

APPLICABLE FINAL TERMS

28 September 2016

ÅLANDSBANKEN ABP

**Issue of EUR 250,000,000 0.00 per cent. Covered Bonds due 2023
under the EUR 2,000,000,000
Euro Medium Term Note and Covered Bond Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 30 September 2015 and the supplements to it dated 29 October 2015, 20 March 2016 and 19 August 2016 which together constitute a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>. The Offering Circular is also available for viewing during normal business hours at the registered office of the Issuer at Nygatan 2, AX 22100 Mariehamn, Finland and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

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| 1. | Issuer: | Ålandsbanken Abp |
| 2. | Securities: | Covered Bonds |
| 3. | Category of Covered Bonds: | Category FIN Covered Bonds |
| 4. | (a) Series Number: | 16 |
| | (b) Tranche Number: | 1 |
| | (c) Date on which the Notes will be consolidated and form a single Series: | Not Applicable |
| 5. | Specified Currency or Currencies: | Euro (EUR) |
| 6. | Aggregate Nominal Amount: | |
| | (a) Series: | EUR 250,000,000 |
| | (b) Tranche: | EUR 250,000,000 |
| 7. | Issue Price: | 99.358 per cent. of the Aggregate Nominal Amount |
| 8. | (a) Specified Denominations: | EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. No Notes in definitive form will be issued with a denomination above EUR 199,000 |

- (b) Calculation Amount: EUR 1,000
9. (a) Issue Date: 29 September 2016
- (b) Interest Commencement Date: Issue Date
10. Maturity Date: 29 September 2023
11. (a) Extended Final Maturity: Applicable
- (b) Extended Final Maturity Date: Interest Payment Date falling in or nearest to September 2024

In accordance with the Conditions, if the Issuer fails to redeem the Notes in full on the Maturity Date or within two Business Days thereafter, the maturity of the nominal amount outstanding of the Covered Bonds will be extended automatically to the Extended Final Maturity Date without constituting an event of default or giving holders of the Covered Bonds any rights other than as expressly set out in the Conditions. In that event, the interest rate payable on, and the Interest Periods and Interest Payment Dates, in respect of the Covered Bonds, will change from those that applied up to the Maturity Date and the Issuer may redeem all or part of the nominal amount outstanding of those Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Final Maturity Date, all in accordance with the Conditions. See Conditions 4.3 and 6.9.

12. Interest Basis: In respect of the period from (and including) the Interest Commencement Date to (but excluding) the Maturity Date:

0.00 per cent. Fixed Rate
(see paragraph 16 below)

In respect of the period from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date (if applicable):

1 month EURIBOR +0.06 per cent. Floating Rate
(see paragraph 19 below)

13. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.

14. Change of Interest Basis or Redemption/Payment Basis: Not Applicable

15. Put/Call Options: Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions Applicable

(a) Rate(s) of Interest: 0.00 per cent. per annum

(b) Interest Payment Date(s): Not Applicable

(c) Fixed Coupon Amount(s): EUR 0.00 per Calculation Amount

(d) Broken Amount(s): Not Applicable

(e) Day Count Fraction: Not Applicable

(f) Determination Date(s): Not Applicable

17. Floating Rate Note Provisions Not Applicable

18. Zero Coupon Note Provisions Not Applicable

19. Extended Maturity Interest Provisions: Applicable from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date

(a) Fixed Rate: Not Applicable

(b) Floating Rate Provisions: Applicable

(i) Specified Period(s)/ Specified Interest Payment Dates: Monthly on the 29th day of each month commencing on (and including) 29 October 2023, until the earlier of (i) the Interest Payment Date on which the Notes are redeemed in full and (ii) the Extended Final Maturity Date, subject to adjustment in accordance with the Business Day Convention set out in (ii) below

(ii) Business Day Convention: Modified Following Business Day Convention

(iii) Additional Business Centre(s): Not Applicable

(iv) Manner in which the Rate of Interest is to be determined: Screen Rate Determination

(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): Not Applicable

- (vi) Screen Rate Determination:
 - Reference Rate: 1 month EURIBOR
 - Interest Determination Date(s): Second day on which the TARGET 2 System is open prior to the start of each Interest Period
 - Relevant Screen Page: Reuters EURIBOR01
- (vii) ISDA Determination: Not Applicable
- (viii) Linear Interpolation: Not Applicable
- (ix) Margin(s): + 0.06 per cent. per annum
- (x) Minimum Rate of Interest: Not Applicable
- (xi) Maximum Rate of Interest: Not Applicable
Actual/360
- (xii) Day Count Fraction:

PROVISIONS RELATING TO REDEMPTION

- 20. Notice periods for Condition 6.2: Minimum period: 30 days
Maximum period: 60 days
- 21. Issuer Call: Not Applicable
- 22. Investor Put: Not Applicable
- 23. Final Redemption Amount: EUR 1,000 per Calculation Amount
- 24. Early Redemption Amount payable on redemption for taxation reasons or on event of default: EUR 1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25. Form of Notes:
 - (a) Form: Bearer Notes

Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Notes in bearer form only upon an Exchange Event
 - (b) New Global Note: Yes
- 26. Additional Financial Centre(s): Not Applicable
- 27. Talons for future Coupons to be attached to definitive Notes in bearer form: No

Signed on behalf ÅLANDSBANKEN ABP:

By: 
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority with effect from 29 September 2016.
- (ii) Estimate of total expenses related to admission to trading: £3,600

2. RATINGS

Ratings: The Notes to be issued are expected to be rated AAA by Standard & Poor's Credit Market Services Europe Limited.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

4. YIELD (FIXED RATE NOTES ONLY)

Indication of yield: 0.092 per cent. per annum

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. OPERATIONAL INFORMATION

- (i) ISIN: XS1496878742
- (ii) Common Code: 149687874
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Not Applicable
- (iv) Delivery: Delivery against payment
- (v) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D

6. THIRD PARTY INFORMATION

Not Applicable