

ÅLANDSBANKEN

ÅLANDSBANKEN ABP

(incorporated with limited liability in the Republic of Finland)

EUR 2,000,000,000

Medium Term Note, Covered Bond, Tier 2 Note and Additional Tier 1 Capital Note Programme

This supplement (the **Supplement**) comprises a supplement for Ålandsbanken Abp (the **Issuer**) to the Base Prospectus to the Medium Term Note, Covered Bond, Tier 2 Note and Additional Tier 1 Capital Note Programme (the **Programme**) dated 31 October 2022. This Supplement should be read in conjunction with the Programme. The purpose of this Supplement is to incorporate by reference the unaudited consolidated financial statements for the twelve months ended 31 December 2022 of the Issuer into the Base Prospectus and to (ii) confirm that there has been no significant change in the financial position of the Group since 31 December 2022.

1. Information Incorporated by Reference

1.1. The subclause (d) included in the list of documents on page 102 is deleted and replaced with the following information which is added into the list of documents on page 102 as new subclause (d):

“(d) the unaudited consolidated financial statements for the financial year ended 31 December 2022 of the Issuer set out on pages 9 to 29 (inclusive) of the Issuer’s Year-end Report as per 31 December 2022.

https://www.alandsbanken.com/uploads/pdf/result/en_resultat_jan-dec_22.pdf

2. Other amendments to the Base Prospectus

2.1. To the chapter “**OVERVIEW OVER THE PROGRAMME**” following amendments:

2.1.1. The second and third paragraph of the definition ‘**Liquidity reserve**’ on page 7 are deleted (and not replaced).

2.1.2. The first sentence of the paragraph under the definition ‘**Taxation**’ on page 8 is amended and replaced with following wording:

“All payments in respect of the Notes (other than Tier 2 Notes and AT1 Notes) and interest payments in respect of Tier 2 Notes and AT1 Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 17.”

2.1.3. The last sentence in the second paragraph of the definition “**Status of Tier 2 Notes**” on page 9 is amended and replaced with following wording:

“No Noteholder of Tier 2 Notes shall be entitled to exercise any right of set-off, netting or counterclaim against amounts owed by the Issuer in respect of the Tier 2 Notes held by it.”

2.1.4. The second paragraph of the definition “**Loss absorption mechanism of Tier 2 Notes and AT1 Notes**” on pages 9 and 10 is amended and replaced with following wording:

“The Tier 2 Notes and AT1 Notes may be permanently written down upon a Trigger Event pursuant to Conditions 14 (Loss Absorption Mechanism of Tier 2 Notes) or 15 (Loss Absorption Mechanism of AT1 Notes).”

2.1.5. A new definition ‘**Substitution and Variation**’ is added after definition ‘**Loss absorption mechanism of Tier 2 Notes and AT1 Notes**’ on page 10 as follows:

“Substitution and Variation

The Issuer may substitute or vary the terms of the Tier 2 Notes or AT1 Notes as provided in Condition 7 (Substitution and Variation) if so specified in the relevant Final Terms.”

2.2. To the chapter “**RISK FACTORS**” following amendments:

2.2.1. To the section “**A. Risks relating to macroeconomic factors and financial and securities markets**, subsection *Macroeconomic conditions and development in Finland, Sweden and globally can adversely affect Issuer’s banking business, results of operations and liquidity*, on page 13 the following amendments:

The heading of the subsection is amended and replaced with the following:

“*Russia’s invasion of Ukraine, macroeconomic conditions and development in Finland, Sweden and globally can adversely affect Issuer’s banking business, results of operations and liquidity*”.

The following sentence is added in the beginning of the first paragraph as the first sentence of the first paragraph:

“The single largest risk and uncertainty factors are Russia’s war of invasion in Ukraine and the related geopolitical risks, together with record-high inflation.”

The following sentence is added into the fourth paragraph at the end of the second sentence:

" although security assurances have been issued by some NATO members for the duration of the application process.”

In the section “**B. Risks related to the Issuer’s business activities and industry**, subsection *Credit risk related to housing loans and loans to corporations*, on page 14 the second and third paragraphs are deleted and replaced with following wording:

“37 % of the Group’s income constitutes of its net interest income, strongly affected by Group’s lending business. The Issuer mainly provides credits to private individuals with sound financial status who often are entrepreneurs and business owners and who value personal service from the Issuer. Loans are in general not granted as a stand-alone product, but mainly as part of a long-term customer relationship and to support the Issuer’s financial investment business. As far as

possible, loans shall be secured by either a real estate or securities and it is always required that there are steady cash flows that ensure the customer's ability to repay the debt.

The credit risk of the Group is comprised primarily of claims against private individuals. As at 31 December 2022, the Group's total lending was EUR 4,303 million, of which approximately 76 per cent. constituted loans to private individuals or households. The Group therefore has significant exposure to individuals and households. Individuals' and households' creditworthiness are affected by a variety of factors such as the state of the economy in general, adverse changes in the level of employment and real estate values. As at 31 December 2022, total lending in Sweden was EUR 1,431 million, or approximately 33 per cent. of the total lending of the Group, with the remaining balance of lending being in Finland. The exposure of the Group is, therefore, also particularly concentrated in Finland and Sweden."

- 2.2.2. In the section "**B. Risks related to the Issuer's business activities and industry**, subsection **Credit risk related to housing loans and loans to corporations**, on page 15, the first sentence of the fifth paragraph is deleted and replaced with the following wording:

"As at 31 December 2022, the Group's total lending to corporate and other institutional customers was EUR 1,041 million."

- 2.2.3. In the section "**B. Risks related to the Issuer's business activities and industry**, subsection **The Group is exposed to the risk of increased credit provisioning**, on page 15, the first and second sentences of the second paragraph are deleted and replaced with the following wording:

"The Group's accrued net impairment loss on loans and other commitments was EUR 6.2 million as at 31 December 2022 as compared to EUR 4.9 million in the year ended 31 December 2021 and EUR 4.9 million in the year ended 31 December 2020. The Group had as at 31 December 2022 EUR 20.0 million in impairment loss provisions as compared to EUR 14.6 million as at 31 December 2021 and EUR 11.9 million as at 31 December 2020."

- 2.2.4. In the section "**B. Risks related to the Issuer's business activities and industry**, subsection **Risk relating to the assets managed by the Issuer**, on page 16, the first sentence of the first paragraph is deleted and replaced with the following wording:

"The amount of managed assets was on 31 December 2022 EUR 8,637 million."

- 2.2.5. In the section "**B. Risks related to the Issuer's business activities and industry**, subsection **Liquidity risk**, on page 16, the first sentence of the fourth paragraph is deleted and replaced with the following wording:

"As of 31 December 2022, deposits from the public accounted for 77 % of the Group's funding."

- 2.2.6. In the section "**B. Risks related to the Issuer's business activities and industry**, subsection **Liquidity risk**, on page 17, the last sentence of the sixth paragraph is deleted and replaced with the following wording:

"As of December 2022, the LCR amounted to 138 % and the NSFR to 108 %."

- 2.2.7. In the section "**C. Regulatory risks**, subsection **Increased capital requirements may adversely affect the Group**, on page 20, the third paragraph is deleted and replaced with the following wording:

"The FIN-FSA Board deactivated the systemic risk buffer requirement set for Finnish banks in spring 2020 to mitigate the effects of the Covid-19 pandemic. The FIN-FSA Board has announced that it is preparing to make a decision on a systemic risk buffer in early 2023 of no more than 1 per cent."

- 2.2.8. In the section “*C. Regulatory risks*, subsection *Finland has implemented a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive or the taking of any action under it may result in the Noteholders losing some or all of their investment*, on page 22, the sixth paragraph is amended and replaced with the following wording:

“The BRRD and the Resolution Act introduced a requirement for credit institutions and investment firms to meet the minimum requirement for own funds and eligible liabilities (**MREL**) for the purposes of ensuring sufficient loss absorbing capacity to enable the continuity of critical functions without recourse to public funds. The Resolution Authority (the Financial Stability Authority) has set the minimum requirement in accordance with the Bank Resolution Act for own funds and eligible liabilities that can be written down (**MREL requirement**) for the Issuer. The MREL requirement is 9 per cent of total risk-weighted assets (**TREA**) and 3 per cent of leverage ratio exposures (**LRE**) based on TREA. The requirement entered into force on 1 January 2022.”

- 2.2.9. In the section “*C. Regulatory risks*, subsection *Finland has implemented a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive or the taking of any action under it may result in the Noteholders losing some or all of their investment*, on page 22, a new seventh paragraph is added with the following wording:

“There can be no assurance that the Issuer would be able to raise MREL in the required timeframe or at sustainable prices. This could have a material adverse impact on the Issuer’s business and results of operations.”

- 2.3. To the chapter “**FORM OF FINAL TERMS**” following amendment:

- 2.3.1. The following definition ‘**Substitution and variation**’ is added after the definition of “**Manner of redemption**” on page 42:

“Substitution and variation [Applicable][Not Applicable]”

- 2.3.2. The definition of ‘**Issuer Call**’ is deleted (and not replaced) on page 43.

- 2.3.3. The definition of “**First Call Date**” on page 45 is amended and replaced with the following wording:

First Call Date: [[•] [and any subsequent Interest Payment Date] subject to Condition 6.4] [Not Applicable]

- 2.4. To the chapter “**GENERAL TERMS AND CONDITIONS OF THE NOTES**” following amendments:

- 2.4.1. The second paragraph of the condition “**3.3 Tier 2 Notes**” on page 52 is amended and replaced with the following wording:

The Tier 2 Notes can be calculated into the Tier 2 Capital as set out in Article 63 of the CRR, provided that the requirements set out in the Applicable Banking Regulations are fulfilled. No Noteholder of Tier 2 Notes shall be entitled to exercise any right of set-off, netting or counterclaim against amounts owed by the Issuer in respect of the Tier 2 Notes held by it. Each Noteholder shall,

by virtue of his holding of any Tier 2 Notes, be deemed to have waived all such rights of set-off, netting and counterclaim. If, notwithstanding the preceding sentence, any Noteholder receives or recovers any sum or the benefit of any sum in respect of any Tier 2 Notes by virtue of any such set-off, netting or counterclaim, it shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of liquidation (Fi. *selvitystila*) or bankruptcy (Fi. *konkurssi*) of the Issuer, to the liquidator or bankruptcy estate of the Issuer.

- 2.4.2. The condition “**6.4 Redemption of the MTNs, Covered Bonds and Tier 2 Notes at the option of the Issuer**”, page 61 is deleted and replaced with following wording:

“6.4 Redemption of the MTNs, Covered Bonds, Tier 2 Notes and AT1 Notes at the option of the Issuer

If redemption at the option of the Issuer (Issuer Call) is specified as applying to a Series of Notes issued as MTNs, Covered Bonds, Tier 2 Notes or AT1 Notes in the applicable Final Terms, the Issuer may, subject (in the case of Tier 2 Notes or AT1 Notes) to the Conditions to Redemption set out in Condition 6.10, having given not less than 30 days’ nor more than 60 days’ notice to the Noteholders in accordance with Condition 14, redeem all or some only of the then outstanding Notes on the First Call Date (as defined in the Final Terms) or, if specified in the Final Terms, on any subsequent Interest Payment Date thereafter. The early redemption amount shall be specified in the applicable Final Terms and shall be paid together with, if applicable, interest accrued to (but excluding) the First Call Date (as defined in the Final Terms) or, if specified in the Final Terms, on any subsequent Interest Payment Date thereafter.

Payment of the early redemption amount will be made in accordance with Finnish or Swedish legislation, as applicable, governing the book-entry system, clearing operations and book-entry accounts as well as the Euroclear Rules, to the Noteholder that is entitled to receive such payment according to the book-entry account information.

No interest shall accrue on the nominal amount of the redeemed portion of the Notes after the First Call Date.”

- 2.4.3. The condition “**6.5 Early Redemption of the Tier 2 Notes for Withholding Tax Event**”, pages 61 and 62 is deleted and replaced with following wording:

”If:

- (a) on the occasion of the next payment due under the Tier 2 Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 17 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 17) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date (a **Withholding Tax Event**); and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may, subject to the Conditions to Redemption set out in Condition 6.10, at its option, having given not less than 30 days’ notice to the Noteholders in accordance with Condition 16, redeem all (but not some only) of the Tier 2 Notes at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption.”

- 2.4.4. The condition “**6.6 Early Redemption of the Tier 2 Notes for the Tax Event**”, page 62 is deleted and replaced with following wording:

“6.6 Early Redemption of the Tier 2 or AT1 Notes for Tax Event

Subject to the Conditions to redemption set out in Condition 6.10 (*Conditions to Redemption and Purchases*), upon the occurrence of a Tax Event, the Issuer may, at its option, having given not less than 30 days’ notice to the Noteholders in accordance with Condition 16 redeem all (but not some only) of the Tier 2 Notes or AT1 Notes, as applicable, at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption.”

- 2.4.5. The condition “**6.7 Early Redemption of the Tier 2 Notes as a result of a Capital Event**”, page 62 is deleted and replaced with following wording:

“6.7 Early Redemption of the Tier 2 Notes or AT1 Notes as a result of a Capital Event

Subject to the Conditions to redemption set out in Condition 6.10 (*Conditions to Redemption and Purchases*), upon the occurrence of a Capital Event, the Issuer may, at its option, having given not less than 30 days’ notice to the Noteholders in accordance with Condition 16, redeem all (but not some only) of the Tier 2 Notes or AT1 Notes applicable, at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption.”

- 2.4.6. The condition “**6.9 Purchases**”, page 63 is deleted and replaced with following wording:

“6.9 Repurchases

The Issuer or any subsidiary of the Issuer may at any time repurchase the MTNs, the Covered Bonds, the Tier 2 Notes and/or the AT1 Notes at any price in the open market or otherwise. The MTNs, the Covered Bonds, the Tier 2 Notes and/or the AT1 Notes may be held, reissued, resold or cancelled at the Issuer’s discretion. However, the Tier 2 Notes and the AT1 Notes may only be repurchased subject to the Conditions to Redemption set out in Condition 6.10. Any refusal by the Competent Authority to grant its approval will not constitute an event of default under the Tier 2 Notes and the AT1 Notes.”

- 2.4.7. The condition “**6.10 Conditions to Redemption and Purchases**”, pages 63 and 64 is deleted and replaced with following wording:

“6.10 Conditions to Redemption and Purchases

Other than a redemption of Tier 2 Notes at maturity in accordance with Condition **Fel! Hittar inte referenskölla.2** (*Redemption at maturity*), the Issuer may redeem or purchase (and give notice thereof to the Noteholders) any Tier 2 Notes or AT1 Notes only if such redemption or repurchase is in accordance with the Applicable Banking Regulations and it has been granted the permission of the Competent Authority, in each such case, if such permission is then required under the Applicable Banking Regulations, and in addition:

- (a) before or at the same time as such redemption or repurchase of the Notes, the Issuer replaces the Tier 2 Notes or AT1 Notes with own funds instruments of an equal or higher quality on terms that are sustainable for its income capacity; or
- (b) the Issuer has demonstrated to the satisfaction of the Competent Authority, as the case may be, that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements under the Applicable Banking Regulations by a margin that the Competent Authority, considers necessary; and
- (c) in the case of redemption or repurchase before five years after the issue date of the Tier 2 Notes or AT1 Notes:

- (i) only the conditions listed in paragraphs (a) or (b) above are met; and
- (ii) in the case of redemption due to the occurrence of a Capital Event, (i) the Competent Authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable at the time of the issuance of the relevant Notes; or
- (iii) in the case of redemption due to the occurrence of a Tax Event or (in the case of Tier 2 Notes) a Withholding Tax Event, the Issuer demonstrates to the satisfaction of the Competent Authority that such Tax Event or (in the case of Tier 2 Notes) Withholding Tax Event is material and was not reasonably foreseeable at the time of issuance of the relevant Tier 2 Notes or AT1 Notes; or
- (iv) before or at the same time of such redemption or repurchase, the Issuer replaces the Tier 2 Notes or AT1 Notes with own funds instruments of equal or higher quality at terms that are sustainable for its income capacity and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
- (v) the Tier 2 Notes or the AT1 Notes are repurchased for market making purposes,

(the “**Conditions to Redemption**”).

The Issuer shall not give a notice of redemption in relation to the Tier 2 Notes or the AT1 Notes if a Trigger Event has occurred in relation to Tier 2 Notes or AT1 Notes. If the Issuer has given a notice of redemption and, after giving such notice but prior to the relevant redemption date, a Trigger Event has occurred in relation to the Tier 2 Notes or the AT1 Notes, the relevant redemption notice shall be automatically revoked and be null and void and the corresponding redemption shall not be made.

Any refusal by the Competent Authority to grant its approval as described above will not constitute an event of default under the terms and conditions of any Notes.”

- 2.4.8. The condition “**7 REDEMPTION AND REPURCHASE OF THE AT1 NOTES**”, pages 64, 65 and 66 is deleted and replaced with following wording:

“ 7. Substitution and variation

This Condition 7 is applicable in relation to Notes specified in the applicable Final Terms as Tier 2 Notes and AT1 Notes and references to Notes in this Condition 7 shall be construed accordingly.

If substitution and variation is specified as applicable in the applicable Final Terms, at any time following the occurrence of a Capital Event or a Tax Event, or in the case of Tier 2 Notes, Withholding Tax Event, the Issuer may, subject to the Applicable Banking Regulations and (to the extent applicable) it has been granted the permission of the Competent Authority and having given not less than 30 days’ notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), at any time, either:

- (a) substitute all (but not some only) of the relevant Notes for new Notes, which are Qualifying Securities, or
- (b) vary the terms of the relevant Notes so that they remain or, as appropriate, become, Qualifying Securities,

provided that, in each case, (i) such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities and (ii) such variation or substitution would

not itself directly lead to a downgrade in any of the credit ratings (if any) of the relevant Notes as assigned to such Notes by any credit rating agency immediately prior to such variation or substitution and (iii) such variation or substitution is not materially less favourable to holders. For the avoidance of doubt, any such substitution or variation shall not be deemed to be a modification or amendment for the purposes of Condition 19.

Any refusal by the Competent Authority to grant its approval as described above will not constitute an event of default under the terms and conditions of any Notes.

For the purposes of this Condition 7:

A variation or substitution shall be “materially less favourable to Noteholders” if such varied or substituted securities do not:

- (i) include a ranking at least equal to that of the relevant Notes pursuant to Conditions 3.3 and 3.4, as applicable;
- (ii) have the same interest rate and the same interest payment dates as those from time to time applying to the relevant Notes;
- (iii) have equivalent redemption rights (if any) as the relevant Notes;
- (iv) have the same currency of payment, maturity (if any), denomination and original aggregate outstanding nominal amount as the relevant Notes prior to such variation or substitution;
- (v) in the case of Tier 2 Notes, preserve any existing rights under the relevant Notes to any accrued interest which has not been paid in respect of the period from (and including) the interest payment date last preceding the date of substitution or variation; or
- (vi) have a listing on a recognised stock exchange if the relevant Notes were listed immediately prior to such variation or substitution; and

“**Qualifying Securities**” means securities issued directly or indirectly by the Issuer that contain terms which at such time result in such securities being eligible to qualify towards the Issuer’s and/or the Group’s Tier 2 Capital (in the case of Tier 2 Notes) or Tier 1 Capital (in the case of AT1 Notes) in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations to at least the same extent as the Notes prior to the relevant Capital Event or Tax Event or in case of Tier 2 Notes, Withholding Tax Event.”

2.5. To the chapter “**DESCRIPTION OF ÅLANDSBANKEN**” following amendments:

2.5.1. Section “**General information**”

The fourth paragraph on page 79 is deleted and replaced with following:

“As at 31 December 2022, Ålandsbanken had total assets of EUR 5,898 million, total equity of EUR 316 million and net operating profit of EUR 46.1 million (1 January – 31 December 2022). As at 31 December 2021, Ålandsbanken had total assets of EUR 6,635 million, total equity of EUR 332 million and net operating profit of EUR 49.2 million (1 January – 31 December 2021). As at 31 December 2020, Ålandsbanken had total assets of approximately EUR 6,035 million, total equity of EUR 292 million and net operating profit of EUR 39.7 million (1 January – 31 December 2020). As at 31 December 2019, Ålandsbanken had total assets of EUR 5,607 million, total equity of EUR 258 million and a net operating profit of EUR 33.2 million (1 January – 31

December 2019). As at 31 December 2022, the Group had 854 employees based on hours worked, recalculated to full-time equivalent positions).”

2.5.2. Section ”Share capital and shareholders”

The first paragraph on page 80 is deleted and replaced with following:

“As at the date of this Supplement, the share capital of Ålandsbanken was EUR 42,029,289.89. The number of Series A shares totals 6,476,138 (representing 129,522,760 votes) and the number of Series B shares totals 8,799,766 (representing 8,799,766 votes).”

The fourth paragraph and the table under section ”Share capital and shareholders”, on pages 80 and 81 are deleted and replaced with following:

”As at 31 December 2022, there were eight shareholders in Ålandsbanken holding more than two (2) per cent of the share capital or the votes, as shown in the table below. The list below also includes companies within each shareholder’s group as well as other companies controlled by each shareholder.”

The table presenting the eight biggest shareholders is amended by the following table:

	Shareholder	Series A shares	Series B shares	Total	% of shares	% of votes
1.	Wiklöf Anders (and Wiklöf controlled companies)	1,993,534	1,332,961	3,326,495	21.43%	29.73%
2.	Nominee registered shareholders in Nordea Bank Abp	1,109	919,758	920,867	6.04%	0,68%
3.	Alandia Försäkring Ab (insurance group)	754,908	52,632	807,540	5.29%	10.95%
4.	Fennogens Investments S.A.	616,764	165,467	782,231	5.13%	9.04%
5.	Veritas Pension Insurance Company	123,668	265,754	389,422	2.55%	1.98%
6.	Chilla Capital	277,500	0	277,500	1.82%	4.01%
7.	Lundqvist Ben Hugo	251,574	0	251,574	1,65%	3,64%

8.	Svenska Litteratursällskapet i Finland r.f.	208,750	0	208,750	1.37%	3.02%
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2.5.3. Section “**Business activities**”

The fifth paragraph under section ‘Business activities’ on page 81 is deleted and replaced with the following wording:

“A significant proportion of the Group’s lending activities is comprised of lending to private individuals and households. As at 31 December 2022, the Group’s total lending was EUR 4,303 million, of which 76 per cent. constituted loans to private individuals or households. The Group’s total home loan lending as at 30 December 2021 was EUR 2,832 million and as at 31 December 2022 was EUR 2,380 million, or 59 per cent. and 55 per cent. of total lending, respectively. As at 31 December 2022, the total lending in Sweden was EUR 1,431 million, or 33 per cent. of the total lending of the Group.”

2.5.4. Section “**Borgo Transaction**”

The fourth paragraph under section ‘**Borgo Transaction**’ on pages 82 and 83 is deleted and replaced with the following wording:

“In February 2022 Ålandsbanken transferred most of its Swedish mortgage loans and related previously issued covered bonds to Borgo AB (publ). The nominal amount of the mortgage loan portfolio that was transferred was SEK 10.4 billion. The nominal amount of the previously issued covered bonds, which now have Borgo as their issuer, was SEK 7.5 billion. An additional mortgage loan portfolio will be transferred in 2023. The transaction had a nonrecurring positive effect in the Ålandsbanken 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.”

The fifth paragraph under section ‘**Borgo Transaction**’ on page 83 is added with the following wording:

“Ålandsbanken’s ownership stake in Borgo currently amounts to 14.0 per cent.”

2.5.5. Section “**Authorisation for the Board to make decisions on acquisitions of the Company’s own shares**”

The last sentence in the last paragraph under section ‘**Authorisation for the Board to make decisions on acquisitions of the Company’s own shares**’ on page 83 is deleted and replaced with the following wording:

“The acquisition of shares began on May 25, 2022 and the Board of Directors decided to terminate buyback programme December 13, 2022. As of termination date the Bank had acquired 311 281 shares of Serie B amounting to EUR 10,300,000.”

2.5.6. Section “**Significant or material change**”

The paragraph on page 83 is amended and replaced with the following wording:

“There has been no significant change in the financial position or financial performance of the Group since 31 December 2022 and there has been no material adverse change in the prospects of the Issuer since 31 December 2021.”

2.5.7. Section “**Recent events**”

The paragraph ‘*Share savings programme*’ on page 84 is amended and replaced with the following wording:

“*Share savings programme*

As part of the Bank of Åland’s share saving plan for employees the first share issue comprising of 22,057 Series B shares was implemented in January 2023.”

The paragraph ‘*Standard & Poor’s raises credit rating*’ on page 84 is deleted (and not replaced).

A new second paragraph is added with the following wording:

“*Dividend*

The total proposed dividend amounts to EUR 31.3 million or EUR 2.05 per share.”

2.6. To the chapter ‘**MANAGEMENT**’ following amendments:

2.6.1. Section “**General information on the management of Ålandsbanken**”

The last sentence of the paragraph under ‘*Independence of directors*’ on page 89 is deleted and replaced with the following wording:

“Anders Å Karlsson is member of the Board of Directors in Alandia Försäkring which is the second largest shareholder in Ålandsbanken and therefore is not independent in relation to significant shareholders.”

2.7. To the chapter “**CHARACTERISTICS OF THE COVER POOL**” following amendments:

2.7.1. Section “**Liquidity Reserve**”

The wording under the section “**Liquidity Reserve**” on pages 96 and 97 is deleted and replaced with following:

“The Issuer is committed to maintain a liquidity buffer covering 180 days of contractual maximum net outflows from the covered bonds issued until there are no more outstanding Covered Bonds. The liquidity buffer consists of contractual inflows and liquid assets in the Finnish Cover Pool.”

2.8. To the chapter “**GENERAL INFORMATION**” following amendments:

2.8.1. Section “**Litigation**”

The first paragraph under the section “**Litigation**” on page 108 is deleted and replaced with following:

“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 has been made as a tax expense in the financial accounts.”