts									
<i>Interest rate swaps</i>	6		6	12	1	1	12	2	2
Currency-related contracts									
<i>Currency forward contracts</i>	485			485	5	5	549	2	3
Total	491		6	497	6	6	561	3	4
Derivatives for fair value hedge									
Interest-related contracts									
<i>Interest rate swaps</i>	115	664	53	832	7	4	824	10	3
Total	115	664	53	832	7	4	824	10	3
Total derivative instruments	606	664	59	1,329	13	10	1,385	13	7
<i>of which cleared</i>	118	664	56	838	7	5	830	10	4

14. Financial instruments measured at fair value

Group		Mar 31, 2022		
	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
EUR M				
Debt securities	490			490
Lending to the public		168		168
Shares and participations	1		30	31
Derivative instruments		13		13
Other assets			6	6
Total financial assets	491	181	36	709
Liabilities to the public and public sector entities				
Debt securities issued		636		636
Derivative instruments		10		10
Total financial liabilities		646		646

Group		Dec 31, 2021		
	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
EUR M				
Debt securities	396			396
Lending to the public		167		167
Shares and participations	1		14	15
Derivative instruments		13		13
Other assets			5	5
Total financial assets	397	180	19	596
Liabilities to the public and public sector entities				
Debt securities issued		644		644
Derivative instruments		7		7
Total financial liabilities		651		651

Changes in Level 3 holdings		Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2020
EUR M			
	Shares and participations		Shares and participations
Carrying amount on January 1		14.0	12.0
New purchases/reclassification		16.0	2.5
Divested/reached maturity during the year		0.0	-0.1
Realised change of value		0.0	0.0
Change in value recognised in "Other comprehensive income"		0.2	-0.5
Carrying amount at end of period		30.2	14.0

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 assets essentially consist of unlisted shares. Such holdings are generally measured as the Bank's portion of the net asset value of the company. In companies that have carried out a new share issue without preferential rights based on previous holdings, each share is valued at this issue price, with a deduction for share illiquidity. The changes in the value of unlisted shares are reported in "Other comprehensive income".

In the tables on the previous page, 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.

15. Off-balance sheet commitments

Group	Mar 31, 2022	Dec 31, 2021	%	Mar 31, 2021	%
EUR M					
Guarantees	11	44	-74	43	-74
Unutilised overdraft limits	314	312	1	257	22
Unutilised credit card limits	93	88	5	86	8
Lines of credit	705	560	26	510	38
Other commitments	41	42	-3	34	19
Total	1,164	1,045	11	930	25
Provision for expected loss	0	0	-59	0	-59

16. Assets pledged

Group	Mar 31, 2022	Dec 31, 2021	%	Mar 31, 2021	%
EUR M					
Lending to credit institutions	32	26	21	20	57
Debt securities	196	313	-37	328	-40
Loan receivables constituting collateral (cover pool) for covered bonds	1,095	2,085	-47	1,783	-39
Other assets pledged	5	4	33	4	28
Total	1,328	2,428	-45	2,135	-38

During the report period, no major shift has taken place concerning the scale of financial assets and liabilities that are subject to offsetting, netting agreements or similar agreements. Information about this type of agreements is included in the Bank of Åland's Annual Report, Note G46.

17. Capital adequacy

Group	Mar 31, 2022	Dec 31, 2021	%	Mar 31, 2021	%
EUR M					
Equity capital according to balance sheet	280.5	302.5	-7	268.1	5
Foreseeable dividend	-6.7	-31.2	-79	-4.3	57
Common equity Tier 1 capital before deductions	273.8	271.3	1	263.8	4
Intangible assets	-14.4	-15.0	-4	-20.0	-28
Permission for buy-backs of own shares		-10.5	-100		
Non-controlling interests	0.0	0.0	0	0.0	21
Net other items	0.0			0.0	
Further adjustments in value	-0.5	-0.4	35	-0.4	25
Expected losses according to IRB approach beyond recognised losses (deficit)	-8.1	-6.9	17	-6.5	25
Adjustments due to transitional rules related to IFRS 9	0.2	0.5	-68	0.5	-68
Common equity Tier 1 capital	250.9	239.0	5	237.4	6
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	280.3	268.4	4	266.9	5
Supplementary capital instruments	36.1	36.4	-1	36.6	-1
Supplementary capital	36.1	36.4	-1	36.6	-1
Total capital base	316.5	304.8	4	303.5	4
Capital requirement for credit risk according to the IRB approach	37.8	38.8	-3	40.1	-6
Additional capital requirement, IRB approach	13.7	10.3	33	10.6	28
Capital requirement for credit risk according to standardised approach	71.7	91.1	-21	71.1	1
Capital requirement for market risk	1.7				
Capital requirement for credit-worthiness adjustment risk	0.1	0.1	1	0.0	
Capital requirement for operational risk	19.5	17.8	9	17.8	9
Capital requirement	144.4	158.1	-9	139.7	3
Capital ratios					
Common equity Tier 1 capital ratio, %	13.9	12.1		13.6	
Tier 1 capital ratio, %	15.5	13.6		15.3	
Total capital ratio, %	17.5	15.4		17.4	
Risk exposure amount	1,805	1,976	-9	1,747	3
of which % comprising credit risk	85	89		87	
of which % comprising market risk	1				
of which % comprising operational risk	13	11		13	

Requirements related to capital buffers, %	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021
Total common equity Tier 1 capital requirements including buffer requirements	7.6	7.6	8.5
of which common equity Pillar 1 capital requirement	4.5	4.5	4.5
of which common equity Pillar 2 capital requirement	0.6	0.6	1.5
of which capital conservation buffer requirement	2.5	2.5	2.5
of which countercyclical capital buffer requirement	0.0	0.0	0.0
of which systemic risk buffer requirement	0.0	0.0	0.0
Common equity Tier 1 capital available to be used as a buffer	13.9	12.1	13.6

Exposure class	Mar 31, 2022				
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	238.8	189.0	49	92.9	7.4
Corporate, small and medium sized companies	303.9	276.2	49	135.1	10.8
Corporate, special lending	4.9	4.9	93	4.5	0.4
Using own LGD estimates					
Retail with property as collateral (private individuals)	1,888.4	1,873.7	9	173.5	13.9
Retail with property as collateral (small and medium-sized companies)	131.1	128.4	21	26.9	2.2
Retail, other (small and medium-sized companies)	36.2	34.9	20	7.1	0.6
Retail, other	378.8	324.6	10	32.7	2.6
Total exposures according to IRB approach	2,982.0	2,831.7	17	472.6	37.8
Credit risk according to standardised approach					
Central government or central banks	936.8	1,018.3	0	0.0	0.0
Regional governments or local authorities	42.2	77.9	0	0.0	0.0
Public sector entities	8.5	8.5	0	0.0	0.0
Multilateral development banks	44.7	52.8	2	1.0	0.1
International organisations	4.0	4.0	0	0.0	0.0
Institutions	326.0	287.1	23	67.0	5.4
Corporates	827.2	328.7	96	315.1	25.2
Retail	768.0	276.8	50	137.1	11.0
Secured by mortgages on immovable property	558.5	558.0	32	177.3	14.2
Exposures in default	14.3	10.6	123	13.1	1.0
Covered bonds	526.1	526.1	11	55.6	4.4
Collective investment undertakings	1.0	1.0	116	1.2	0.1
Equity exposures	36.5	36.5	167	60.9	4.9
Other exposures	101.3	101.3	67	67.5	5.4
Total exposures according to standardised approach	4,195.2	3,287.6	27	895.8	71.7
Total risk exposure amount, credit risk	7,177.2	6,119.3	22	1,368.4	109.5

Exposure class	Dec 31, 2021				
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	275.5	207.7	48	100.7	8.1
Corporate, small and medium sized companies	305.4	274.1	51	139.4	11.2
Corporate, special lending	5.0	5.0	71	3.5	0.3
Using own LGD estimates					
Retail with property as collateral (private individuals)	1,874.0	1,859.2	9	174.2	13.9
Retail with property as collateral (small and medium-sized companies)	129.9	127.4	22	27.5	2.2
Retail, other (small and medium-sized companies)	35.2	33.9	20	6.8	0.5
Retail, other	386.9	332.6	10	33.1	2.6
Total exposures according to IRB approach	3,011.9	2,839.9	17	485.3	38.8
Credit risk according to standardised approach					
Central government or central banks	918.3	1,000.0	0	0.0	0.0
Regional governments or local authorities	66.4	101.1	0	0.0	0.0
Public sector entities	0.1	0.1	0	0.0	0.0
Multilateral development banks	53.9	61.0	2	1.0	0.1
International organisations	4.0	4.0	0	0.0	0.0
Institutions	301.7	262.5	22	57.5	4.6
Corporates	766.9	310.8	96	297.9	23.8
Retail	634.2	250.8	48	120.8	9.7
Secured by mortgages on immovable property	1,438.0	1,436.7	34	485.2	38.8
Exposures in default	13.9	11.1	118	13.1	1.1
Covered bonds	397.0	397.0	11	43.5	3.5
Collective investment undertakings	1.0	1.0	77	0.8	0.1
Equity exposures	28.6	28.6	143	41.1	3.3
Other exposures	89.9	89.9	87	78.0	6.2
Total exposures according to standardised approach	4,714.2	3,954.7	29	1,138.8	91.1
Total risk exposure amount, credit risk	7,726.0	6,794.5	24	1,624.1	129.9

Leverage ratio	Mar 31, 2022	Dec 31, 2021	%	Mar 31, 2021	%
EUR M					
Tier 1 capital	280.4	268.4	4	266.9	5
Total exposure measure	5,597.6	6,272.9	-11	5,786.5	-3
of which balance sheet items	5,364.4	6,052.0	-11	5,587.0	-4
of which off-balance sheet items	233.2	220.9	6	199.5	17
Leverage ratio, %*	5.0	4.3		4.6	

* Excluding mitigation due to COVID-19, the Bank of Åland's leverage ratio on March 31, 2022 would have been 4.5 per cent.

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

18. Share-related information

Group	Mar 31, 2022	Dec 31, 2021	%	Mar 31, 2021	%
thousands					
Number of Series A shares outstanding	6,476	6,476		6,476	
Number of Series B shares outstanding	9,089	9,126	0	9,126	0
Number of shares outstanding	15,565	15,602	0	15,602	0
Number of shares outstanding after dilution	15,580	15,636	0	15,617	0
Shareholders' portion of equity capital per share, EUR	18.02	19.39	-7	17.19	5
Closing price per Series A share, EUR	35.80	32.60	10	30.00	19
Closing price per Series B share, EUR	36.90	31.50	17	26.70	38
Market capitalisation, EUR M	567	499	14	438	30
Market capitalisation/shareholders' portion of equity capital, %	202	165		163	
Group	Q1 2022	Q4 2021	%	Q1 2021	%
thousands					
Average number of shares outstanding	15,588	15,602	0	15,591	0
Average number of shares outstanding after dilution	15,588	15,602	0	15,591	0
Earnings per share, EUR	0.71	0.51	39	0.55	29
Earnings per share after dilution, EUR	0.71	0.51	39	0.55	29
Earnings per share, rolling 12 months, EUR	2.71	2.55	6	2.22	22

Translation

Report on review of the interim report of Bank of Åland Plc for the accounting period January 1 – March 31, 2022

To the Board of Directors of Bank of Åland Plc

Introduction

We have reviewed the summary balance sheet as of March 31, 2022 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 three-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, April 26, 2022

SANDRA ERIKSSON
Authorised Public Accountant, KHT

HENRY MAARALA
Authorised Public Accountant, KHT