

ÅLANDSBANKEN

ÅLANDSBANKEN ABP

(incorporated with limited liability in the Republic of Finland)

EUR 2,000,000,000

Senior Preferred Note, Covered Bond, Tier 2 Note and Additional Tier 1 Capital Note Programme

This supplement (the “**Supplement**”) is supplemental to, forms part of and must be read and construed in conjunction with, the Base Prospectus dated 22 February 2023 (the “**Base Prospectus**”) prepared by Ålandsbanken Abp (“**Ålandsbanken**” or the “**Issuer**”) in connection with its EUR 2,000,000,000 senior preferred note, covered bond, tier 2 note and additional tier 1 capital note programme. Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement. The purpose of this Supplement is to (i) incorporate by reference the interim report for the accounting period January 1 – March 31, 2023 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 March 2023.

1. Information Incorporated by Reference

1.1 A new subclause (k) is added into the list of documents on page 96:

"(k) the auditors' report and interim report for the accounting period January 1 – March 31, 2023.

https://www.alandsbanken.fi/uploads/pdf/result/en_resultat_jan-mar_23.pdf

2. Other amendments to the Base Prospectus

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

2.1.1 The second paragraph of the definition “**Use of Benchmark**” on page 4 is amended and replaced with the following wording:

“The administrator of STIBOR is the Swedish Financial Benchmark Facility AB (SFBF), a wholly-owned subsidiary of Swedish Bankers' Association. As at 21 April, 2023, the SFBF is included in ESMA's register of administrators under Article 36 of the BMR. SFBF may continue to provide STIBOR and the market may continue to use STIBOR.”

2.1.2 The second paragraph of the definition “**Rating**” on page 7 is amended and replaced with the following wording:

“As at the date of this Supplement to the Base Prospectus, the Issuer has been assigned a long-term credit rating of BBB+ by S&P. The Issuer's MCBA Covered Bonds are rated AAA by S&P and, also as per 16 March 2023 the CBA Covered Bonds are rated AAA by S&P.”

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

2.2.1 In the section “**A. Risks relating to macroeconomic conditions**”, subsection *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 first sentence in the first paragraph on page 10 is amended and replaced with following wording:

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

2.2.2 In the section “**A. Risks relating to macroeconomic conditions**”, subsection *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 second, third and fourth paragraphs on pages 10 and 11 are amended and replaced with the following wording:

“During 2022 inflation in Finland and in the eurozone area continued to increase. Inflation was fuelled, among other things, by the rapid surge in aggregate demand in the aftermath of the coronavirus pandemic as well as supply chain constraints affecting aggregate supply. Russia’s illegal and unprovoked invasion in Ukraine and the subsequent significant increase in energy prices further fuelled inflation. Inflation levels affect all sectors of the economy. Acceleration in global, European and Nordic inflation levels have led central banks to take action in form of interest rate hikes. In 2022 the European Central Bank (“ECB”) decided to raise the key interest rates in July, September, October and December, and has continued to do so in 2023. The ECB is expected to continue to hike the policy rates until they are sufficiently restrictive. These actions have a delayed effect on the economy and the interest rate hikes have so far only had a limited effect on the economy in Europe. In the United States of America interest rate hikes have begun to have an effect on the stability of regional banks in particular, most prominent of which was Silicon Valley Bank which was closed by regulators in March 2023 due to a sequence of events largely fuelled by losses in the banks bond portfolio following interest rate hikes made by the Federal Reserve.

Housing and residential property values have declined in both Finland and Sweden during 2022 and 2023. The majority of the housing and residential property collateral of the mortgage loans granted by the Issuer is located in major cities and growth centres. The value of housing and residential property located in growth centres may in the future generally decline, or certain residential areas or districts may become less attractive leading to a decline in the values of the housing and residential property in such areas thereby reducing the value of the collateral of the Issuer. Centralization of the property could also constitute a problem if values on the growth centres would reduce. Macroeconomic adverse changes could affect debtors’ economic situation and, consequently, their ability to fulfil their credit obligations towards the Issuer. It could also have an adverse effect on the development on the residential markets and commercial real estate markets, which form majority of the securities for the Issuer’s credits.

In general, Russia’s invasion of Ukraine and the EU’s sanctioning of Russia lead to a more volatile and unpredictable global economy and financial market. The effects of these geopolitical developments are likely to affect Finland considerably, due to the close geographical proximity between Finland and Russia and due to the significant trade share Finland holds with Russia. Sanctions and countersanctions affect Finnish industry and exports considerably, once again putting pressure on national and global production chains. Finland joined the North Atlantic Treaty Organisation (NATO) in April 2023. The admission into NATO places Finland under the protection of NATO’s Article Five, which states that an attack on one member is an attack on all. In effect, this means that were Finland to be attacked then all NATO members would aid in the protection of Finland. Finland’s admission to NATO is widely seen as both strengthening NATO and as improving the national security of Finland. A heightened security risk was assumed for

both Finland and Sweden throughout the application processes although security assurances were issued by some NATO members for the duration of the application process. Receiving full NATO membership is assumed to affect bilateral relations with Russia adversely, but the effects of this substantial change in foreign policy on the national security and economic situation are not yet known. Sweden is in the application process for full membership of the North Atlantic Treaty Organisation (NATO).”

- 2.2.3 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 12 the first sentence of the second paragraph is amended and replaced with the following wording:

“In the quarter ended 31 March 2023, 44 per cent of the Group’s income constitutes of its net interest income, strongly affected by the Group’s lending business.”

- 2.2.4 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 12 the third paragraph is amended and replaced with the following wording:

“The credit risk of the Group is comprised primarily of claims against private individuals. As at 31 March 2023, the Group’s total lending was EUR 4,337 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 March 2023, total lending in Sweden was EUR 1,518 million, or approximately 35 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.”

- 2.2.5 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 12, the first sentence of the fifth paragraph is amended and replaced with the following wording:

“As at 31 March 2023, the Group’s total lending to corporate and other institutional customers was EUR 1,039 million.”

- 2.2.6 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 12, 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 0.3 million as at 31 March 2023 as compared to EUR 3.4 million in the quarter ended 31 March 2022 and EUR 6.2 million in the fiscal year ended 31 December 2022. The Group had as at 31 March 2023 EUR 20.0 million in impairment loss provisions as compared to EUR 20.0 million as at 31 December 2022.”

- 2.2.6 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 13, the first sentence of the paragraph is deleted and replaced with the following wording:

“The amount of managed assets was as at 31 March 2023 EUR 8,895 million.”

- 2.2.7 In the section “***B. Risks related to the Issuer’s business activities and industry***”, subsection *Materialised liquidity risk would cause inability to meet payment obligations*, on page 13, the first sentence of the fourth paragraph is deleted and replaced with the following wording:

“As of 31 March 2023, deposits from the public accounted for 70 per cent of the Group’s external funding sources (aside from equity capital).”

2.2.8 In the section “***B. Risks related to the Issuer’s business activities and industry***”, subsection *Materialised liquidity risk would cause inability to meet payment obligations*, on page 13, the last sentence of the sixth paragraph is deleted and replaced with the following wording:

“As of 31 March 2023, the LCR amounted to 156 per cent and the NSFR to 109 per cent.”

2.3. To the chapter “**IMPORTANT NOTICES TO PROSPECTIVE INVESTORS**” following amendments:

2.3.1 In the section “***Use of Benchmarks***” on page 30 the second paragraph is amended and replaced with following wording:

“The administrator of STIBOR is the Swedish Financial Benchmark Facility AB (SFBF), a wholly-owned subsidiary of Swedish Bankers’ Association. As at 21 April, 2023, the SFBF is included in ESMA’s register of administrators under Article 36 of the BMR. SFBF may continue to provide STIBOR and the market may continue to use STIBOR.”

2.3.2 In the section “***Presentation of financial and certain other information***” on page 30 the first sentence of the paragraph is amended and replaced with following wording:

“Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer has been derived from the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2021 and 31 December 2022 as well as the interim report for the accounting period January 1 – March 31, 2023.”

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

2.4.1 Section “***General information***”

The fourth paragraph on page 64 is amended and replaced with following:

“As at 31 March 2023, Ålandsbanken had total assets of EUR 5,908 million, total equity of EUR 292 million and net operating profit of EUR 8.2 million (1 January – 31 March 2023). As at 31 March 2022, Ålandsbanken had total assets of EUR 5,950 million, total equity of EUR 310 million and net operating profit of EUR 13.9 million (1 January – 31 March 2022). As at 31 March 2023, the Group had 871 employees based on hours worked, recalculated to full-time equivalent positions.”

2.4.2 Section “***Share capital and shareholders***”

The second sentence of the first paragraph on page 65 is amended and replaced with following:

“The number of Series A shares totals 6,476,138 (representing 129,522,760 votes) and the number of Series B shares totals 8,806,740 (representing 8,806,740 votes).”

The third paragraph and the fourth paragraph (including the table) under section “***Share capital and shareholders***”, on page 65 are amended and replaced with following:

“As at 31 March 2023, 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.”

	Shareholder	Series A shares	Series B shares	Total	% of shares	% of votes
1.	Wicklöf Anders (and Wicklöf controlled companies)	1,993,534	1,332,961	3,326,495	21.77%	29.79%
2.	Nominee registered shareholders in Nordea Bank Abp	1,513,000	919,928	921,441	6.03%	0,69%
3.	Alandia Försäkring Ab (insurance group)	754,908	52,632	807,540	5.28%	10.95%
4.	Fennogens Investments S.A.	616,764	165,467	782,231	5.12%	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%

2.4.3 Section “*Business activities*”

The last sentence in the second paragraph under section “*Business activities*” on page 66 is amended and replaced with the following wording:

“Ålandsbanken Fondbolag Ab manages assets of approximately EUR 4.0 billion as at 31 March 2023.”

The fifth paragraph under section “*Business activities*” on page 66 is amended 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 March 2023, the Group’s total lending was EUR 4,337 million, of which 76 per cent constituted loans to private individuals or households. The Group’s total home loan lending as at 31 March 2022 was EUR 1,954 million and as at 31 March 2023 was EUR 2,457 million, or 50 per cent and 57 per cent of

total lending, respectively. As at 31 March 2023, the total lending in Sweden was EUR 1,518 million, or 35 per cent of the total lending of the Group.”

2.4.4 Section “*Borgo Transaction*”

The fifth paragraph under section “*Borgo Transaction*” on page 68 is deleted and replaced with the following wording:

“As at the date of this Base Prospectus, Ålandsbanken’s ownership stake in Borgo AB is 11.7 per cent.”

2.4.5 Section “*Authorisation for the Board of Directors to make decisions on acquisitions of the Issuer’s own shares*”

The entire section “*Authorisation for the Board of Directors to make decisions on acquisitions of the Issuer’s own shares*” on page 68 is deleted and not replaced.

2.4.6 Section “*Litigation*”

The following sentence is added to the end of the first paragraph of section “*Litigation*” on page 69:

“The Court of Appeal in Stockholm has on 21 March 2023 rejected the Issuers appeal (Case number 1047-22). The tax expense is included in the financial accounts January 1- March 31, 2023.”

2.4.7 Section “*Significant or material change*”

The paragraph on page 68 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 March 2023 and there has been no material adverse change in the prospects of the Issuer since 31 December 2022.”

2.4.8 Section “*Recent events*”

The paragraph “*Dividend*” on page 69 is amended and replaced with the following wording:

“At the Annual General Meeting on March 29, 2023, it was decided that in dividend for financial year 2022 pay out of EUR 2.05 per share (EUR 1.60 in ordinary dividend and EUR 0.45 in additional dividend) which makes up a total of EUR 31.3 million.”

A third paragraph “*Early repayment of Ålandsbanken’s subordinated notes maturing in 2038*” is added on page 69 with the following wording:

“On May 15, 2018, Ålandsbanken issued subordinated notes maturing in 2038 (SE0011116037). Under the terms of these subordinated notes, Ålandsbanken has the right to carry out early repayment of the subordinated notes no earlier than May 15, 2023 and thereafter on each interest payment date. Ålandsbanken will exercise its redemption right in connection with the next interest payment and will carry out early repayment of the subordinated notes maturing in 2038. The subordinated notes maturing in 2038 will be repaid to creditors on the interest payment date May 15, 2023.”

2.5. To the chapter “**REGULATORY ENVIRONMENT**” following amendments:

2.5.1 Section “*Capital requirements and standards*”

On page 76, the second sentence of the third paragraph is amended and replaced with the following wording:

“The FIN-FSA has announced that it is raising the systemic risk buffer in April 2024 to 1 per cent.”

2.6. To the chapter “**MANAGEMENT**” following amendments:

2.6.1 Section “*The Board of Directors*”

The second paragraph on page 71 is amended and replaced with the following wording:

“The Board of Directors consists of five (5) directors which are presented below.”

2.6.2 The section regarding Åsa Ceder on pages 71 and 72 is deleted and not replaced.

2.6.3 Section “*General information on the management of Ålandsbanken*”

The second sentence of the paragraph “*Independence of directors*” on page 74 is amended and replaced with the following wording:

“The Board members Christoffer Taxell, Mirel Leino-Haltia and Ulrika Valassi are independent in relation to significant shareholders.”