

ÅLANDSBANKEN

ÅLANDSBANKEN ABP

(incorporated with limited liability in the Republic of Finland)

EUR 3,000,000,000

Medium Term Note, Covered Bond and Tier 2 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 and Tier 2 Note Programme (the **Programme**) dated 10 March 2020. This Supplements should be read in conjunction with the Programme.

1. Information Incorporated by Reference

1.1. The following information is added into the list of documents on page 82 as a new subclause (f)

“f) the auditors’ review report and unaudited consolidated financial statements for the three months ended 31 March 2020 as set out on pages 7 to 28 (inclusive) and the financial summary set out on page 2 of the Issuer’s interim report for the three months ended 31 March 2020”

2. Other amendments to the Base Prospectus

2.1 To the “**Risk Factors, A. Risks relating to macroeconomic factors and to the financial and securities market**” starting on page 10 as first risk is added the following risk with a heading “**Risk relating to COVID-19 pandemic**”:

“The single largest risk and uncertainty factor right now is the impact of the global coronavirus pandemic.

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.

Model-driven impairment losses on financial assets increased because of the expected effects of the coronavirus pandemic. Provisions related to healthy loans (Stage 1 and Stage 2) increased by EUR 2.8 M or 200 per cent from EUR 1.4 M to EUR 4.2 M. This increase is explained in part by a general cyclical adjustment of EUR 0.8 M in the impairment loss model and in part by a group provision of EUR 2.0 M related to heightened risk of losses, mainly in the corporate loan portfolio. Total net impairment losses on financial assets increased by EUR 3.4 M to EUR 3.8 M (0.4 in Q1 2019), equivalent to a loan loss level of 0.37 (0.05 in Q1 2019) per cent.”

2.2 First paragraph of Clause 6.4 of the General Terms and Conditions of the Notes “**Redemption of the MTNs, Covered Bonds and Tier 2 Notes at the option of the Issuer**” is amended to read as follows:

“If redemption at the option of the Issuer (Issuer Call) is specified as applying to a Series of Notes issued as MTNs, Covered Bonds or Tier 2 Notes in the applicable Final Terms, the Issuer may, having given not less than 30 days’ nor more than 60 days’ notice to the Noteholders in accordance with Condition 14 (which notice shall specify the date fixed for redemption (the Early Redemption Date)), redeem all or some only of the then outstanding Notes on the Early Redemption Date. 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 relevant Early Redemption Date.”

2.3 The following information is added to the page 64 with a heading “**Authorisation for the Board of Directors to decide on the distribution of the dividend by the 2020 Annual General Meeting**”

” The 2020 Annual General Meeting decided on April 2, 2020 to authorise the Board to decide on a maximum dividend of EUR 1.00 per share for the financial year 2019, to be distributed on one or more dates. This authorisation would be valid until the 2021 AGM. The Board intends to comply with the recommendation issued by the European Central Bank (ECB) and the Finnish Financial Supervisory Authority (FIN-FSA) and to refrain from deciding any dividend on the basis of the authorisation before October 1, 2020. The Bank of Åland will publish any dividend decisions separately and simultaneously confirm the record date and the distribution date for the dividend.”

2.4 The information on page 85 relating to auditors is deleted and replaced with the following information

“The 2020 Annual General Meeting decided on April 2, 2020 to re-elect Marcus Tötterman, Authorised Public Accountant (CGR) as auditor. It also elected Fredrik Westerholm and Jessica Björkegren as new auditors.

The firm of KPMG Oy Ab, Authorised Public Accountants (CGR), was re-elected as the deputy auditor.

Marcus Tötterman	Fredrik Westerholm	Jessica Björkegren
Authorised Public Accountant, KHT	Authorised Public Accountant, KHT	Authorised Public Accountant, KHT
KPMG Oy Ab	KPMG Oy Ab	KPMG Oy Ab
Töölönlahdenkatu 3 A FI-00100 Helsinki, Finland	Töölönlahdenkatu 3 A FI-00100 Helsinki, Finland	Töölönlahdenkatu 3 A FI-00100 Helsinki, Finland

The auditors of the Issuer have no material interest in the Issuer.”

2.5 The following changes will be made to the page 62 under the heading “**Share capital and shareholders**”

The three first paragraphs are deleted, and the following text is added:

“As at the date of this Supplement to the Base Prospectus, 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 9 098 951 (representing 9 089 951 votes).

Each Series A share represents twenty votes and each Series B share one vote at the shareholders’ meetings. The Articles of Association stipulate that no representative at the annual general meeting may vote for more than one fortieth of the number of votes represented at the meeting.

On 3 April 2019, the annual general meeting of shareholders authorised the Board of Directors of Ålandsbanken to issue shares and option rights. The authorisation is in force for five years from the resolution and a maximum of 3,000,000 Series B shares can be issued pursuant to the authorisation.”

2.6 The following language is added under heading “*Capital Adequacy*” on page 64

“Due to the Covid-19 pandemic the countercyclical buffer is lowered to 0.0 per cent of the risk weighted exposure amount.”

2.7 The following language is added to the page 86 under the heading “*Litigation*”

“Since 2017 the Bank of Åland has had an ongoing dispute with the Swedish Tax Agency regarding value-added tax (VAT) for the financial year 2016. After the end of the report period, the Agency announced a decision in the matter in which it believes that the Bank should pay additional VAT. The Bank of Åland does not share the Agency's view and intends to pursue the matter further.”