

TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

ÅLANDSBANKEN ABP

SEK 200,000,000 Floating Rate Subordinated Callable Notes due 2038

PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The Subordinated Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) (**MiFID II**); (ii) a customer within the meaning of the Insurance Mediation Directive (Directive 2002/92/EC (as amended)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended) (the **Prospectus Directive**). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Subordinated Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Subordinated Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / Professional investors and eligible counterparties only target market

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Subordinated Notes has led to the conclusion that: (i) the target market for the Subordinated Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**) and (ii) all channels for distribution of the Subordinated Notes to professional investors and eligible counterparties are appropriate. Any person subsequently offering, selling or recommending the Subordinated Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Subordinated Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Words and expressions defined in these Terms and Conditions of the Subordinated Notes shall have the same meanings where used in the Listing Prospectus unless the context otherwise requires or unless otherwise stated.

The term Noteholder refers to a holder of Subordinated Notes.

1. FORM, DENOMINATION AND ISSUANCE

The Board of Directors of Ålandsbanken Abp (the **Issuer**) has in its meeting on 24 April 2018 authorised the CEO to decide on the issue of subordinated debentures in accordance with Section 34 subsection 2 of the Promissory Notes Act (622/1947, as amended, the **Promissory Notes Act**), which have lower priority than other commitments of the Issuer (the **Subordinated Notes**).

The issue date of the Subordinated Notes is 15 May 2018 (the **Issue Date**).

The denomination of each book-entry unit relating to the Subordinated Notes shall be SEK 2,000,000. All Subordinated Notes shall have the same denomination. The maximum number of the Subordinated Notes is one hundred (100) or a higher number if the Issuer decides to increase the maximum principal amount of the Subordinated Notes. The Subordinated Notes shall only be offered for subscription to professional investors and eligible counterparties.

The Subordinated Notes will be issued in uncertificated and dematerialised form in the register (Sw. *avstämningsregister*) held by Euroclear Sweden AB (**Euroclear Sweden**), incorporated in Sweden with registration number 556112-8074 and having its registered address at Klarabergsviadukten 63, P.O. Box 191, SE-101 23 Stockholm, Sweden, formed in accordance with the Swedish Financial Instruments Accounts Act 1998 (Sw. *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*), other applicable Swedish legislation and the Euroclear Rules. The registrar in respect of the Subordinated Notes will be Euroclear

Sweden.

The Issuer has appointed Nordea Bank AB (publ) as the issuer agent Sw. *emissionsinstitut*) (the **Issuer Agent**) referred to in the Euroclear Rules and applicable laws for the Subordinated Notes. The Issuer has appointed Nordea Bank AB (publ) as the dealer (the **Dealer**) and as the arranger for the Subordinated Notes. The Issuer acts as calculation agent (the **Calculation Agent**) for the Subordinated Notes.

For the purposes of these Terms and Conditions of the Subordinated Notes:

Applicable Banking Regulations means at any time the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to capital adequacy then in effect in Finland including, without limitation to the generality of the foregoing, CRD IV, BRRD, CRR and those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the Finnish Financial Supervisory Authority (the **FIN-FSA**), from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and the Group);

CET1 Capital means, at any time, the sum of all amounts that constitute common equity tier 1 capital of the Issuer as at such date, less any deductions from common equity tier 1 capital required to be made as at such date, in each case as calculated by the Issuer in accordance with the Applicable Banking Regulations applicable to the Issuer at such time (which calculation shall be binding on the Noteholders). For the purposes of this definition, "common equity tier 1 capital" shall have the meaning assigned to such term in the Applicable Banking Regulations then applicable to the Issuer;

CET1 Ratio means, at any time, the ratio of CET-1 Capital of the Issuer, as at such date, to the risk weighted assets of the Issuer, as at the same date, expressed as a percentage and, for the avoidance of doubt, on the basis that all measures used in such calculation shall be calculated in accordance with the Applicable Banking Regulations then applicable to the Issuer;

Euroclear Rules means regulations, decisions and operating procedures applicable to and/or issued by Euroclear Sweden;

Outstanding Principal Amount means the principal amount of the Subordinated Notes as issued on the Issue Date as reduced from time to time by any Write Down Amount;

Record Date means the fifth (5) Business Day prior to (i) the Final Maturity Date or (ii) a redemption date related to Condition 5.3, Condition 5.4, Condition 5.5, Condition 5.6 or Condition 5.7 below; and

Tier 2 Capital means tier 2 capital for the purposes of the Applicable Banking Regulations.

2. STATUS AND SECURITY

The Subordinated Notes constitute and will constitute direct, unsecured and unguaranteed obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves. In the event of liquidation or bankruptcy of the Issuer, the rights and claims (if any) of the Noteholders to payments of the Outstanding Principal Amount and any other amounts in respect of the Subordinated Notes (including any accrued and unpaid interest amount or damages awarded for breach of any obligations under these Terms and Conditions of the Subordinated Notes, if any are payable) shall (i) be subordinated to the claims of all senior creditors of the Issuer; and (ii) rank at least *pari passu* with the claims of all subordinated creditors of the Issuer which in each case by law rank, or by their terms, are expressed to rank *pari passu* with the Subordinated Notes.

The Subordinated Notes can be calculated into the Tier 2 Capital as set out in Article 63 of Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013 (as amended or replaced from time to time, the **CRR**), provided that

the requirements set out in the CRR are fulfilled. The Subordinated Notes cannot be used to set off a counter-claim.

3. **NOMINAL AMOUNT AND CURRENCY**

The aggregate nominal amount of Subordinated Notes issued and outstanding under these Terms and Conditions of the Subordinated Notes is SEK 200,000,000. The Issuer may raise or lower the aggregate nominal amount.

4. **INTEREST**

4.1 **Floating Rate Interest**

The Subordinated Notes bear a floating rate of interest at the rate per annum, consisting of a floating reference rate and a margin of 2.40 per cent. per annum. The margin will be added to the reference rate.

The floating reference rate shall be 3-month STIBOR.

3-month STIBOR is the rate for deposits in SEK, for a period corresponding to the Interest Period (as defined below) of the Subordinated Notes quoted on the relevant Reuters page (or such replacement page on a service which displays the information) at or about 11.00 a.m. (Stockholm time in relation to 3-month STIBOR) two (2) Business Days prior to the commencement of the Interest Period. If the Interest Period does not correspond to any period of times shown on the relevant Reuters page (or such replacement page on a service which displays the information) for SEK, the rate of interest for such Interest Period shall be interpolated on a linear basis from the rates of interest of the two (2) periods between which the relevant Interest Period falls.

If 3-month STIBOR or a replacement quotation is not available, a reference rate of the nearest comparable maturity, as determined by the Issuer and the Dealer, as applicable, on the basis of the level of interest rates prevailing in Sweden shall be used.

4.2 **Interest period**

Interest period (the **Interest Period**) means each period of time, for which the interest is calculated.

The first Interest Period shall begin on the Issue Date and end on the following Interest Payment Date. Each following Interest Period begins on the previous Interest Payment Date and ends on the following Interest Payment Date.

Interest shall accrue for each Interest Period from (but excluding) the first day of the Interest Period to (and including) the last day of such Interest Period on the nominal amount of the Subordinated Notes outstanding from time to time.

The last Interest Period ends on the final maturity date, being 15 May 2038 (the **Final Maturity Date**).

4.3 **Market conventions**

(a) **Day count fractions**

The actual number of days in the Interest Period divided by 360 (actual/360-days basis).

(b) **Business day convention**

If:

- (i) there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur; or
- (ii) any Interest Payment Date would otherwise fall on a day which is not a Business Day, then such Interest Payment Date shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day (Modified Following Business Day Convention).

For the purposes of these Terms and Conditions of the Subordinated Notes, **Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in Stockholm.

4.4 Payment of interest

Interest shall be paid quarterly on the following interest payment dates (each an **Interest Payment Date**) 15 August, 15 November, 15 February and 15 May in arrears. The first Interest Payment Date occurs on 15 August 2018 and the last Interest Payment Date occurs on the Final Maturity Date 15 May 2038, unless the Subordinated Notes have been redeemed prior to the Final Maturity Date.

Payment of interest shall be made in accordance with Swedish legislation 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.

5. MATURITY AND REDEMPTION

5.1 Term of the Subordinated Notes

The term of the Subordinated Notes is twenty (20) years from the Issue Date.

5.2 Redemption at maturity

Each Subordinated Note will be redeemed by the Issuer on the Final Maturity Date, to the extent the Issuer has not redeemed the Subordinated Notes in accordance with Condition 5.3, Condition 5.4, Condition 5.5, Condition 5.6 or Condition 5.7 below. Payment of the redemption amount will be made to the persons who are Noteholders on the Record Date in accordance with Swedish legislation 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.

5.3 Voluntary Total Redemption (Issuer Call Option)

The Issuer may, at any Interest Payment Date following five years from the Issue Date and subject to the approval by the FIN-FSA, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 12, redeem all (but not some only) of the Subordinated Notes at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption.

5.4 Early Redemption for Withholding Tax Event

If:

- (a) on the occasion of the next payment due under the Subordinated Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 13) 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 approval by the FIN-FSA, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 12, redeem all (but not some only) of the Subordinated Notes at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption.

5.5 Early Redemption for Tax Event

Upon the occurrence of a Tax Event and subject to approval by the FIN-FSA, the Issuer may, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 12, redeem all (but not some only) of the Subordinated Notes at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption.

“**Tax Event**” means the receipt by the Issuer of an opinion of counsel in the relevant Tax Jurisdiction (experienced in such matters) to the effect that, as a result of:

- (i) any amendment to, or change in, the laws or treaties (or any regulations thereunder) of the Tax Jurisdiction affecting taxation;
- (ii) any governmental action in the Tax Jurisdiction; or
- (iii) any amendment to, or change in, the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in the Tax Jurisdiction, irrespective of the manner in which such amendment, change, action, pronouncement, interpretation or decision is made known,

which amendment or change is effective or such governmental action, pronouncement, interpretation or decision is announced, on or after the Issue Date of the Subordinated Notes:

- (A) the Issuer is, or will be, subject to additional taxes, duties or other governmental charges with respect to the Subordinated Notes or is not, or will not be, entitled to claim a deduction in respect of payments in respect of the Subordinated Notes in computing its taxation liabilities (or the value of such deduction would be materially reduced); or
- (B) the treatment of any of the Issuer's items of income or expense with respect to the Subordinated Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by the taxing authority in the Tax Jurisdiction, which subjects the Issuer to additional taxes, duties or other governmental charges.

5.6 Early Redemption as a result of a Capital Event

Upon the occurrence of a Capital Event and subject to approval by the FIN-FSA, the Issuer may, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 12, redeem all (but not some only) of the Subordinated Notes at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption.

“**Capital Event**” means the determination by the Issuer, after consulting with the FIN-FSA, that the Outstanding Principal Amount of the Subordinated Notes ceases or would be likely to cease to be included in whole or in any part, or count in whole or in any part, towards the Tier 2 Capital of the Issuer.

5.7 Early Redemption as a result of a Rating Event

To the extent permitted by the Applicable Banking Regulations, upon the occurrence of a Rating Event and subject to approval by the FIN-FSA, the Issuer may, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 12, redeem all (but not some only) of the Subordinated Notes at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption.

“**Rating Event**” means the determination by the Issuer, after consulting with Standard & Poor's Ratings Ser-

vices, that the Outstanding Principal Amount of the Subordinated Notes ceases or would be likely to cease to be included in whole or in any part, or count in whole or in any part, towards the “Intermediate” or a higher category of the Issuer’s total adjusted capital based on Standard & Poor’s Ratings Services rating criteria in force from time to time (or any category replacing the category “Intermediate” as defined in the “Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions” dated 29 January 2015).

6. SUBSCRIPTION OF THE SUBORDINATED NOTES

6.1 Method of subscription and payment

The Subordinated Notes are offered for subscription to institutional investors in a book-building procedure. The subscription period shall commence and end on 7 May 2018 (the **Subscription Date**).

Bids for subscription shall be submitted to Nordea Bank AB (publ), Smålandsgatan 17, SE-10571 Stockholm, Sweden during the Subscription Date and within regular business hours.

Subscriptions made are irrevocable. All subscriptions remain subject to the final acceptance by the Issuer. The Issuer may, in its sole discretion, reject a subscription in part or in whole. The Issuer shall decide on the procedure in the event of over-subscription. After the final allocation and acceptance of the subscriptions by the Issuer, each investor that has submitted a subscription shall be notified by the Dealer whether and, where applicable, to what extent such subscription is accepted.

Subscriptions shall be paid for as instructed in connection with the subscription. The Issuer shall accept the subscriptions and may, at its sole discretion, reject a subscription in part or in whole. Approved subscriptions are confirmed after the Subscription Date.

The Issuer will not charge the subscriber for costs relating to the issue or offering of the Subordinated Notes. The Dealer and potential other subscription places may charge such costs pursuant to the agreement between the relevant subscriber and Dealer or potential other subscription place.

6.2 Oversubscription and undersubscription

In the event of oversubscription or undersubscription, as applicable, in relation to the Subordinated Notes, the Issuer is entitled to increase or decrease the nominal amount of the of Subordinated Notes during the subscription period, discontinue the subscription or cancel the issue of the Subordinated Notes.

If the issue is cancelled or the subscriptions are decreased due to oversubscription, the Issuer shall refund the price paid to the account notified by the relevant subscriber within five (5) Business Days from the date of the decision concerning the cancellation or decrease.

6.3 Issue price

Subordinated Notes will be issued at an issue price which is fixed and is 100 per cent. of the aggregate nominal amount.

7. DELIVERY OF SUBORDINATED NOTES

Subordinated Notes subscribed and paid for shall be entered to the book-entry accounts of the subscribers on a date set out in accordance with Swedish legislation, as applicable, governing the book-entry system, clearing operations and book-entry accounts as well as the Euroclear Rules.

Each Subordinated Note is freely transferable after it has been registered into the respective book-entry account.

8. LOSS ABSORPTION MECHANISM



8.1 Definitions

Write Down means the permanent write down of the Outstanding Principal Amount of each Subordinated Note by writing down the Outstanding Principal Amount by the Write Down Amount in accordance with the Write Down Procedure.

Write Down Amount means the amount by which the Outstanding Principal Amount of each Subordinated Note is to be written down on the Write Down Effective Date, which amount shall be 50 per cent. of the Outstanding Principal Amount.

Write Down Effective Date means the date on which the Write Down shall take place, or has taken place, as applicable.

Write Down Notice means the notice to be delivered by the Issuer to the Noteholders in accordance with Condition 12 specifying (i) that a Trigger Event has occurred and (ii) the Write Down Effective Date or the expected Write Down Effective Date.

Write Down Procedure means the procedures set out in Condition 8.3.

a **Trigger Event** shall occur if the Issuer's CET1 Ratio falls below 7 per cent.

8.2 Write Down Upon Trigger Event

If a Trigger Event has occurred at any time, the Issuer shall write down the Outstanding Principal Amount of each Subordinated Notes with the Write Down Amount on the Write Down Effective Date in accordance with the Write Down Procedure. Under no circumstances shall such written down Outstanding Principal Amount be reinstated. The Write Down shall occur without delay (and within one month or such shorter period as the FIN-FSA may require at the latest) upon the occurrence of a Trigger Event.

Upon the occurrence of a Trigger Event, the Issuer shall immediately inform the FIN-FSA and shall deliver to the Noteholders notice in accordance with Condition 12 specifying (i) that a Trigger Event has occurred and (ii) the Write Down Effective Date or expected Write Down Effective Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such Write Down, or give Noteholders any rights as a result of such failure.

Following a Write Down, no Noteholder will have any rights against the Issuer with respect to the repayment of any principal amount to the extent so written down or the payment of interest on any principal amount that has been so written down or any other amount on or in respect of any principal amount that has been so written down.

A Write Down of the Subordinated Notes shall not constitute an event of default or a breach of the Issuer's obligations or duties or a failure to perform by the Issuer in any manner whatsoever and shall not, of itself, entitle the Noteholder to petition for the insolvency or dissolution of the Issuer or otherwise.

8.3 Write Down Procedure

Write Down Notice

If a Trigger Event has occurred at any time, the Issuer shall deliver a Write Down Notice to the Noteholders, as soon as reasonably practicable, and in any event not more than five (5) Business Days after such determination.

The Write Down Notice shall be sufficient evidence of the occurrence of such Trigger Event and will be conclusive and binding on the Noteholders.



Write Down

On the Write Down Effective Date, the Issuer shall write down an aggregate principal amount of each Subordinated Note equivalent to the Write Down Amount of each Subordinated Note by writing down the Outstanding Principal Amount of each Subordinated Note by the Write Down Amount. The Subordinated Notes may only be subject to one (1) Write Down.

9. FORCE MAJEURE

The Issuer, the Issuer Agent, the Calculation Agent, the Dealer, subscription place or account operator shall not be responsible for any loss arising from:

- (a) an act of an authority, war or threat of war, revolt, civil disturbance, or any act of terror;
- (b) disturbance in postal or telephone traffic, electronic communication, or supply of electricity that is beyond the control of, and that has an essential impact on, the operations of the Issuer, the Issuer Agent, the Calculation Agent, any Dealer, subscription place or account operator;
- (c) interruption or delay of action or measure of the Issuer, the Issuer Agent, the Calculation Agent, any Dealer, subscription place or account operator that is caused by fire or equivalent accident;
- (d) strike or other industrial action which has an essential impact to the operations of the Issuer, the Issuer Agent, the Calculation Agent, the Dealer, subscription place or account operator, even when it only affects part of the personnel of the aforementioned entities and irrespective of whether the aforementioned entities are involved in it or not;
- (e) an act of God (such as, but not limited to, fires, explosions, earthquakes, drought, tidal waves and floods); or
- (f) other equivalent force majeure or any similar reason that causes unreasonable difficulty for the operations of the Issuer, the Issuer Agent, the Calculation Agent, the Dealer, subscription place or account operator.

10. PRESCRIPTION

In case any payment under the Subordinated Notes has not been claimed by the relevant Noteholder entitled to such payment within three (3) years from the original due date thereof, the right to such payment shall become forfeited by the relevant Noteholder and the Issuer shall be permanently free from such payment.

11. EVENTS OF DEFAULT

If:

- (i) the Issuer shall, in respect of the Subordinated Notes, default for a period of 14 days in the payment of interest due on the Subordinated Notes on an Interest Payment Date or any other date on which the payment of interest is compulsory;
- (ii) the Issuer shall, in respect of the Subordinated Notes, default for a period of seven (7) days in the repayment of the Subordinated Notes on the Final Maturity Date or an early redemption date notified by the Issuer (if any); or
- (iii) an order is made or an effective resolution is passed for the winding-up or liquidation of the Issuer (except for the purpose of a merger, reconstruction or amalgamation under which the continuing entity effectively assumes the entire obligations of the Issuer under the Subordinated Notes) or the Issuer is otherwise declared bankrupt or put into liquidation, in each case, by a court or agency or supervisory authority in Finland or elsewhere having jurisdiction in respect of the same,



the Noteholder may:

- (a) (in the case of (i) and (ii) above) institute proceedings for the Issuer to be declared bankrupt or its winding-up or liquidation, in each case, in Finland or elsewhere, and prove or claim in the bankruptcy or liquidation of the Issuer; and/or
- (b) (in the case of (iii) above) prove or claim in the winding-up or liquidation or as the case may be, bankruptcy or liquidation of the Issuer, whether in Finland or elsewhere and instituted by the Issuer itself or a third party,

but (in either case) the Noteholder may claim payment in respect of the Subordinated Notes only in the winding-up or liquidation or as the case may be, bankruptcy or liquidation of the Issuer.

In any of the circumstances set out in (iii) above, a Noteholder may, by notice to the Issuer, declare its Subordinated Notes due and payable, and such Subordinated Notes shall accordingly become due and payable at their Outstanding Principal Amount together with accrued (and uncanceled) interest to the date of payment, but subject to such Noteholder only being able to claim payment in respect of the Subordinated Notes in the winding-up or liquidation or as the case may be, bankruptcy or liquidation of the Issuer and provided that, where any such event occurs after the date on which a Trigger Event occurs but before the relevant Write Down Effective Date, the Noteholder of a Subordinated Note may only declare the Subordinated Note to be due and payable to the extent of its Outstanding Principal Amount as reduced by the Write Down Amount in respect of the Trigger Event, together with accrued (and uncanceled) interest to the date of payment.

Any Noteholder may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Subordinated Notes (other than, without prejudice to Condition 11 (i), (ii) and (iii) or the above paragraph, any obligation for the payment of any principal or interest in respect of the Subordinated Notes) provided that the Issuer shall not by virtue of the institution or any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, except with the prior written consent of the FIN-FSA.

No remedy against the Issuer, other than as provided above in this Condition 11 shall be available to the Noteholders, whether for the recovery of amount owing in respect of the Subordinated Notes or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Subordinated Notes.

12. NOTICES AND RIGHT TO INFORMATION

Noteholders shall be advised of matters relating to the Subordinated Notes by a stock-exchange release, a notice published on the Issuer's website at <https://www.alandsbanken.com/about-us/financial-information/debt-programme> or a notice published in Helsingin Sanomat or any other major Finnish national daily newspaper selected by the Issuer. The Issuer may and shall, if required by the Euroclear Rules or applicable laws, also deliver notices relating to the Subordinated Notes in writing directly to the Noteholders at the address appearing on the list of the Noteholders provided by Euroclear Sweden in accordance with the below paragraph (or through Euroclear Sweden's book-entry system or account operators).

Any notice relating to the Subordinated Notes shall be deemed to have been received by the Noteholders when published or delivered in accordance with this Condition 12.

Notwithstanding any secrecy obligation, the Issuer shall, subject to the Euroclear Rules and applicable laws, be entitled to obtain information of the Noteholders from Euroclear Sweden, and Euroclear Sweden shall be entitled to provide such information to the Issuer. Furthermore, the Issuer shall, subject to the Euroclear Rules and applicable laws, be entitled to acquire from Euroclear Sweden a list of Noteholders, provided that it is technically possible for Euroclear Sweden to maintain such a list. The Issuer shall at the request of the Issuer Agent pass on such information to the Issuer Agent.



The address for notices to the Issuer is:

Ålandsbanken Abp

Nygatan 2

PB 3

AX-22101 Mariehamn

13. TAXATION

All payments of principal and interest in respect of the Subordinated Notes by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction (defined below) unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Subordinated Notes, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to the Subordinated Notes:

- (a) presented for payment in Finland;
- (b) the holder of which is liable for such taxes or duties in respect of a Subordinated Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of a Subordinated Note; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Business Day.

For the purposes of these Terms and Conditions of the Subordinated Notes:

Tax Jurisdiction means the Republic of Finland or any political subdivision or any authority thereof or therein having power to tax; and

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by Euroclear Sweden on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12.

14. NOTEHOLDERS' MEETING AND PROCEDURE IN WRITING

The Issuer may convene a meeting of Noteholders (**Noteholders' Meeting**) or request a procedure in writing among the Noteholders (**Procedure in Writing**) to decide on amendments of these Terms and Conditions of the Subordinated Notes or other matters as specified below. Euroclear Sweden must be notified of the Noteholders' Meeting or a Procedure in Writing by the Issuer in accordance with the Euroclear Rules and applicable laws.

Notice of a Noteholders' Meeting and the initiation of a Procedure in Writing shall be provided to the Issuer Agent and the Noteholders in accordance with Condition 12 at least ten (10) Business Days prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing, and shall include information on the date, place and agenda of the Noteholders' Meeting or the last day and address for replies in the Procedure in Writing (or if the voting is to be made electronically, instructions for such voting) as well as instructions as to any action required on the part of a Noteholder to attend the Noteholders' Meeting or to participate in the Procedure in Writing. No matters other than those referred to in the notice of the Noteholders' Meeting or initia-

tion of the Procedure in Writing may be resolved upon at the Noteholders' Meeting or the Procedure in Writing.

Only those who, according to the register kept by Euroclear Sweden, in accordance with the Euroclear Rules and applicable laws, in respect of the Subordinated Notes, were registered as Noteholders on the fifth (5th) Business Day prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing on the list of Noteholders to be provided by Euroclear Sweden in accordance with Condition 12, or proxies authorised by such Noteholders, shall, if holding any of the nominal amount of the Subordinated Notes at the time of the Noteholders' Meeting or the last day for replies in the Procedure in Writing, be entitled to vote at the Noteholders' Meeting or in the Procedure in Writing and shall be recorded in the list of the Noteholders present at the Noteholders' Meeting or participating in the Procedure in Writing.

The Noteholders' Meeting must be held in Helsinki and the chairman of the meeting shall be appointed by the Board of Directors of the Issuer.

A Noteholders' Meeting or a Procedure in Writing shall constitute a quorum only if two (2) or more Noteholders present hold or represent at least 50 per cent. or one (1) Noteholder holding one hundred 100 per cent. of the nominal amount of the Subordinated Notes outstanding attends the Noteholders' Meeting or provides replies in the Procedure in Writing.

If, within 30 minutes after the time specified for the start of a Noteholders' Meeting, a quorum is not present, any consideration of the matters to be dealt with at the meeting may, at the request of the Issuer, be adjourned for consideration at a meeting to be convened on a date no earlier than 14 calendar days and no later than 28 calendar days after the original meeting, at a place to be determined by the Issuer. Correspondingly, if by the last day for replies in the Procedure in Writing a quorum is not constituted, the time for replies may be extended as determined by the Issuer.

The quorum for an adjourned Noteholders' Meeting or extended Procedure in Writing will be at least 25 per cent. of the nominal amount of the Subordinated Notes outstanding.

Notice of an adjourned Noteholders' Meeting or in relation to a Procedure in Writing, information regarding the extended time for replies, shall be given in the same manner as notice of the original Noteholders' Meeting or the Procedure in Writing. The notice shall also state the requirements for the constitution of a quorum.

Voting rights of Noteholders shall be determined according to the nominal amount of the Subordinated Notes held. The Issuer and any Group companies shall not hold voting rights at any Noteholders' Meeting or Procedure in Writing.

Resolutions shall be carried by a majority of more than 50 per cent. of the votes cast. A representative of the Issuer and a person authorised to act for the Issuer may attend and speak at a Noteholders' Meeting.

A Noteholders' Meeting or a Procedure in Writing is entitled to make the following decisions that are binding upon all Noteholders:

- (a) change these Terms and Conditions of the Subordinated Notes, including approval of any proposal by the Issuer for any modification, abrogation, variation or compromise of these Terms and Conditions of the Subordinated Notes or any arrangement in respect of the obligations of the Issuer under or in respect of the Subordinated Notes;
- (b) waive any breach or consent to any proposed breach by the Issuer of its obligations under or in respect of the Subordinated Notes;

provided, however, that consent of at least 75 per cent. of the aggregate nominal amount of the Subordinated Notes outstanding is required to:



- (a) decrease the nominal amount of, or interest payable on, the Subordinated Notes;
- (b) extend the term of Subordinated Notes;
- (c) amend the requirements for the constitution of a quorum at a Noteholders' Meeting or Procedure in Writing; or
- (d) amend the majority requirements of the Noteholders' Meeting or Procedure in Writing.

The consents can be given at a Noteholders' Meeting, in the Procedure in Writing or by other verifiable means in writing.

When consent from the Noteholders representing the requisite majority has been received in the Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired, provided that the Noteholders representing such requisite majority are registered as Noteholders on the list of Noteholders provided by Euroclear Sweden in accordance with Condition 12 on the date when such requisite majority is reached.

The Noteholders' Meeting and the Procedure in Writing can authorise a named person to take necessary action to enforce the decisions of the Noteholders' Meeting or the Procedure in Writing.

Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be binding on all Noteholders of the Subordinated Notes irrespective of whether they have been present at the Noteholders Meeting or participated in the Procedure in Writing. A Noteholder is considered to have become aware of a resolution of a Noteholders' Meeting and a Procedure in Writing when received by the Noteholders in accordance with Condition 12. In addition, Noteholders are obligated to inform subsequent transferees of Subordinated Notes of resolutions made at a Noteholders' Meeting and in a Procedure in Writing. A resolution passed at the Noteholders' Meeting must also be notified to the Issuer Agent as well as Euroclear Sweden in accordance with the Euroclear Rules and applicable laws.

Any resolution at a Noteholders' Meeting or in a Procedure in Writing, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer, shall be subject to the consent of the Issuer.

Notwithstanding anything to the contrary in these Terms and Conditions of the Subordinated Notes, the Issuer is entitled to, without the consent of the Noteholders, to make appropriate changes to these Terms and Conditions of the Subordinated Notes if such changes do not weaken the position of the Noteholders. Any such changes shall be binding upon the Noteholders. The Issuer shall notify the Noteholders of such changes in accordance with Condition 12 above.

15. FURTHER ISSUES

The Issuer may from time to time without the consent of, or notice to, the Noteholders create and issue further notes having the same terms and conditions as the Subordinated Notes (or the same in all respects save for the amount and date of the first payment of interest thereon, the issue price, the minimum subscription amount and the date from which interest starts to accrue) by increasing the maximum principal amount or otherwise. For the avoidance of doubt, this Condition 15 shall not limit the Issuer's right to issue any other notes.

16. GOVERNING LAW AND JURISDICTION

16.1 Governing law

The Subordinated Notes and any non-contractual obligations arising out of or in connection herewith, are and

shall be governed by, and construed in accordance with, Finnish law, except for the registration of Subordinated Notes in Euroclear Sweden, which shall be governed by, and construed in accordance with, Swedish law.

16.2 Submission to jurisdiction

Any disputes relating to the Subordinated Notes shall be settled in the first instance at the District Court of Helsinki (Fi. *Helsingin käräjäoikeus*).

On 15 May 2018 for and on behalf of

ÅLANDSBANKEN ABP



Peter Wiklöf
CEO

