

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 half-year financial report for the accounting period January 1 – June 30, 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 30 June 2023.

1 Information Incorporated by Reference

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

"(l) the auditors' review and the unaudited half-year financial report for the period January 1- June 30, 2023."

https://www.alandsbanken.ax/uploads/pdf/result/en_resultat_jan-jun_23.pdf

2 Other amendments to the Base Prospectus

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

2.1.1 In the section “*Presentation of financial and certain other information*” on page 30 the first sentence of the paragraph is amended and replaced with the 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, the unaudited interim report for the accounting period January 1 - March 31, 2023 as well as the unaudited half-year financial report for the accounting period January - June 2023."

2.2 To the chapter ”DESCRIPTION OF ÅLANDSBANKEN” following amendments:

2.2.1 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 30 June 2023 and there has been no material adverse change in the prospects of the Issuer since 31 December 2022.”

2.2.2 Section “*Recent events*”

A fourth paragraph “*Amendment of the articles of association*” is added on page 69 with the following wording:

“At the Annual General Meeting on March 29, 2023, it was decided to make the following amendments to the articles of association:

In accordance with the Board’s proposal, the AGM approved an amendment to Section 2 of the Articles of Association in such a way that the references to laws in the description of the Bank’s area of operations agree with currently valid legislation, since the Finnish Act on Mortgage Banks and Covered Bonds (151/2022) has been updated.

After the proposed amendment, the section shall read as follows:

The Company, referred to in these Articles of Association as the Bank, engages as a commercial bank in such credit institution operations as are envisaged for deposit banks in the Credit Institutions Act (610/2014). The Bank also provides such investment services and additional services as are envisaged in Chapter 1, Section 11 and Chapter 2, Section 3 of the Act on Investment Services (747/2012). The Bank also engages in mortgage banking operations pursuant to the Act on Mortgage Banks and Covered Bonds (151/2022).

The AGM also approved the Board’s proposal that Section 13 of the Company’s Articles of Association be amended to read as follows:

Section 13. Auditors

To examine the Bank’s administration and accounts, the Annual General Meeting of Shareholders shall annually elect at least one and at most two auditors.

If only one auditor has been elected and this auditor is not an authorised accounting firm, one deputy auditor shall also be appointed.

Auditors shall be elected for a term of office that ends at the closing of the first Annual General Meeting after their election.”

A fifth paragraph “*Increase of prime rate*” is added on page 69 with the following wording:

“On May 5, 2023, Ålandsbanken decided to increase its prime rate by 0.40 percentage points, from 2.75 per cent to 3.15 per cent. The basis for this decision was rising market interest rates. The change went into effect on May 19, 2023.”

A sixth paragraph ”*Share savings programme for employees*” is added on page 69 with the following wording:

“On June 20, 2023, Ålandsbanken has decided to launch a share savings programme for all Group employees. This programme will enable employees to save a maximum of five percent of their monthly salary to invest in Ålandsbanken’s Series B shares. The programme will run for one year. Three years after each respective share issue, Ålandsbanken will distribute one free matching share for each share that has been acquired in the targeted share issues to those who have participated in the share issues and who are still employed by the Group and own the shares that were issued. Employees will be offered the opportunity to subscribe for Series B shares at a price that is 10 per cent below the average price during the month before each respective share issue.”

A seventh paragraph ”*S&P Global Ratings outlook for Ålandsbanken*” is added on page 69 with the following wording:

“On June 29, 2023, S&P Global Ratings changed the outlook for Ålandsbanken from stable to negative. At the same time, the ratings agency is affirming Ålandsbanken’s long-term issuer credit rating of BBB+ and its short-term issuer credit rating of A-2. The background to this change in outlook is S&P Global Ratings’ own model for calculating capital strength, the risk-adjusted capital (RAC) ratio, which diverges significantly from the official capital adequacy regulations that apply to European banks.”

An eight paragraph ”*Issue of series B shares as a part of the share savings programme*” is added on page 69 with the following wording:

“On July 6, 2023, the Board of Directors of Ålandsbanken has decided to issue 25,012 Series B shares for the fulfilment of the Bank’s commitments as part of Ålandsbanken’s share saving plan for employees. After the issue, Ålandsbanken’s share capital will total EUR 42,029,289.89 with the number of Series A shares totalling 6,476,138 and the number of Series B shares totalling 8,831,752.”

A ninth paragraph ”*Annulment of shares*” is added on page 69 with the following wording:

“On July 2023, The Board of Directors of Ålandsbanken has decided to annul a total of 103 of the Bank’s own Series B shares that were issued as part of its share savings programme. The shares are being annulled as a consequence of the share savings programme’s conditions for termination of employment.

After the annulment, Ålandsbanken will not hold any of its own shares. The annulment of the shares will take effect when it has been registered in the Finnish Trade register.”

2.3 To the chapter “**GENERAL INFORMATION**” following amendments:

2.3.1 Section “*Auditors*”

A new paragraph “*Election of auditors*” is added on page 100 with the following wording:

“The Annual General Meeting on March 29, 2023, decided to appoint the authorised accounting firm of KPMG Oy Ab, with Henri Maarala (KHT) as auditor in charge, as auditor from the day that the amendment of Section 13 of the Articles of Association, which will make it possible to appoint only one auditor, has been registered in the Finnish Trade register.”

The amendment of the Section 13 of the Articles of Association was registered in the Finnish Trade register on May 22, 2023 and the authorised accounting firm of KPMG Oy Ab, with Henri Maarala (KHT) as auditor in charge.“