BASE PROSPECTUS

CENTRAL BANK OF SAVINGS BANKS FINLAND PLC

(incorporated with limited liability in the Republic of Finland)

EUR 2,000,000,000

Euro Medium Term Note Programme

This Base Prospectus has been approved by the Central Bank of Ireland (the "**CBI**"), as competent authority under Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "**Prospectus Directive**")). The CBI only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc (the "**ISE**" or "**Irish Stock Exchange**") for the notes (the "**Notes**") issued under the EUR 2,000,000,000 Medium Term Note Programme (the "**Programme**") during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the "**Official List**") and to trading on its regulated market (the "**Main Securities Market**"). Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") and/or which are to be offered to the public in any member state of the European Economic Area. The Main Securities Market is a regulated marker for the purposes of MiFID II. This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

The Notes to be issued under the Programme may be rated A- by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"). S&P is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation. Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its respective obligations under the Notes are discussed under "Risk Factors" below.

Arranger

NORDEA

Dealers

CRÉDIT AGRICOLE CIB **DANSKE BANK**

DEUTSCHE BANK **LANDESBANK BADEN-WÜRTTEMBERG**

27 February 2018

IMPORTANT NOTICES

Central Bank of Savings Banks Finland Plc (the "**Issuer**") accepts responsibility for the information contained in this Base Prospectus and any Final Terms and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below.

This Base Prospectus must be read and construed together with any supplements hereto (and with any information incorporated by reference herein) and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme and the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

Unauthorised information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any responsibility for any acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of any Notes. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Restrictions on distribution

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any

of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained (or incorporated by reference) in this Base Prospectus or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS: If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the 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 MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), 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 the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

BENCHMARK REGULATION

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms. The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Certain definitions

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area and references to "**Euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Base Prospectus:

The "**Savings Banks**" refer to the following savings banks belonging to the Amalgamation from time to time, as at the date of this Base Prospectus: (1) Aito Säästöpankki Oy, (2) Avain Säästöpankki, (3) Ekenäs Sparbank, (4) Eurajoen Säästöpankki, (5) Helmi Säästöpankki Oy, (6) Huittisten Säästöpankki, (7) Kalannin Säästöpankki, (8) Kiikoisten Säästöpankki, (9) Kvevlax Sparbank, (10) Lammin Säästöpankki, (11) Liedon Säästöpankki, (12) Länsi-Uudenmaan Säästöpankki, (13) Mietoisten Säästöpankki, (14) Myrskylän Säästöpankki, (15) Nooa Säästöpankki Oy, (16) Närpes Sparbank Ab, (17) Pyhärannan Säästöpankki, (18) Someron Säästöpankki, (19) Suomenniemen Säästöpankki, (20) Sysmän Säästöpankki, (21) Säästöpankki Optia, (22) Säästöpankki Sinetti and (23) Ylihärmän Säästöpankki.

The "**Union Co-op**" refers to the Savings Banks' Union Co-op.

The "**Amalgamation**" means (a) The Union Co-op, (b) the companies belonging to the Union Co-op's consolidation group, (c) the Savings Banks, Sp Mortgage Bank Plc and the Issuer, (d) the companies belonging to the Savings Banks' consolidation groups, and (e) such credit institutions, finance institutions and service companies in which the institutions referred to in (a) to (d) above combined own more than half of the voting rights.

The "**Member Credit Institutions**" refers to the Issuer, the Savings Banks and Sp Mortgage Bank Plc.

The "**Group**" refers to those Savings Banks Group's entities that are consolidated for accounting purposes.

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OVERVIEW

Issuer:	Central Bank of Savings Banks Finland Plc (the "**Issuer**")
Programme Amount:	Up to €2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Arranger:	Nordea Bank AB (publ) (the "**Arranger**")
Dealers:	Crédit Agricole Corporate and Investment Bank Danske Bank A/S Deutsche Bank AG, London Branch Landesbank Baden-Württemberg (together with the Arranger, the "**Dealers**")
Fiscal Agent:	Deutsche Bank AG, London Branch (the "**Fiscal Agent**")
Registrar:	Deutsche Bank Luxembourg S.A. (the "**Registrar**")
Currencies:	Notes may be denominated in Euros or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Method of Issue:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Denominations:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) (subject to compliance with all applicable legal and/or regulatory and/or central bank requirements), save that the minimum denomination of each Note will be €100,000 (or the equivalent in any other currency).
Maturities:	Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Listing and Trading:	Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to trading on its Main Securities Market.
Status of Notes:	The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Final Terms or Drawdown Prospectus:	Notes issued under the Programme may be issued either: (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Conditions as completed by the relevant Final Terms or, as the case may be, as supplemented, amended and/or replaced by the relevant Drawdown Prospectus.

Issue Price:	Notes may be issued at any price. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Interest:	Notes may be interest bearing or non interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and may vary during the lifetime of the relevant series.
Forms of Notes:	Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer Notes and Registered Notes. Each Tranche of Bearer Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**") or a permanent global note (the "**Permanent Global Note**"), in each case as specified in the relevant Final Terms (each a "**Global Note**"). Each Global Note which is not intended to be issued in new global note form ("**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. Certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Each Tranche of Registered Notes will be represented by either Individual Note Certificates or a Global Registered Note, in each case as specified in the relevant Final Terms. Each Global Registered Note which is not intended to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), as specified in the relevant Final Terms, will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depositary. Each Global Registered Note intended to be held under the New Safekeeping Structure, as specified in the relevant Final Terms, will be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.
Redemption:	Unless previously redeemed, or purchased and cancelled, Notes will be redeemed at their Final Redemption Amount (as specified in the relevant Final Terms) on the Maturity Date.

Optional Redemption:	Subject to certain Conditions, Notes may be redeemed before the Maturity Date at the option of the Issuer (as described in Condition 8(c) (*Redemption and Purchase – Redemption at the option of the Issuer*)) or at the option of the Noteholders (as described in Condition 8(e) (*Redemption and Purchase – Redemption at the option of Noteholders*)), to the extent (if at all) specified in the relevant Final Terms.
Early Redemption:	Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons, as described in Condition 8(b) (*Redemption and Purchase – Redemption for tax reasons*), following an AA Put Event (as defined in the "Terms and Conditions of the Notes"), as described in Condition 8(f) (*Redemption and Purchase – Amalgamation Act Put Option*).
Taxation:	All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Finland or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 11 (Taxation).
Clearing Systems:	Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**" and together with Euroclear, the "**ICSDs**") and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its respective obligations under the Notes are discussed under "*Risk Factors*" below.
Governing Law:	English law.
Ratings:	As at the date of this Base Prospectus, the Notes issued under the Programme may be rated A- by Standard & Poor's Credit Market Services Europe Limited.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, Japan and the Republic of Finland, see "*Subscription and Sale*" below.

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider the risk factors associated with any investment in the Notes, the business of the Issuer and the industry(ies) in which it operates together with all other information contained in this Base Prospectus, including, in particular the risk factors described below could, individually or in the aggregate, have a material adverse effect on the Issuer's capacity to repay principal and make payment of interest on Notes issued under the Programme. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

Prospective investors should note that the risks relating to the Issuer, the industry(ies) in which it operates and the Notes summarised in the section of this Base Prospectus headed "Overview" are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to invest in the Notes.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that it currently deems immaterial, may individually or cumulatively have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus and their personal circumstances.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Risk factors associated with the Group's operating environment

Uncertain global economic and financial market conditions could adversely affect the Group's business, results of operations, financial condition, liquidity and capital resources

In the first half of the ongoing decade, the general economic and financial market conditions in Europe and other parts of the world experienced significant turmoil due to, among other factors, the sovereign debt crisis in certain European countries, particularly certain eurozone Member States, including Cyprus, Greece, Italy, Ireland, Portugal and Spain. Although the financial state of distressed euro area Member States has improved and speculations on the disruption to the euro area have significantly decreased since late 2012, no assurances can be made that the turmoil will not return should the real economy experience another downturn. As the state debt levels remain high and in some countries continue to increase, there is still a risk that the global economy could fall back into a recession that could be deeper and last longer than the one experienced in 2008 and 2009. In addition, geopolitical events, such as the situation in Ukraine, continued tensions in North-Korea, the instability in the Middle East, a potential trade war due to protectionist policy initiatives by major economic powers and recent changes in certain policy goals of the U.S. government could have an adverse effect on the global economy, which could in turn undermine the competitiveness of the Group's corporate clients, such as small and medium size Finnish companies.

The financial results of the Group (as defined above in the section headed "*Important Notices*") are affected by many factors, the most important of which are the general economic situation and its impact on the demand for banking services, such as housing loans. Deterioration in market conditions could result in difficulties for the Group's customers in meeting their payment obligations, which could lead to increased disruptions in repayments of loans, as well as write-downs and loan losses. Deterioration in the general economic situation could also reduce demand for loans, such as housing loans and other products, leading to reduced net interest income from the banking business.

Moreover, income generation in the Group's retail banking is significantly affected by changes in the interest rate level. Interest rate risk arises when interest rate fixing periods or interest rate bases for assets and those for liabilities are mismatched. Net interest income comprises a substantial part of the Group's total income. Furthermore, the recent low interest rate levels have not been beneficial to the Group, since low interest levels have a negative impact on the Group's net interest income.

The market value of financial assets held by the Issuer, Sp Mortgage Bank Plc or the Savings Banks may also be affected. Furthermore, deterioration in the general economic situation could increase the refinancing costs and hamper the Issuer's, Sp Mortgage Bank's or the Savings Banks' refinancing options.

Although the Group's management believes that the Group is able to maintain sufficient liquidity to conduct the Group's day-to-day banking business even when there is uncertainty in the global economy and financial markets, there can be no assurance that the Group's liquidity and access to financing will not be affected by changes in the financial markets or that its capital resources will, at all times, be sufficient to satisfy the Group's liquidity needs.

The Savings Banks are exposed to risks relating to the outflow of deposits

Deposits comprise a major share of the Savings Banks' funding. The Issuer supports the liquidity and borrowing activities of the Savings Banks by acquiring funds and operating in the money markets and capital markets. Nevertheless, should the current financial situation lead to a significant outflow of deposits, the Savings Banks' funding structure would change substantially and the average cost of funding would increase. Furthermore, this would jeopardise the Savings Banks' liquidity, and the Savings Banks would be unable to meet their current and future cash flow and collateral needs, both expected and unexpected, without affecting their daily operations or overall financial position. Therefore, this could have a negative impact on the Savings Banks' business, results of operations and financial conditions.

The market for the Savings Banks' core business areas remains highly competitive

The financial services market remains highly competitive in the local and regional markets where the Savings Banks operate. For example, the margins of housing loans are decreasing due to competition. In addition, the operating environment of the financial services market faces significant changes. Innovative competition comes both from established players and a steady stream of new market entrants and may take the form of new products or operating models such as digitalisation. The market is expected to remain highly competitive in the Savings Banks' core business areas, which could adversely affect the Savings Banks' business, results of operations and financial conditions.

Systemic risks may have negative impacts on markets in which the Group operates

Payment defaults, bank runs and other types of financial distress or difficulties in a foreign or domestic bank or other financial institution may lead to a series of liquidity problems and losses as well as payment and other difficulties in other companies operating in the financial sector, due to the interconnectedness of the domestic and global financial systems and capital markets. If one financial institution experiences difficulties it could have spillover effects on other institutions through, for example, lending, trading, clearing and other linkages between financial institutions. These types of risk are called 'systemic risks' and they can have a significant negative impact on markets in which the Group operates on a daily basis which can, in turn, adversely affect the Group's business, results of operations and financial condition.

Exit of the United Kingdom from the European Union

On 23 June 2016, the United Kingdom voted to leave the European Union (the "**EU**") in a referendum (the "**UK Referendum**"). As of the date of this Prospectus, both the terms and the timing of the exit of the United Kingdom from the EU are unclear. On 29 March 2017, the United Kingdom notified the European Council of its intention to withdraw from the EU pursuant to Article 50 of the Treaty on European Union. The withdrawal will take place on the date of entry into force of a withdrawal agreement or, failing that, two years after the notification (30 March 2019). Moreover, the nature of the relationship of the United Kingdom with the EU following the United Kingdom's exit has yet to be decided and negotiations with the EU on the terms of the United Kingdom's exit have not yet been completed. Therefore, the UK Referendum has resulted and it is likely to result in further political, legal, regulatory, economic and market uncertainty throughout the EU – the effects of each of which could adversely affect the interests of Noteholders. Such uncertainty and consequential market disruption may also cause investment decisions to be delayed, reduce job security and damage consumer confidence throughout the EU.

Whilst it is not possible to predict the precise extent and impact of these issues, Noteholders should be aware that they could have an adverse impact on the interests of Noteholders including the payment of interest and repayment of principal on the Notes.

Risk factors associated with the Group's operations

The Amalgamation may be exposed to risk related to the availability of funding, and the Amalgamation may not be able to maintain adequate liquidity

The Issuer acts as a central credit institution for the Savings Banks, meaning that the Issuer is responsible for the Amalgamation's payments and wholesale funding in the money and capital markets. The Issuer supports the Savings Banks' liquidity management and provides the Savings Banks with refinancing solutions. Thus, the Issuer is responsible for the whole Amalgamation's liquidity and senior funding from the money and capital markets.

A substantial part of the Amalgamation's liquidity and funding requirements is met through reliance on customer deposits, as well as ongoing access to wholesale lending markets, including issuance of long-term debt market instruments such as the Notes issued under the Programme and covered bonds. Turbulence in the global financial markets and economy may adversely affect the Amalgamation's liquidity. There can be no assurance that alternative sources of funding will be available on competitive terms or at all under this Programme, the covered bond programme of Sp Mortgage Bank Plc or from other sources of wholesale funding.

Liquidity risk means the risk of the Issuer, the Group and/or the Amalgamation being unable to meet its payment obligations, to refinance its loans when they fall due, and to meet its obligations as a creditor. This risk could materialise if market conditions worsen substantially and the Issuer, the Group and/or the Amalgamation is unable to maintain adequate liquidity.

The Group's strategy or the execution of the strategy may fail

Each Savings Bank has its own strategy based on and aligned with the Group's strategy. Strategic risks refer to losses that may arise from the choice of an incorrect business strategy in view of the developments in the Amalgamation's operating environment. The Amalgamation aims to minimise strategic risks by regularly updating its strategic and business plans. In planning, the Amalgamation utilises the analyses of its central institution, the Union Co-op, on the state and development of the Savings Banks as well as forecasts by other economic analysts on the development of the Amalgamation's industries, the competitive landscape and the macroeconomic environment.

However, the Amalgamation or individual Savings Banks may be unable to successfully execute their strategies, and the Amalgamation's strategy may not be competitive or may be insufficient to meet customer requirements in the future as competition increases and customer offerings develop in the markets internationally.

Operational disturbances and events may affect the Amalgamation's business operations

Operational risks refer to losses that may arise from shortcomings in internal systems and processes and the conduct of personnel or from external factors having an impact on business. Operational risk may also materialise in terms of loss or deterioration of reputation or trust.

The Amalgamation monitors the nature of operational risks, their occurrence and the volume of damages or losses in the event of an operational risk incident. The Board and senior management of the Member Credit Institutions receive regular reporting on operational risks based on the collected data concerning operational risk events and damage/loss incurred. The Union Co-op's Board receives regular reports on the status of the most significant operational risks faced by the Amalgamation. The reports detail realised operational risk events, any IT disruptions as well as the quality of outsourced services, the coverage provided by insurance policies and the status reports of data security.

Strategic and operative risks, if realised, could have a material adverse effect on the capital adequacy, business operations, financial standing, business results, prospects and solvency of the Group and/or the Amalgamation as well as on the value of the Notes.

The loan portfolios of the Savings Banks, Sp Mortgage Bank Plc and the Issuer may expose the Amalgamation to credit risks, and the Amalgamation's credit loss estimates may prove to be inaccurate

The growth of the Savings Banks' combined loan portfolio amounted to 11.7 per cent. in 2017. During 2017, the Savings Banks' loan portfolio grew from EUR 6.9 billion to EUR 7.8 billion. The key customer

groups of the Savings Banks are Finnish private individuals, small and medium-sized enterprises ("**SMEs**") and agricultural customers. As the key customer groups consist of Finnish customers, it cannot be overlooked that the Savings Banks' business, results of operations and financial condition could be adversely affected by this geographical risk concentration in Finland. The majority of the funds raised by the Savings Banks have been granted as housing loans to their customers. As at 31 December 2017, households, SME's and agricultural customers made up 100 per cent. of the loans (i.e. loans and advances to customers) on the Group's balance sheet. The majority of the Group's loans have been granted against residential housing serving as collateral for the underlying loan. Therefore, although corporate loans provide diversification against the credit risk posed by the housing loans, the Amalgamation's credit risk is mainly dependent on housing loan portfolios of the Savings Banks' and Sp Mortgage Bank Plc.

Unemployment and the interest rate level are the most significant general economic factors which might adversely affect retail customers' ability to repay their loans. Furthermore, fluctuations in housing prices and general activity in the housing market could adversely affect both customers' debt servicing ability as well as the realisation value of collateral.

Despite the positive effects that come from the generation of interest income, the growth of the Savings Banks' and Sp Mortgage Bank Plc's loan portfolio may also have negative effects. The growth of the loan portfolio in the current market environment may subsequently result in loan losses as the Savings Banks' customers may be unable to meet their obligations.

Impairment losses on loans and receivables increased during 2017 and were EUR 39.7 million at the end of the year (2016: EUR 31.1 million). Individual impairments were in total EUR 28.6 million (2016: EUR 24.9 million) and collective impairments were in total EUR 11.0 million (2016: EUR 6.3 million). Collective impairments for private customers were EUR 5.0 million (2016: EUR 1.7 million) and collective impairments for SME customers were EUR 4.5 million (2016: EUR 3.3 million) and for forestry and agricultural customers were EUR 0.8 million (2016: EUR 0.8 million). Impairment losses booked during 2017 on loans and other receivables were 0.17 per cent. (2016: 0.12 per cent.) of the total loan portfolio. Estimating and pricing credit risks as well as the foreclosure time and value of collateral is, however, uncertain, and therefore possible impairments could adversely affect the Savings Banks' business, results of operations and financial condition. There is no guarantee that loss estimates will reflect actual future losses. If the level of impairments and non-performing loans is higher than anticipated, it may have a material adverse effect on the Savings Banks' business, results of operations and financial condition.

Noteholders are exposed to credit risk relating to the Amalgamation and the Issuer as a part of it

Noteholders take a credit risk on the performance of the Issuer, the Group and the Amalgamation. Receipt of payments under the Notes by a Holder is dependent on the Issuer's ability to fulfil its payment obligations, which is in turn dependent upon the development of the Group's and Amalgamation's business. Notwithstanding the joint liability under the Act on the Amalgamation of Deposit Banks (599/2010, as amended) (in Finnish *laki talletuspankkien yhteenliittymästä*), (the "**Amalgamation Act**") between the Issuer, Sp Mortgage Bank Plc and the Savings Banks, there is no guarantee in place which directly ensures the repayment of Notes issued under this Programme. The payment obligations under the Notes are solely unsecured obligations of the Issuer and are not obligations of, and are not guaranteed by, the Union Co-op nor any Savings Bank. For more information on the Amalgamation and the joint liability, see "*The Amalgamation Act—Joint liability of the Amalgamation*".

The Amalgamation may be unable to maintain its desired capital adequacy position

The Issuer's banking licence is dependent upon, among other things, the fulfilment of capital adequacy requirements in accordance with the applicable regulations which are the Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta*, 610/2014, as amended), (the "**Credit Institutions Act**") or the Amalgamation Act and the regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (Regulation (EU) No 575/2013, the "**CRD IV Regulation**"). Under these acts and regulation, the Issuer is primarily supervised by the FIN-FSA and it is additionally subject to indirect supervision by the ECB. The Issuer's capital structure and capital adequacy ratio may have an effect on the availability and costs of funding operations. Moreover, the absence of a sufficiently strong capital base may constrain the Issuer's growth and strategic options. Significant unforeseen losses may create a situation under which the Issuer is unable to maintain its desired capital structure.

The Issuer's capital adequacy is related to the availability of additional capital in the future. Negative changes in the capital adequacy position, such as a decrease in equity or an increase in risk-weighted items could have an adverse effect on the availability and cost of the Issuer's funding and, consequently, have an adverse effect on the Issuer's business, results of operations and financial condition.

The Group is exposed to risks relating to brand, reputation and market rumours

Among other factors, the Group relies on its well-known and respected brand and good reputation in Finland when competing for customers. During the current turbulent market environment, having a good reputation is of particular importance as financial institutions are particularly susceptible to the negative impacts of rumours and speculation regarding their solvency and their ability to access liquidity. The brand and reputation of the Group can be affected by other factors outside the control of the Group. There can be no certainty that rumours or speculation would not arise and that such rumours or speculation, whether founded or not, would not have an adverse impact in the future.

Possible future decisions by the Group concerning its operations and the selection of services and products offered may have a negative effect on the Group brand. Furthermore, if global economic conditions continue to be uncertain and unstable and continue to particularly impact the financial services sector, the Group may suffer from rumours and speculation regarding, among other things, its solvency and liquidity situation. Negative developments in the Group's reputation and brand as well as negative views of consumers concerning the Group's products and services or rumours concerning the Group may have an adverse effect on the Group's business, results of operations and financial condition.

Customers and counterparties may file damages claims against the Savings Banks or the Group

The customers' or counterparties', of the companies belonging to the Group, may make claims against the Savings Banks or the Group that may result in legal proceedings. These risks include, among others, potential liability for the sale of unsuitable products to the Savings Banks' customers (misselling) or managing customer portfolios against customer instructions due to, for example, human error or negligence, as well as potential liability for the advice that the Savings Banks provide to participants in securities transactions, or liability under securities or other laws in connection with securities offerings.

Should the Savings Banks or the Group be found to have breached their obligations, they may be obligated to pay damages. Such potential litigation could also have a negative impact on the Group's reputation among its customers or counterparties. Furthermore, the Group may face material adverse consequences if contractual obligations should prove to be unenforceable or be enforced in a manner adverse to the Group or should it become apparent that the Group's intellectual property rights or systems were not adequately protected or in operable condition.

The materialisation of any legal risks such as described above or any potential damages to be paid by the Group or the loss of its reputation may be substantial and could have an adverse effect on the Group's business, results of operations and financial condition.

The Group is exposed to system and information security risks

The Group's daily operations involve a large number of transactions, which rely on the secure processing, storage and transfer of confidential and other information in the Group's IT systems and information networks. Even though the Group utilises protective systems, the Group's IT system, equipment and network may be susceptible to unauthorised use, computer viruses and other harmful factors. With regards to maintaining IT systems and providing IT services, the Group relies to a considerable extent on Samlink Group, in which the Savings Banks together constitute a major shareholder (42 per cent.). The central development projects of the Group include reforming the core banking system. The new core banking system aims to facilitate faster and more efficient deployment of customer systems, better preparation for information management and more cost-efficient management of transactions and agreements. Any failure by Samlink Group to maintain and develop IT systems or deliver agreed services as the Group requires could have a material adverse effect on the Group's business.

Furthermore, the Group's operations depend on confidential and secure data processing. As part of its business operations, the Group stores personal and banking specific information provided by its customers which in Finland are subject to certain regulations concerning privacy protection and banking secrecy. The Group may incur substantial costs if information security risks materialise. Resolving system

and information security problems may cause interruptions or delays in the Group's customer service, which could have an adverse effect on the Group's reputation and persuade customers to abandon the Group's services or to present the Group with claims for compensation. Furthermore, if the Group fails to effectively implement new IT systems or to adapt to new technological developments, it may incur substantial additional expenses or be unable to compete successfully in the market. Any one of the aforementioned factors could have an adverse effect on the Group's business, results of operations or financial condition.

There may be interruptions in the Group's business operations

The Group's business may be in danger of being interrupted due to sudden and unforeseeable events, such as disruptions to the distribution of power and data communications or water and fire damage. The Group may not be able to control such events within the scope of its present business continuity plans which may cause interruptions to business operations. Unforeseen events can also lead to additional operating costs, such as renovation and repairing costs, damages claims from customers affected by these events, higher insurance premiums and the need for redundant back-up systems. Additionally, insurance coverage for certain unforeseen risks may be unavailable, resulting in an increased risk for the Group. The Group's inability to effectively manage these risks could have a material adverse effect on the Group's business, results of operations or financial condition.

The Issuer's joint liability within the Amalgamation involves risks

Under the Amalgamation Act, the Union Co-op (as the central institution of the Amalgamation) is liable for the debts of its Member Credit Institutions. Furthermore, the Member Credit Institutions, including each of the Savings Banks, Sp Mortgage Bank Plc and the Issuer, are jointly liable for each other's liabilities.

The Union Co-op shall be liable to pay to any of its Member Credit Institutions such amounts as are necessary to prevent that credit institution from being subject to the commencement of insolvency proceedings against it. The Union Co-op, as the central institution, is responsible for the payment of any debts of a Member Credit Institution that such Member Credit Institution cannot pay.

Each Member Credit Institution's liability for the amount which the Union Co-op has paid to another Member Credit Institution either as (a) part of the support described above or (b) to a creditor of a Member Credit Institution as payment of a due debt which such Member Credit Institution has failed to pay, is divided between the Member Credit Institutions in proportion to their last adopted balance sheet totals. Furthermore, pursuant to the articles of association of the Union Co-Op, a Member Credit Institution has unlimited liability to pay the debts of the Union Co-op as set out in Chapter 14, section 11 of the Act on Cooperatives (413/2013, as amended) (in Finnish *osuuspankkilaki*), (the "**Cooperatives Act**"). Otherwise, the liability to pay of each Member Credit Institution: (a) is limited to a proportional share of the total liability (each Member Credit Institution's liability for the amount which the Union Co-op has paid on behalf of one Member Credit Institution to its creditors is divided between the Member Credit Institutions in proportion to their last adopted balance sheet totals); and (b) is only applicable if such Member Credit Institution has at least a minimum capital adequacy, (in each case as set out, determined and subject to limitations in accordance with Chapter 5 of the Amalgamation Act).

Those entities within the Amalgamation that are not Member Credit Institutions will not be liable for Member Credit Institutions' debts under the Amalgamation Act. Accordingly, the ability of any Noteholder to take action against an individual Member Credit Institution will be limited, and enforcement in respect of an individual claim may require enforcement actions to be brought against several different entities. This will represent an additional administrative burden and expense, and there can be no assurance that all or any of such enforcement actions will be successful.

As a Member Credit Institution of the Amalgamation, the realisation of this risk factor could have a material adverse effect on the Issuer's business, results of operations and financial condition. For more information on the Amalgamation and the joint liability, see "*The Amalgamation Act—Joint liability of the Amalgamation*".

Changes in the composition of the Amalgamation may involve risks

The current composition of the Amalgamation may change, subject to certain restrictions. In accordance with the Amalgamation Act, a Member Credit Institution, such as the Issuer, Sp Mortgage Bank Plc or one of the Savings Banks, has the right to withdraw from its central institution membership, i.e. the membership in the Union Co-op, by deciding to alter its bylaws or articles of association and by notifying the Union Co-op's Board of Directors in writing thereof, so long as, after such withdrawal, the consolidated capital of the companies within the Amalgamation remains at the level as prescribed by section 19 of the Amalgamation Act. The decision of the Member Credit Institution shall be valid only if the related proposal is supported by a two-thirds majority vote given by those at a meeting of trustees of such Member Credit Institution (as the case may be) or if it is supported by at least a two-thirds vote given by those at a general meeting of shareholders and two-thirds of shares represented at the meeting of such Member Credit Institution. A calculation certified by the Union Co-op's auditors shall serve as proof of the maintenance of capital adequacy.

A Member Credit Institution may be expelled from the Union Co-op as specified in Chapter 3, section 3 of the Cooperatives Act or in case a Member Credit Institution has failed to comply with the instructions, issued by the Union Co-op by virtue of section 17 of the Amalgamation Act, in a manner that significantly endangers the management of liquidity or capital adequacy or the application of the standardised accounting policies or supervision of compliance with said policies, or in case a Member Credit Institution otherwise acts in material breach of the Amalgamation's general operating principles adopted by the Union Co-op. The decision shall be valid only if the related proposal is supported by a two-thirds majority vote given by those at a general meeting of the co-operative.

Among other things, the Amalgamation Act provides that a precondition for the merger of a Member Credit Institution into a credit institution other than another Member Credit Institution is that the Board of Directors of the Union Co-op shall be notified in writing of said merger prior to approval of the merger plan and that the consolidated capital of the companies within the Amalgamation remains at the level as prescribed by section 19 of the Amalgamation Act. In accordance with the Companies Act, a merger must be supported by at least two thirds of the votes cast and the shares represented at the general meeting of the merging credit institution.

Exiting Savings Banks remain liable for the debts and obligations of the Issuer only for a limited time

The provisions of the Amalgamation Act governing payment liability of a Member Credit Institution shall also apply to a former Member Credit Institution which has withdrawn from the Union Co-op, when a demand regarding payment liability is made on the credit institution, provided that less than five years have passed from the end of the calendar year of the credit institution's withdrawal or expulsion from the Union Co-op.

Prospective Noteholders should, therefore, also note that an exiting Savings Bank will, under the provisions of the Amalgamation Act, only remain liable for and support the debt obligations of the remaining Member Credit Institutions (including those of the Issuer and including the Notes) for a period of five years from the end of the calendar year of the exit of such Savings Bank. Prospective Noteholders should therefore note that, with respect to Notes which have a maturity of greater than five years, the Issuer's ability to service such obligations will be at risk from the economic impact of a Savings Bank (particularly if such Savings Bank is disproportionally larger in comparison to the remaining Savings Banks) leaving or being expelled from the Amalgamation or no longer being a Member Credit Institution, if such exit by such entity occurs greater than five years before the Maturity Date of such Notes. Furthermore, as a result, the ratings assigned to any such Note may be adversely affected as of the date that any such Savings Bank withdraws or is expelled from the Union Co-op and the Amalgamation.

Irrespective of the payment liability described above, it cannot be excluded that possible withdrawals or expulsions from the Union Co-op's membership could adversely affect the Group's reputation and brand and, in turn, its business, results of operations and financial condition. In particular, the ratings of the Notes may be adversely affected, particularly if a Note will still be outstanding beyond the five years after which a Member Credit Institution has withdrawn from the Amalgamation.

The Group risk management may not be adequate

Core values, strategic goals and financial targets form the basis for risk and capital adequacy management in the Group. The purpose of the Group's risk management is to identify threats and opportunities affecting strategy implementation. The objective is to help achieve the targets set in the strategy by ensuring that risks are proportional to the Group's risk-bearing capacity. Even though the Group's personnel follow the guidelines issued on risk management and implement measures which mitigate losses, there can be no certainty that these measures would be fully adequate to manage and control risks. Some of the qualitative tools and metrics used by the Group for risk management purposes are based upon the use of observed historical market behaviour as well as future predictions. These tools and metrics may fail to predict or predict incorrectly future risk exposures which could lead to losses for the Group. Factors described above or any other failure in risk management could cause substantial losses and adversely affect the Group's business, results of operations and financial condition.

Risks associated with regulation

Regulation and oversight of the Group's business operations

The Group operates within a highly regulated industry and its activities are subject to extensive supervisory and regulatory regimes including, in particular, regulation in Finland and in the EU. The Group must meet the requirements set forth in the regulations regarding, *inter alia*, minimum capital and capital adequacy, reporting with respect to financial information and financial condition, marketing and selling practices, advertising, terms of business and permitted investments, liabilities, payment of dividends as well as regulations regarding the Amalgamation (for more information on the Amalgamation, see "*Information on the Savings Banks Group and the Amalgamation*"). In addition, certain decisions made by the Group may require approval or notification to the relevant authorities in advance.

All banks and financial services companies face the risk that regulators may find they have failed to comply with applicable regulations or have not undertaken corrective action as required. Regulatory proceedings could result in adverse publicity for, or negative perceptions regarding, the Group, as well as diverting management's attention away from the day-to-day management of the business. A significant regulatory action against the Group could have a material adverse effect on the business of the Group, its results of operations and/or financial condition. This may affect the ability of the Issuer to meet its obligations under the Notes.

As regards the supervision of the Issuer, the new Single Supervisory Mechanism ("**SSM**") commenced its operations in November 2014. The SSM is a system of financial supervision comprising the ECB and the national competent authorities of participating EU countries. The legal basis for the SSM is the Council Regulation (EU) No 1024/2013. The ECB commenced its supervisory role under the SSM on 4 November 2014. Within the SSM, the ECB will directly supervise so-called significant credit institutions, and will have an indirect role in the supervision of less significant credit institutions. Less significant credit institutions continue to be supervised by their national supervisors, in close cooperation with the ECB. Pursuant to the Credit Institutions Act and the Council Regulation (EU) No 1024/2013, the Amalgamation is currently classified as a less significant credit institution and, therefore, the supervision of the Amalgamation under the SSM is primarily carried out by the Finnish Financial Supervisory Authority ("**FIN-FSA**"). However, under the SSM, the ECB can decide to directly supervise any one of the less significant credit institutions to ensure that high supervisory standards are applied consistently.

The new Capital Requirement Directive and Regulation (respectively, the "**CRD IV Directive"** and "**CRD IV Regulation**" and together the "**CRD IV Package**") was published in the EU Official Journal on 27 June 2013. These rules and regulations implement the Basel III standards within the EU during 2014–2019. These regulatory changes are aimed, for example, at improving the quality of banks' capital base, reducing the cyclic nature of capital requirements, decreasing banks' indebtedness and setting quantitative limits to liquidity risk

The changes brought about by the regulation package may have an impact on the business and productivity of banks. The requirements concerning the amount and nature of acceptable capital will have an impact on the amount of equity that will be recognised in capital adequacy calculations and will drive the business of banks towards long-term, low-yield financing arrangements at the expense of short-term ones and towards searching for new ways to obtain financing. In the medium term, therefore, banks must

focus on increasing their capital and liquidity, which will reduce dividends and restrict the distribution of profits. Increasing the capital and liquidity of the banks will have an adverse impact on the productivity of banking. It will also have an impact on capital management, the pricing of products and business, the willingness to grant credit and the rearrangement of liabilities.

Investors may show less interest in equity or debt issues by banks, as the changes resulting from the regulation package will reduce the dividends paid by banks due to the requirement to increase equity, the return on equity and also the operating profit. The tightening supervision of proprietary trading combined with the changes in capital requirements and the valuation of different investments may give rise to a need for reorganisations within banking conglomerates, for mergers and acquisitions and for divestments of assets or businesses.

The changes brought about by the regulation package may have an impact on the financial position and profitability of banks. As the demand for long-term financing increases, the financing available from institutional investors, which are generally aiming to reduce their holdings in the finance sector, may prove to be insufficient. More than before, small banks will face difficulties in obtaining financing and capital that satisfies the requirements, which will enable larger banks to exert control over the market price of financing. Even if the availability of financing could be secured, financing may not be available at a reasonable price and under reasonable terms. As a result, some current business models may no longer be profitable, and some banks may exit the market, which would reduce competition in the banking sector.

Major parts of the CRD IV Package governing the capital adequacy and liquidity requirements are already in force in Finland and applicable to Finnish credit institutions. However, certain requirements of the CRD IV Package have not yet taken full effect, as these requirements are intended to enter into force gradually. It is not possible to predict all the potential impacts the CRD IV Package may have on the banking sector before it has been fully implemented.

Other areas where changes could have an impact include, *inter alia*:

- changes in the monetary economy, the interest rate and the policies of central banks or regulatory authorities;
- general changes in government policy or regulatory policy which may have a material impact on investor decisions in specific markets in which the Group operates;
- changes in the competitive environment and pricing; and
- changes in the financial statements framework.

Any of the risks detailed above, if realised, could have a material adverse effect on refinancing opportunities, capital adequacy, business operations, financial standing, business results, prospects and payment capabilities of the Issuer as well as on the value of the Notes.

Stock exchange listing brings increased regulation

The stock exchange listing of notes issued by the Issuer and Sp Mortgage Bank Plc brings with it increased regulation and oversight of its business operations, such as increased requirements concerning the obligation to provide regular and on-going information.

The Market Abuse Regulation (596/2014/EU) ("**MAR**") establishes a common regulatory framework on insider dealing, the unlawful disclosure of inside information and market manipulation (market abuse) as well as measures to prevent market abuse to ensure the integrity of the financial market in the EU and to enhance investor protection and confidence in those markets. MAR imposes a range of regulatory requirements on the Issuer and violations of MAR may result in significant adverse consequences, such as penalties or even criminal sanctions. MAR also contains rules on, among other things, procedures relating to the maintenance of insider lists and the disclosure of managers' transactions.

If the Issuer and/or Sp Mortgage Bank Plc were deemed to have neglected the obligations incumbent upon issuers of listed notes, this could have an adverse effect on the Issuer's business operations, its performance or its financial position and have a significant adverse effect on the Issuer's reputation.

The Group is exposed to risks related to changes in taxation

Tax risk refers to the risks associated with changes in, or errors in the interpretation of, taxation rates or law. This could result in increased charges or financial loss. A failure to manage this risk could adversely affect the Group's business, results of operations and financial condition.

Risks associated with abuse of the financial system

In global terms, the risk that banks may become the subject of or be exploited for the purposes of money laundering or the financing of terrorism has increased. The risk of future incidents involving money laundering or financing of terrorism is always in the background for financial institutions. Any breach of the rules that aim to prevent the illegal exploitation of the financial system or even the suspicion of such infringements could have grave legal consequences for the Group and its reputation, which, in turn, could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

Changes in accounting principles, standards and methods

The Group is exposed to financial reporting risks, which are related to the correctness and accuracy of the information reported by the segments and that the reporting is carried out in accordance with the International Financial Reporting Standards ("**IFRS**"), Finnish laws, rules and regulation.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks relating to the Notes

Set out below is a description of material risks relating to the Notes generally:

Amendments to the conditions of the Notes bind all Noteholders

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including such Noteholders who did not attend and vote at the relevant meeting and the Noteholders who voted in a manner contrary to the majority.

Increased capital requirements and standards

In the recent years, the rules applicable to the capital of financial institutions are being changed across the EU in order to implement the Basel III measures issued by the Basel Committee on Banking Supervision. The directly applicable CRD IV Regulation entered into force in Finland on 1 January 2014. The CRD IV Directive (2013/36/EU)) was implemented in Finland through the new Credit Institutions Act, which came into force on 15 August 2014.

CRD IV introduced significant changes in the prudential regulatory regime applicable to banks including: increased minimum capital ratios; changes in the elements of own funds, as well as changes in the calculation of own fund requirements; and the introduction of new measures relating to leverage, liquidity and funding. In respect of capital requirements, the CRD IV package set out several measures intended to improve the quality of capital requirements applied to banks in addition to raising the amounts thereof. The purpose of these requirements is to improve the ability of banks to absorb losses in both their day-to-day operations and in situations of insolvency in addition to creating buffers against the economic cycle. The purpose of the leverage ratio requirement is to decrease the risk of a build-up of excessive leverage in financial institutions and in the financial system as a whole. CRD IV permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the CRD IV leverage ratio, which are not expected to be finally implemented until 2020. Minimum capital requirements came into force from 1 January 2014 without transitional measures. Finnish regulatory capital and liquidity requirements are determined in accordance with both the directly applicable CRD IV Regulation and the Credit Institutions Act, which implements the requirements of the CRD IV Directive in to Finnish legislation. Pursuant to the Credit Institutions Act, a credit institution must continuously hold the minimum amount of own funds and consolidated own funds specified in the CRD IV Regulation and Chapter 10 of the Credit Institutions Act. Under the Credit Institutions Act, the definition of own funds correspond to the definition of own funds as set forth in the CRD IV Regulation. When calculating the

required level of own funds for a Finnish credit institution, such calculation is carried out in accordance with both the CRD IV Regulation and the Credit Institutions Act.

Pursuant to the CRD IV Regulation, credit institutions must have a common equity Tier 1 capital ratio of at least 4.5 per cent., a Tier 1 capital ratio of 6 per cent. and a total capital ratio of 8 per cent. (each ratio expressed as a percentage of the total risk exposure amount). Furthermore, pursuant to the Credit Institutions Act, an additional capital conservation buffer of 2.5 per cent. has been applicable from 1 January 2015 to all credit institutions. The FIN-FSA is also authorised to set a countercyclical buffer of zero to 2.5 per cent. based on macroprudential analysis. As from 1 January 2018, the FIN-FSA has been authorised to set a systemic risk buffer of 1 to 5 per cent. The systemic risk buffer requirement may be set to cover long-term non-cyclical risks to the financial system. The FIN-FSA has not imposed the countercyclical buffer or the systemic risk buffer as at the date of this Base Prospectus. The additional capital conservation buffer, the countercyclical buffer and the systemic risk buffer must be satisfied with common equity Tier 1 capital. Finally, there is an additional capital buffer requirement for "other systemically important institutions" (O-SIIs) whose failure or other malfunction would be expected to jeopardise the stability of the national financial system. The O-SII buffer for credit institutions operating in Finland may be set at zero to 2 per cent of the total risk exposure amount and must also be satisfied with common equity Tier 1 capital. As at the date of this Base Prospectus neither the Group nor any Member Credit Institutions are designated as O-SIIs. The FIN-FSA has imposed an additional own funds requirement of 0.5 per cent. on the Amalgamation pursuant to the Credit Institutions Act from 30 June 2017 until 30 June 2020 or earlier, depending on whether the FIN-FSA chooses to lift the requirement before 30 June 2020. The additional capital buffer shall be filled with CET1 capital.

In respect of liquidity requirements, the Basel Committee has supplemented their principles for sound liquidity risk management and supervision by fortifying their liquidity recommendations. The Basel Committee has introduced two new liquidity ratios for credit institutions. Firstly, in order to improve the short-term payment capabilities of financial institutions, a liquidity coverage ratio ("**LCR**") was implemented in 2015, pursuant to which the liquidity buffer comprised of high quality liquid assets ("**HQLA**") must amount at least 100 per cent. (when fully implemented) of the stress-tested amount of monthly net cash outflows. In line with Basel III, the CRD IV Regulation imposes a liquidity coverage requirement on credit institutions to improve the resilience of credit institutions to liquidity risks over a short-term period (i.e. thirty days). The general liquidity coverage requirement applicable to EU credit institutions is set out in Article 412 of the CRD IV Regulation. Furthermore, on 10 October 2014, the European Commission published a Commission Delegated Regulation (EU) 2015/61 ("**Delegated Regulation**") to supplement CRD IV Regulation with regard to the liquidity coverage requirement for credit institutions. Finnish credit institutions must comply with the liquidity requirement set forth in the CRD IV Regulation and as further specified by the Delegated Regulation.

Furthermore, the Basel Committee has developed the Net Stable Funding Ratio (the "**NSFR**") which aims to ensure that a firm has an acceptable amount of stable funding to support its assets and activities over a one year horizon. Although the Basel Committee had scheduled the NSFR to become a minimum standard internationally by 1 January 2018, in the EU the ratio is still subject to national implementation. On 23 November 2016, the European Commission published its proposed amendment to the CRD IV Regulation (COM(2016) 850 final) in relation to certain amendments of the NSFR and other definitions of the CRD IV Regulation, but the final effects of the proposal are unclear as at the date of the Base Prospectus.

CRD IV requirements adopted in Finland may change, whether as a result of further changes to CRD IV agreed by EU legislators, binding regulatory technical standards to be developed by the European Banking Authority (the "**EBA**") or changes to the way in which the FIN-FSA interprets and applies these requirements to Finnish banks (including as regards individual model approvals granted under CRD II and III). This may result in a need for further management actions to meet the changed requirements, such as: increasing capital, reducing leverage and risk weighted assets, modifying legal entity structure (including with regard to issuance and deployment of capital and funding for the Savings Banks) and changing the Group's business mix or exiting other business and/or undertaking other actions to strengthen Group's capital position. The changes brought about by the CRD IV requirements may have an impact on the financial position and profitability of the Issuer or the Savings Banks. Furthermore, as a result of the implementation of the Directive 2014/59/EU (the directive providing for the establishment of a European-wide framework for the recovery and resolution of credit institutions and investment firms) into Finnish legislation, the FIN-FSA became empowered to apply various early intervention tools to credit institutions (such as the Issuer, Sp Mortgage Bank Plc and the Savings Banks) that fail to comply

with the capital requirements set out in the CRD IV Regulation. Additionally, the FIN-FSA and the ECB may cancel the Issuer's, Sp Mortgage Bank Plc's or a Savings Bank's licence as a credit institution if they fail to comply with the requirements concerning their financial positions, calculated according to the regulations for capital adequacy specified in the Credit Institutions Act and CRD IV Regulation.

Pursuant to the Amalgamation Act, the FIN-FSA has granted the central institution of the Amalgamation the power to waive the application of the liquidity requirements set out in part six of the CRD IV Regulation to individual Member Credit Institutions.

The Issuer may be subject to statutory resolution

The European Union Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms of 15 May 2014, as amended (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") sets out the necessary steps and powers to ensure that bank failures across the EU are managed in a way which mitigates the risk of financial instability and minimises costs for taxpayers. The BRRD is designed to provide authorities with a harmonised set of tools and powers to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contemplates that powers will be granted to supervisory authorities including (but not limited to) the introduction of a statutory "write-down and conversion power" (exercisable in relation to Tier 1 capital instruments and Tier 2 instruments) and a "bail-in" power (exercisable in relation to other securities that are not Tier 1 or Tier 2 capital instruments), which will give the relevant resolution authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution and/or to convert certain debt claims (which could include the Notes) into another security, including equity instruments of the surviving Group entity, if any. The Finnish legislation implementing the BRRD entered into force on 1 January 2015. For more information on the implementation of the BRRD in Finland, see "*The Finnish resolution legislation implementing the BRRD Directive*".

As well as a "write-down and conversion power" and a "bail-in" power as described above, the powers granted to the relevant resolution authority under the BRRD include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a "bridge bank" (a publicly controlled entity) and (iii) transfer the impaired or problem assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time. In addition, among the broader powers granted to the relevant resolution authority under the BRRD, the BRRD provides powers to the relevant resolution authority to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments.

The BRRD contains safeguards for shareholders and creditors in respect of the application of the 'write down and conversion' and "bail-in" powers which aim to ensure that they do not incur greater losses than they would have incurred had the relevant financial institution been wound up under normal insolvency proceedings.

The exercise of any such power or any suggestion of such exercise could, therefore, materially adversely affect the value of any Notes subject to the BRRD and could lead to the Noteholders losing some or all of their investment in the Notes.

In addition to the BRRD, the EU has adopted a directly applicable regulation governing the resolution of the most significant financial institutions in the Eurozone, i.e. a regulation establishing a Single Resolution Mechanism for them (806/2014, "**SRM Regulation**"). The SRM Regulation establishes a single European resolution board (consisting of representatives from the ECB, the European Commission and the relevant national resolution authorities) (the "**Resolution Board**") having resolution powers over the entities that are subject to the SRM Regulation, thus replacing or exceeding the powers of the national resolution authorities. As at the date of this Base Prospectus, the Issuer is not subject to the SRM Regulation but to the Finnish resolution legislation implementing the BRRD.

The Finnish resolution legislation implementing the BRRD Directive

The BRRD Directive was implemented in Finland through the Act on Resolution of Credit Institutions and Investment Firms (1194/2014, as amended) (in Finnish *laki luottolaitosten ja sijoituspalveluyritysten kriisinratkaisusta*), (the "**Resolution Act**") and the Act on Financial Stability Authority (1195/2014, as amended) (in Finnish *laki rahoitusvakausviranomaisesta*), together the "**Finnish Resolution Laws**". Both acts entered into force on 1 January 2015. The latter regulates the Finnish Financial Stability Authority (the "**Stability Authority**"), which is the national resolution authority having counterparts in all EU member states. Among its key tasks, the Stability Authority draws up resolution plans for institutions, decides whether a failing institution is placed under resolution and applies the necessary resolution tools to an institution under resolution. The implementation of the BRRD also involved amendments to dozens of existing acts, most notably to the Credit Institutions Act, and the repeal of the Act on the Temporary Bank Levy and of the Act on the Government Guarantee Fund.

Under the regime, credit institutions are generally required to draw up recovery plans or living wills to secure continuation of business in financial distress. These plans must include options for measures to restore the financial viability of the institution and they must be updated annually. The plans have to be submitted to the FIN-FSA for scrutiny. In the context of the new legislation, the FIN-FSA became empowered to apply early intervention tools to banks and investment firms if the FIN-FSA has weighty reasons to believe that the institution will fail its licensing conditions, liabilities or obligations under the capital adequacy regulations within the next 12 months. The early intervention tools encompass, among others, rights of the FIN-FSA to require the management to implement measures included in the living will, to convene a general meeting of shareholders to take necessary decisions, to require removal of members of the management and to require changes to the legal and financial structure of the institution.

Pursuant to the Resolution Act, the Stability Authority shall draw up and adopt a resolution plan for the institutions subject to its powers, including the Member Credit Institutions. The resolution plan is ready for execution in the event that the institution in question has to be placed into a resolution process. The Resolution Act vests the Stability Authority with resolution powers and tools as provided in the BRRD. To be able to use the other resolution tools the Stability Authority shall first place the institution in a resolution process. During the process, the institution could be subject to a number of resolution tools: the Stability Authority has the right to mandatory write-down the nominal value of liabilities and convert liabilities into regulatory capital instruments (bail-in), sale of business, bridge institution and asset separation. To continue the operations of the institution, the Stability Authority has the power to decide upon covering losses of the institution by reducing the value of the institution's share capital or cancelling its shares. This (as well as bail-in) is a precondition for any support from a newly established resolution fund administered by the Stability Authority.

The aim of the Finnish Resolution Laws is to provide authorities with a broad range of powers and instruments to address failing financial institutions in order to safeguard financial stability and minimise tax payers' exposure to losses. The regime imposes amongst others an obligation on the resolution authority and financial institutions to prepare resolution and recovery plans, authorises the resolution authority to assess the resolvability of a financial institution, and to address or remove impediments to resolvability. In the event that a financial institution becomes distressed, the new regime allows competent authorities, (in Finland, the FIN-FSA), to intervene and take early intervention measures with respect to the financial institution where the FIN-FSA considers that it is likely that the institution will not be able to meet the conditions of its authorisation or its other liabilities or infringes its capital adequacy requirements. Such measures include the power to require the financial institution to take measures referred to in its recovery plan and, if necessary, require the institution to convene its general meeting to approve any such measures requested by the FIN-FSA, require the institution to prepare a plan on the reorganisation of its debts as instructed by the FIN-FSA, and to require the institution to change its strategy, and/or the legal or administrative structure of the institution.

The resolution authority is vested with the power to implement resolution measures with respect to a financial institution where the resolution authority considers that the financial institution in question is failing or likely to fail, and where there is no reasonable prospect that any measures could be taken to prevent the failure of the institution and that the taking of the resolution measures is necessary to protect the significant public interest.

An institution will be considered as failing or likely to fail in the following circumstances: when it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or

are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances). Neither the Issuer nor any of the Member Credit Institutions have been classified as a systematically important institution domestically or globally or as otherwise a significant credit institution for the financial system in Finland by the FIN-FSA.

The powers set out in the Finnish Resolution Laws will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

The exercise of any resolution power or any suggestion of any such exercise could have a material adverse effect on the value of the Notes and could lead to holders of the Notes losing some or all of the value of their investment in the Notes. In particular, the exercise of the bail-in tool in respect of the Issuer and/or the Notes or any suggestion of any such exercise could materially adversely affect the rights of the holders of the Notes, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes and could lead to holders losing some or all of the value of their investment in the Notes. The actual effect on holders of the Notes depends, among other things, on the nature and severity of the crisis.

The BRRD and the Resolution Act introduced the requirement for credit institutions and investment firms to meet the minimum requirement for own funds and eligible liabilities ("**MREL**"), which is designed to ensure sufficient loss absorbing capacity to enable the continuity of critical functions without recourse to public funds.

The Finnish Stability Authority prepared the first resolution plan for the Amalgamation on 10 April 2017. A decision on MREL was given by the FIN-FSA on 25 May 2017 and the MREL requirement will be applicable starting 31 December 2018 and will only be applied on the Amalgamation-level.

Any Notes issued under the Programme may be subjected in the future to the bail-in resolution tool by the Stability Authority and to the mandatory burden sharing measures for the provision of precautionary capital support which may result into their write-down in full.

Following the implementation of the Finnish Resolution Laws on 1 January 2015, powers were granted to the Stablitity Authority which is the national resolution authority. The Resolution Act vests the Stability Authority with resolution powers and tools as provided in the BRRD.

These measures include the bail-in tool through which a credit institution subjected to resolution may be recapitalised either by way of write-down or conversion of liabilities (including Notes issued under the Programme) into ordinary shares. The bail-in tool may be imposed either as a sole resolution measure or in combination with the rest of the resolution tools that may be imposed by the Stability Authority in case of the resolution of a failing credit institution.

Any Notes that will be issued under the Programme will be subjected to the said bail-in tool. So, if the Issuer is subjected to resolution measures in the future, then the value of such Notes may be written down (up to zero) as a result of the imposition of the bail-in tool by the Stability Authority. Furthermore, the Notes may be subject to modifications or the disapplication of provisions in the Conditions of the Notes, including alteration of the principal amount or any interest payable on the Notes, the maturity date or any other dates on which payments may be due, as well as the suspension of payments for a certain period.

Pursuant to Condition 22 (*Acknowledgment of Bail-in Powers*), each Noteholder acknowledges and accepts that any liability of the Issuer arising under the Notes may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority.

There may not be an active trading market for the Notes

The Notes are securities which may not be widely distributed and for which there may not be an active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Group. Although applications may be made for the Notes to be admitted to the Official List of the ISE and traded on the regulated market of the ISE, there is no assurance that such applications will be accepted that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to

the development or liquidity of any trading market for the Notes. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Finland or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Investors will have to rely on the procedures of Euroclear and Clearstream, Luxembourg

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Notes. The Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Notes, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Notes must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

Changes in laws or administrative practices could entail risks

The conditions of the Notes are based on the laws of England in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or administrative practice after the date of this Base Prospectus. Furthermore, the Issuer and the Group operate in a heavily regulated environment and have to comply with extensive regulations in the Republic of Finland, such as the Amalgamation Act in particular. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices of Finland after the date of this Base Prospectus.

Denominations of the Definitive Notes may be illiquid

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive Definitive Notes in respect of such holding (should Definitive Notes be printed) and may need to purchase a principal amount of Notes such that its holding amounts to the minimum Specified Denomination.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the larger the remaining term of such securities the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Conflicts may arise between the interests of the Calculation Agent and the interests of the Noteholders

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders, including with respect to certain determinations and judgements that such Calculation Agent makes pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

The Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such a case the Calculation Agent is likely to be a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to such "benchmarks"

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed to be "benchmarks" are the subject of recent EU, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and came into force on 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to a rate or index deemed to be a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to such "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmarks" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to a "benchmark".

As an example of such benchmark reforms, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark could require or result in an adjustment to the interest provisions of the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Any such consequences could have a material adverse effect on the value and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Notes linked to a "benchmark".

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk and interest rate risk:

Established trading market for the Notes may not develop

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rates and exchange controls involve risks

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Fixed rate Notes are subject to interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Change in credit rating

Any material deterioration in the Issuer’s existing credit ratings may significantly reduce its access to the debt markets and result in increased interest rates on future debt. A downgrade in the Issuer’s credit ratings may result from factors specific to the Issuer and/or the Group or from other factors such as general economic weakness or sovereign credit rating ceilings. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

INFORMATION INCORPORATED BY REFERENCE

The following information, which has previously been published or is published simultaneously with this Base Prospectus and has been submitted to and filed with the CBI and the Irish Stock Exchange, shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus:

(a) The financial statements of the Issuer as at and for the year ended 31 December 2017 (which can be viewed at: https://www.spkeskuspankki.fi/documents/10180/0/SpKp_Vuosikertomus_2017_Eng_Final.pdf/36443207-d1e1-4bb2-92e6-1813527a2c9e);

(b) Auditors' report on the financial statements of the Issuer for the year ended 31 December 2017 (which can be viewed online at: *https://www.spkeskuspankki.fi/documents/10180/0/SpKp+Tilintarkastuskertomus%2C%20ENG.pdf/345c178f-a01d-42a7-bfef-3f4153c69fe7*);

(c) The financial statements of the Issuer as at and for the year ended 31 December 2016 (which can be viewed online at: https://www.spkeskuspankki.fi/documents/10180/0/SP_Keskuspankki_Toimintakertomus_IFRS_Tilinpaat%C3%B6s_122016_En_lopullinen.pdf/80920889-af88-4686-bc2d-4a92b2c0dbba);

(d) Auditors' report on the financial statements of the Issuer for the year ended 31 December 2016 (which can be viewed online at: https://www.spkeskuspankki.fi/documents/10180/0/SpKp+Tilintarkastuskertomus+eng_2016/c5310f46-f6f7-4955-802f-f41a73e19512);

(e) The release of the financial statements of the Group as at and for the year ended 31 December 2017 (which can be viewed online at: http://www.saastopankki.fi/documents/10180/0/SP+Ryhm%C3%A4%20tilinp%C3%A4%C3%A4t%C3%B6stiedote+2017+en/027f635a-0900-4fe6-aa1e-7922c920992c);

(f) Auditors' report on the consolidated financial statements of the Group as at and for the year ended 31 December 2017 (which can be viewed online at: http://www.saastopankki.fi/documents/10180/0/Savings+Banks+Group%27s+Auditors+Report+2017.pdf/20928148-4cb9-4f9d-ba36-3ff981bd76cc);

(g) Auditors' report and consolidated financial statements of the Group as at and for the year ended 31 December 2016 (which can be viewed online at: http://www.saastopankki.fi/documents/10180/4220570/SP_Ryhma_Toimintakertomus_IFRS_tilinpaatos_2016_En.pdf/bc87a93a-2a9a-4ab4-9272-803c3a82bd54);

(h) The terms and conditions set out in pages 28 to 55 of the base prospectus dated 8 April 2015 (the "**2015 Conditions**") (which can be viewed online at: https://www.spkeskuspankki.fi/documents/10180/0/EMTN+base+Prospectus_8.4.2015/f36acb72-34b7-466c-a606-21196c1414f0); and

(i) The terms and conditions set out in pages 28 to 55 of the base prospectus dated 26 April 2016 (the "**2016 Conditions**") (which can be viewed online at: https://www.spkeskuspankki.fi/documents/10180/0/EMTN+Base+Prospectus+2016/15756ff6-7f2e-4074-a4e4-65b1807f5b32); and

(j) The terms and conditions set out in pages 28 to 55 of the base prospectus dated 30 June 2017 (the "**2017 Conditions**") (which can be viewed online at: https://www.spkeskuspankki.fi/documents/10180/0/EMTN+base+prospectus+2017/6b75b5ff-b952-4d9a-a7a9-ad89f79f1fdd).

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge (i) during normal business hours on weekdays at the registered office of the Issuer at Teollisuuskatu 33, 00510 Helsinki, Finland and at the specified office of the Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom and (ii) in electronic format, from the Issuer's website as set out above. Any information contained in any

of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.[1]

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any websites referred to herein do not form part of this Base Prospectus.

[1]Copies of the documents containing the information incorporated by reference in this Base Prospectus can be obtained, free of charge, from the registered office of the Issuer as set out at the end of this Base Prospectus or the Issuer's website at https://www.spkeskuspankki.fi/en. For the avoidance of doubt, the Issuer's website is not incorporated by reference in this Base Prospectus.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme, the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CBI in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and

(ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership *provided, however*, that in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

(a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has

requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

(b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form ("**Definitive Notes**"):

(a) on the expiry of such period of notice as may be specified in the Final Terms; or

(b) at any time, if so specified in the Final Terms; or

(c) if the Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:

(i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

(ii) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or

(c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (London time) on such due date ((c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or

(b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

(a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(b) at any time, if so specified in the relevant Final Terms; or

(c) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:

  (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

  (ii) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the

Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date ((b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Rights under Deed of Covenant

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

Registered Notes

Each Tranche of Registered Notes will be in the form of either individual Note Certificates in registered form ("**Individual Note Certificates**") or a global Note in registered form (a "**Global Registered Note**"), in each case as specified in the relevant Final Terms.

Each Global Registered Note will either be: (a) in the case of a Note which is not to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depositary and will be exchangeable in accordance with its terms; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common

safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specifies the form of Notes as being "Global Registered Note exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates:

(a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(b) at any time, if so specified in the relevant Final Terms; or

(c) if the relevant Final Terms specifies "in the limited circumstances described in the Global Registered Note", then if either of the following events occurs:

  (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

  (ii) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever the Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

(a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Note; or

(b) any of the Notes represented by a Global Registered Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment,

then the Global Registered Note (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Registered Note or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Note

became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. In the case of any Tranche of Notes which are being (a) offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive) or (b) admitted to trading on a regulated market in a Member State, the relevant Final Terms shall not amend or replace any information in this Base Prospectus.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" above.

1. **Introduction**

(a) *Programme*: Central Bank of Savings Banks Finland plc (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to EUR 2,000,000,000 in aggregate principal amount of notes (the "**Notes**").

(b) *Final Terms*: Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

(c) *Agency Agreement*: The Notes are the subject of a fiscal agency agreement dated 27 February 2018 (the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), Deutsche Bank Luxembourg S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.

(d) *Deed of Covenant:* The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). Registered Notes are constituted by a deed of covenant dated 27 February 2018 (the "**Deed of Covenant**") entered into by the Issuer.

(e) *The Notes*: All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the specified office of the Fiscal Agent.

(f) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2. **Interpretation**

(a) *Definitions*: In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Amalgamation**" means (a) The Union Co-op, (b) the companies belonging to the Union Co-op's consolidation group, (c) the Savings Banks, Sp Mortgage Bank Plc and the Issuer, (d) companies belonging to the Savings Banks' consolidation groups, and (e) such credit institutions, finance institutions and service companies in which the institutions referred to in (a) to (d) above combined own more than half of the voting rights;

"**Amalgamation Act**" means the Act on the Amalgamation of Deposit Banks (*Laki talletuspankkien yhteenliittymästä* 599/2010, as amended;

"**Business Day**" means:

(a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(d) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that**:

(i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**CIBOR**" means, in respect of Danish Kroner and for any specified period, the interest rate benchmark known as the Copenhagen interbank offered rate which is calculated and published by a designated distributor (currently NASDAQ Copenhagen) in accordance with the requirements from time to time of the Danish Bankers' Association based on estimated interbank borrowing rates for Danish Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic CIBOR rates can be obtained from the designated distributor);

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(a) if "**Actual/Actual (ICMA)**" is so specified, means:

(i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(ii) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(b) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(e) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30";

(f) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and

if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in these Conditions or the relevant Final Terms;

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Eurozone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness;

"**Holder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

"**Indebtedness**" means (without duplication) any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility;

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

(e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms;

"**Interest Payment Date**" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**ISDA Definitions**" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**LIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other Person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

"**Make Whole Redemption Price**" has the meaning given in the relevant Final Terms;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Material Entity**" means at any time:

(a) the Union Co-op;

(b) any entity acting on behalf of the Amalgamation (as a whole); or

(c) any Savings Bank, any Subsidiary of a Savings Bank, any Subsidiary of the Issuer, or any Subsidiary of the Union Co-op, in each case the gross assets of which (or, where the interest in the share capital of such Subsidiary is less than 100 per cent., a proportion thereof equal to the proportion of the share capital owned, directly or indirectly, by the Issuer) represent more than 10 per cent. of the consolidated gross assets of the Group;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**NIBOR**" means, in respect of Norwegian Kroner and for any specified period, the interest rate benchmark known as the Norwegian interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the Norwegian association for banks, insurance companies and financial institutions, Finance Norway – FNO based on estimated interbank borrowing rates for Norwegian Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic NIBOR rates can be obtained from the designated distributor);

"**Noteholder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

"**Participating Member State**" means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

"**Payment Business Day**" means:

(a) if the currency of payment is euro, any day which is:

  (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

  (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(b) if the currency of payment is not euro, any day which is:

  (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency **provided, however, that**:

(a) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"**Put Option Notice**" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

"**Reference Price**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" means CIBOR, EURIBOR, LIBOR, NIBOR or STIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

"**Register**" has the meaning given in the Agency Agreement;

"**Regular Period**" means:

(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

(c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any

Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Savings Bank**" means any of the savings banks which are member credit institutions of the Amalgamation;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**STIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Stockholm interbank offered rate which is calculated and published by a designated distributor (currently the Swedish Bankers' Association) in accordance with the requirements from time to time of the Swedish Bankers' Association (or any other Person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic STIBOR rates can be obtained from the designated distributor);

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Treaty**" means the Treaty of the Functioning of the European Union, as amended;

"**Union Co-op**" means the Savings Banks' Union Co-op, the central institution of the Amalgamation; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) *Interpretation*: In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;

(vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and

(viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination, Title and Transfer**

(a) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

(b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.

(c) *Registered Notes:* Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.

(d) *Title to Registered Notes:* The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

(e) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

(f) *Transfers of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

(g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity by the Holder or the transferee thereof as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. **Status**

(a) *Status of the Notes*: The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Fixed Rate Note Provisions**

(a) *Application:* This Condition 5 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments – Bearer Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

6. **Floating Rate Note Provisions**

(a) *Application:* This Condition 6 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments – Bearer Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6(b) (*Accrual of interest*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period; **provided, however, that** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;

(iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iv) if, in the case of paragraph (i) above, such rate does not appear on that page or, in the case of paragraph (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Issuer will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms; and

(iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

(A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(h) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7. **Zero Coupon Note Provisions**

(a) *Application:* This Condition 7 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

8. **Redemption and Purchase**

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 9 (*Payments – Bearer Notes*).

(b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (unless the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant final terms, (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Finland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

(1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant final

terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 8(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 8(b).

(c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant final terms (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the relevant Final Terms as being applicable. The Optional Redemption Amount (Call) will be either, as specified in the relevant Final Terms, (i) if Make Whole Redemption Price is specified as being applicable in the applicable Final Terms, the relevant Make Whole Redemption Price or (ii) the specified percentage (being no less than 100 per cent.) of the nominal amount of the Notes as stated in the applicable Final Terms.

The Make Whole Redemption Price will be an amount equal to the higher of:

(i) if Spens Amount is specified as being applicable in the applicable Final Terms, (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed or (ii) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the relevant Dealer(s) by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin; or

(ii) if Make Whole Redemption Amount is specified as applicable in the applicable Final Terms, (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin,

all as determined by the Determination Agent.

In this Condition 8(c):

"**DA Selected Bond**" means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

"**Determination Agent**" means an investment bank or financial institution of international standing selected by the Issuer after consultation with the relevant Dealer(s) as may be specified in the relevant Final Terms;

"**Gross Redemption Yield**" means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts"; "Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the relevant Dealer(s) may approve;

"**Quotation Time**" shall be as set out in the applicable Final Terms;

"**Redemption Margin**" shall be as set out in the applicable Final Terms;

"**Reference Bond**" shall be as set out in the applicable Final Terms or the DA Selected Bond;

"**Reference Bond Price**" means, with respect to any date of redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

"**Reference Bond Rate**" means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

"**Reference Date**" will be set out in the relevant notice of redemption;

"**Reference Government Bond Dealer**" means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

"**Reference Government Bond Dealer Quotations**" means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

"**Remaining Term Interest**" means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 8(c).

(d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 8(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 8(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 8(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant final terms), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 8(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 8(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

(f) *Amalgamation Act Put Option*: If at any time while any Note remains outstanding, either of the following events shall occur (each, as applicable, an "**AA Put Event**"):

(i) An AA Event occurs and, if at the start of the AA Period, the Issuer is rated by any Rating Agency, a Rating Downgrade in respect of that AA Event occurs within such AA Period; or

(ii) An AA Event occurs and, on the occurrence of the AA Event, the Issuer is not rated by any Rating Agency,

then the Holder of each Note will have the option (the "**AA Put Option**") (unless, prior to the giving of the AA Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 8(b) (*Redemption for tax reasons*) or Condition 8(c) (*Redemption at the option of the Issuer*)) to require the Issuer to redeem or, at the Issuer's option, to purchase or procure the purchase of that Note on the Optional Redemption Date (AA Put) (as defined below), at the principal amount of the Notes then outstanding, together with (or, where purchased, together with an amount equal to) accrued interest up to but excluding the Optional Redemption Date (AA Put).

Promptly upon the Issuer becoming aware that an AA Put Event has occurred, the Issuer shall give notice (an "**AA Put Event Notice**") to the Noteholders in accordance with Condition 18 (*Notices*) specifying the nature of the AA Put Event and the circumstances giving rise to it and the procedure for exercising the AA Put Option contained in this Condition.

To exercise the AA Put Option, the Noteholder must deposit any applicable Note, together with each unmatured Coupon relating thereto (if any), to the account of any Paying Agent for the account of the Issuer within the period (the "**Put Period**") of 45 days after the day on which the AA Put Event Notice is given, together with a duly signed and completed Put Option Notice in the form (for the time being current and substantially in the form set out in the Agency Agreement) obtainable from the specified office of any Paying Agent. The Paying Agent to whom a Note has been so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder.

Subject to the deposit of any such Notes to the account of a Paying Agent for the account of the Issuer as described above, the Issuer shall redeem, purchase or procure the purchase of the Notes in respect of which the AA Put Option has been validly exercised as provided above on the date (the "**Optional Redemption Date (AA Put)**") being the fifteenth day after the date of expiry of the Put Period. No Note, once so deposited with a duly completed Put Option Notice, may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (AA

Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on or prior to the end of the Put Period, payment of the redemption moneys is improperly withheld or refused on the relevant Optional Redemption Date (AA Put), the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition, the depositor of such Note and not such Paying Agent shall be deemed to be the holder of the Note for all purposes.

For the purposes of this Condition 8(f):

"**AA Event**" shall be deemed to have occurred if the Amalgamation Act ceases to apply as a result of cancellation of the central institution's licence granted to the Union Co-op or if the Issuer or any Material Entity withdraws or is expelled from the Amalgamation (as provided in Section 8 of the Amalgamation Act);

"**AA Period**" means the period (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant AA Event and (B) the date of the earliest Potential AA Event Announcement (as defined below), if any, and (ii) ending on the date which is the 120th day after the date of the first public announcement of the relevant AA Event (such 120th day, the "**Initial Longstop Date**"); **provided that**, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of its rating of the Issuer, if a Rating Agency publicly announces, at any time during the period commencing on the date which is 60 days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Issuer under consideration for rating review either entirely or partially as a result of the relevant public announcement of the AA Event or Potential AA Event Announcement, the AA Period shall be extended to the date which falls 90 days after the date of such public announcement by such Rating Agency;

"**Rating Agency**" means Standard & Poor's Credit Market Services Europe Limited or any other rating agency of equivalent international standing specified from time to time by the Issuer, and, in each case, their respective successors or affiliates;

a "**Rating Downgrade**" shall be deemed to have occurred in respect of an AA Event if, within the AA Period, the rating previously assigned to the Issuer by any Rating Agency is (i) withdrawn or (ii) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (iii) if such rating previously assigned to the Issuer by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB or their respective equivalents); and

"**Potential AA Event Announcement**" means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential AA Event (where "near-term" shall mean that such potential AA Event is reasonably likely to occur, or is publicly stated by the Issuer, any such actual or potential bidder or any such designated advisor to be intended to occur, within 120 days of the date of such announcement or statement).

AA Put Option Sweep-Up: If, pursuant to the terms of an AA Put Option, Noteholders representing 80 per cent. or more of the nominal amount of a single Series have exercised the AA Put Option, then, for a period up to 7 days from the date of expiry of the Put Period, the Issuer may give notice (the "**Sweep-Up Notice**") to the relevant Noteholders that a Call Option shall be exercised in respect of the remaining outstanding amount of such Series of Notes. Thereupon, the relevant Notes shall be redeemed (in whole but not in part) on the Optional Redemption Date (AA Put). Payment will be effected in accordance with Condition 9 in respect of Bearer Notes or Condition 10 in respect of Registered Notes.

(g) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.

(h) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 8(h) or, if none is so specified, a Day Count Fraction of 30E/360.

(i) *Purchase:* The Issuer may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.

(j) *Cancellation:* All Notes so redeemed or purchased by the Issuer and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

9. **Payments – Bearer Notes**

This Condition 9 is only applicable to Bearer Notes.

(a) *Principal:* Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

(b) *Interest:* Payments of interest shall, subject to paragraph (h) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principa*l) above.

(c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons

will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principa*l) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

(f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 9(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 8(b) (*Redemption for tax reasons*), Condition 8(e) (*Redemption at the option of Noteholders*), Condition 8(c) (*Redemption at the option of the Issuer*), Condition 8(f) (*Amalgamation Act Put Option*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) *Payments on business days:* If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) (*Payments in New York City*) above).

(i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 13 (*Prescription*). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

10. **Payments – Registered Notes**

This Condition 10 is only applicable to Registered Notes.

(a) *Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*) (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 10 arriving after the due date for payment or being lost in the mail.

(e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

11. **Taxation**

(a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Finland or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

(i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

(ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.

(b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Finland, references in these Conditions to the Republic of Finland shall be construed as references to the Republic of Finland and/or such other jurisdiction.

12. **Events of Default**

12.1 ¦**Events of Default**

If any of the following events occur:

(a) *Non-payment:* the Issuer fails to pay any amount of principal or other redemption amount due in respect of the Notes for more than ten business days or fails to pay any amount of interest in respect of the Notes for more than ten business days; or

(b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or

(c) *Cross-default*:

(i) any Indebtedness of the Issuer or any Material Entity, is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or the relevant Material Entity or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or

(iii) the Issuer or any Material Entity fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,

provided that any such Indebtedness or other relative liability, either alone or when aggregated with other Indebtedness and/or other liabilities relative to all (if any) other events specified in (i) to (iii) above which have occurred and are continuing, amount to at least €15,000,000; or

(d) *Unsatisfied judgment*: one or more judgment(s) or order(s) from which no further appeal is permissible under applicable law and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer or any Material Entity; or

(f) *Winding up etc:* subject to Condition 12.2 below, if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any Material Entity, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution or the voluntary winding up of a solvent Subsidiary; or

(g) *Cease business:* subject to Condition 12.2 below, if the Issuer or any Material Entity ceases or threatens to cease to carry on the whole or any substantial part of its business, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution, or the Issuer or any Material Entity stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(h) *Insolvency – initiated against the Issuer or any Material Entity:* (A) proceedings are initiated against the Issuer or any Material Entity under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any Material Entity or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 60 days; or

(i) *Insolvency – initiated by the Issuer or any Material Entity:* if the Issuer or any Material Entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors (other than the Noteholders in their capacity as such)) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors (other than the Noteholders in their capacity as such)),

(j) *Analogous event:* any event occurs which under the laws of the Republic of Finland has an analogous effect to any of the events referred to in paragraphs (d) to (i) above; or

(k) *Failure to take action etc:* any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes and the Coupons admissible in evidence in the courts of the Republic of Finland is not taken, fulfilled or done; or

(l) *Unlawfulness:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes; or

(m) *Loss of licence:* any necessary consent, approval, licence, order or other authority required at any time by the Issuer or any Material Entity to carry on its business, including *inter alia*, a banking licence, or the central institution licence granted to the Union Co-op under the Amalgamation Act, is cancelled, suspended or revoked for any reason by the Finnish Financial Supervisory Authority or such other relevant regulatory authority; or

(n) *Government intervention:* (A) all or any substantial part of the undertaking, assets and revenues of the Issuer or any Material Entity is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government or (B) the Issuer or any Material Entity is prevented by any such Person from exercising normal control over all or any substantial part of its undertaking, assets and revenues,

then any Note may, by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality unless prior to the time when the Issuer receives such notice the situation giving rise to the notice has been cured, **provided, however, that** in the event specified in paragraph (c) (*Cross-default*) above any notice declaring the Notes due shall become effective only when the Issuer has received such notices from the Holders of at least one-fifth in principal amount of the relevant Notes then outstanding.

12.2 **Consolidation, Merger and Sale of Assets**

The Issuer may, without the consent of Noteholders, consolidate with, or merge into, or sell, transfer, lease or convey its assets substantially as an entirety to any other entity, **provided that** (i) such successor entity expressly assumes the obligations of the Issuer under the Notes and any Coupons (as applicable) including any additional amounts payable in relation thereto under these Conditions (and a legal opinion from Finnish lawyers is provided in respect thereof), and (ii) after giving effect to the transaction, no Event of Default shall have occurred and be continuing, and **provided that** two directors of the Issuer certify to such effect. Each Noteholder will be deemed to have agreed, with respect to the Notes it holds, that it shall not exercise, and hereby waives in advance, its right in accordance with the Finnish Companies Act (Fin: *Osakeyhtiölaki* 624/2006, as amended) to object to any merger **provided that** such merger (a) does not breach any term of these Conditions or (b) has been consented to by an Extraordinary Resolution.

13. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

14. **Replacement of Notes and Coupons**

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

15. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time

to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent and additional or successor paying agents; **provided, however, that***:*

(a) the Issuer shall at all times maintain a fiscal agent and a registrar; and

(b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and

(c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

16. **Meetings of Noteholders; Modification and Waiver**

(a) *Meetings of Noteholders*: The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification:* The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

17. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

18. **Notices**

(a) *Bearer Notes:* Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.

Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) *Registered Notes:* Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

19. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal, or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency, and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

20. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (ii) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (iii) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (iv) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

21. **Governing Law and Jurisdiction**

(a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.

(b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).

(c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) *Rights of the Noteholders to take proceedings outside England*: Notwithstanding Condition 21(b) (*English courts*), any Noteholder may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) *Service of process*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street,

London, EC2V 7EX, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

22. **Acknowledgement of Bail-in Powers**

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 22, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

(a) the effect of the exercise of any Bail-in Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:

(i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;

(ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;

(iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and

(iv) the amendment or alteration of the perpetual nature of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and

(b) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Bail-in Powers by the Relevant Resolution Authority.

"**Bail-in Powers**" means any loss absorption, write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Finland, relating to (i) the transposition of the BRRD (including but not limited to the Act on Resolution of Credit Institutions and Investment Firms (1194/2014, as amended) (in Finnish *laki luottolaitosten ja sijoituspalveluyritysten kriisinratkaisusta*) (the "**Resolution Act**") and the Act on Financial Stability Authority (1195/2014, as amended) (in Finnish *laki rahoitusvakausviranomaisesta*)) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period).

"**Relevant Amounts**" means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in Powers by the Relevant Resolution Authority.

"Relevant Resolution Authority" means the resolution authority with the ability to exercise any Bail-in Powers in relation to the Issuer and/or the Group.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The 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 Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**")), 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 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the 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 ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [•]

CENTRAL BANK OF SAVINGS BANKS FINLAND PLC
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 27 February 2018 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive. [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 such Base Prospectus [as so supplemented]][2]. 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 Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing during normal business hours at the offices of Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB and on Central Bank of Savings Banks Finland Plc's website (https://www.spkeskuspankki.fi/sijoittajasuhteet) and www.ise.ie/ and copies may be obtained from the registered office of Central Bank of Savings Banks Finland Plc.

[Terms used herein shall be deemed to be defined as such for the purposes of the [*date*] Conditions (the "**Conditions**") incorporated by reference in the Base Prospectus dated 27 February 2018. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus

[2] *Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive.*

Directive][3] and must be read in conjunction with the Base Prospectus dated 27 February 2018 [and the supplemental Base Prospectus dated [•]], which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, save in respect of the Conditions which are set forth in the base prospectus dated [*original date*] and are incorporated by reference in the Base Prospectus. 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 Base Prospectus dated 27 February 2018 [and the supplemental Base Prospectuses dated [•] and [•]]. [The Base Prospectus [and the supplemental Base Prospectuses] are available for viewing during normal business hours at the offices of Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB and on Central Bank of Savings Banks Finland Plc's website (https://www.spkeskuspankki.fi/sijoittajasuhteet) and www.ise.ie/ and copies may be obtained from the registered office of Central Bank of Savings Banks Finland Plc]]

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU **provided, however, that** all references in this document to the "Prospectus Directive" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive).

1.	Issuer:		Central Bank of Savings Banks Finland Plc
2.	[(i)	Series Number:	[•]]
	[(ii)	Tranche Number:	[•]]
	[(iii)	Date on which the Notes become fungible:	[Not Applicable]/ [•]]
3.	Specified Currency or Currencies:		[•]
4.	Aggregate Nominal Amount:		[•]
	[(i)]	Series:	[•]
	[(ii)	Tranche:	[•]]
5.	Issue Price:		[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]
6.	(i)	Specified Denominations:	[•] [and integral multiples of EUR 1,000 in excess thereof up to and including [•]. No Definitive Notes will be issued with a denomination above [•].]
	(ii)	Calculation Amount:	[•]
7.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[[•]/Issue Date/Not Applicable]
8.	Maturity Date:		[•]
9.	Interest Basis:		[[•] per cent. Fixed Rate] [CIBOR]/[EURIBOR]/[LIBOR]/[NIBOR]/[STIBOR]] +/– [•] per cent. Floating Rate] [Zero Coupon] (see paragraph [14/15/16] below)

[3] *Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive.*

10.	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.
11.	Change of Interest or Redemption/Payment Basis:		[[•]/Not Applicable]
12.	Put/Call Options:		[Investor Put] [Issuer Call] [Not Applicable] [See paragraph [17/18/19] below)]
13.	[(i)]	Status of the Notes:	[Senior]
	[(ii)]	[Date [Board] approval for issuance of Notes obtained:]	[•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[•] per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	First Interest Payment Date:	[•]
	(iii)	Interest Payment Date(s):	[•] in each year
	(iv)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(v)	Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
	(vi)	Day Count Fraction:	[30/360 / Actual/Actual (ICMA/ISDA)]
15.	**Floating Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Specified Period:	[•]
	(ii)	Specified Interest Payment Dates:	[•]
	(iii)	First Interest Payment Date:	[•]
	(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
	(v)	Additional Business Centre(s):	[[•]/Not Applicable]
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent):	[[•]/Not Applicable]

(viii) Screen Rate Determination:

- Reference Rate: [CIBOR]/[EURIBOR]/[LIBOR]/[NIBOR]/[STIBOR]
- Interest Determination Date(s): [•]
- Relevant Screen Page: [•]
- Relevant Time: [•]
- Relevant Financial Centre: [•]

(ix) ISDA Determination:

- Floating Rate Option: [•]
- Designated Maturity: [•]
- Reset Date: [•]
- [• ISDA Definitions: [2006]

(x) Linear interpolation [Applicable/Not Applicable]

- Rate of Interest: the rate of interest for the [long]/[short] [first]/[last] Interest Period shall be calculated using Linear Interpolation

(xi) Margin(s): [+/-][•] per cent. per annum

(xii) Minimum Rate of Interest: [•] per cent. per annum

(xiii) Maximum Rate of Interest: [•] per cent. per annum

(xiv) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA)]

16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) Accrual Yield: [•] per cent. per annum

(ii) Reference Price: [•]

(iii) Day Count Fraction in relation to Early Redemption Amount: [30/360 / Actual/Actual (ICMA/ISDA)]

PROVISIONS RELATING TO REDEMPTION

17. **Call Option** [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) Optional Redemption Date(s): [•]

(ii) Optional Redemption Amount(s): [•] per Calculation Amount/[•]

[(a) Reference Bond: [*Insert applicable Reference Bond*]

	[(b)	Quotation Time:	[•]
	[(c)	Redemption Margin:	[•] per cent.
	[(d)	Determination Date:	[•]
	[(e)	Reference Dealers:	[•]
(iii)	If redeemable in part:		
	(a)	Minimum Redemption Amount:	[•] per Calculation Amount
	(b)	Maximum Redemption Amount	[•] per Calculation Amount
(iv)	Notice period:		[•]

18. **Put Option** [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i)	Optional Redemption Date(s):	[•]
(ii)	Optional Redemption Amount(s):	[•] per Calculation Amount/[•]
(iii)	Notice period:	[•]

19. **Final Redemption Amount of each Note** [•] per Calculation Amount/[•]

20. **Early Redemption Amount**

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. **Form of Notes**: Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

Registered Notes:

[Regulation S Global Note (€ [•] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]

(N.B. The exchange upon notice/at any time/in the limited circumstances specified in the Permanent Global Note

		options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Permanent Bearer Global Notes exchangeable for Definitive Notes.)
22.	**New Global Note**:	[Yes]/[No]/[Not Applicable]
23.	**Additional Financial Centre(s) or other special provisions relating to payment dates**:	[[•]/Not Applicable]
24.	**Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature)**:	[Yes]/[No]
25.	**Relevant Benchmark[s]:**	[[CIBOR]/[EURIBOR]/[LIBOR]/[NIBOR]/[STIBOR] is provided by [*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][appears]/[does not appear]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation]]/[As far as the Issuer is aware, as at the date hereof, [CIBOR]/[EURIBOR]/[LIBOR]/[NIBOR]/[STIBOR] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]

Signed on behalf of [*name of the Issuer*]:

By: .....
Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Admission to Trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange with effect from [•]]/[Not Applicable]
(ii)	Estimate of total expenses related to admission to trading:	[•]

2. **RATINGS** [The Notes to be issued will not be separately rated]

[The Notes to be issued are expected to be rated:

Standard & Poor's Credit Market Services Europe Limited: [•]]

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

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The Dealers 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 [•]/[Not Applicable]]

4. **[*Fixed Rate Notes only – YIELD***

Indication of yield:	[•]

5. **OPERATIONAL INFORMATION**

ISIN Code:	[•]
Common Code:	[•]
[FISN:	[•]]
[CFI Code:	[•]]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[Not Applicable/*Names of additional Paying Agent(s)*]
[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [*include this text for Registered Notes which are held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend

upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [[and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*]]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

6. **DISTRIBUTION**

(i)	Method of Distribution:		[Syndicated/Non-syndicated]
(ii)	If syndicated:		
	(A)	Names of Dealers	[Not Applicable/[•]]
	(B)	Stabilisation Manager(s), if any:	[Not Applicable/[•]]
(iii)	If non-syndicated, name of Dealer:		[Not Applicable/[•]]
(iv)	U.S. Selling Restrictions:		[Reg S Compliance Category [1/2]; TEFRA C/TEFRA D]
(v)	Prohibition of Sales to EEA Retail Investors:		[Applicable/Not Applicable]

7. **[THIRD PARTY INFORMATION]**

[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading.]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Registered Note and in relation to all other rights arising under such Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Registered Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Registered Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Instrument is to be exchanged for an interest in a Permanent Global Instrument, the Issuer shall procure:

(a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Instrument, duly authenticated and, in the case of an NGI, effectuated, to the bearer of the Temporary Global Instrument; or

(b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Instrument in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Instrument to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Instrument is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Instrument to the bearer of the Temporary Global Instrument against the surrender of the Temporary Global Instrument to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) a Permanent Global Instrument has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global

Instrument has requested exchange of an interest in the Temporary Global Instrument for an interest in a Permanent Global Instrument; or

(b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Instrument has requested exchange of the Temporary Global Instrument for Definitive Notes; or

(c) a Temporary Global Instrument (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Instrument has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Instrument in accordance with the terms of the Temporary Global Instrument on the due date for payment,

then the Temporary Global Instrument (including the obligation to deliver a Permanent Global Instrument or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Instrument will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Instrument or others may have under a deed of covenant dated 8 April 2015 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Instrument will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Instrument became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Permanent Global Notes

Whenever a Permanent Global Instrument is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Instrument to the bearer of the Permanent Global Instrument against the surrender of the Permanent Global Instrument to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Instrument has duly requested exchange of the Permanent Global Instrument for Definitive Notes; or

(b) a Permanent Global Instrument (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Instrument in accordance with the terms of the Permanent Global Instrument on the due date for payment,

then the Permanent Global Instrument (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Instrument will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Instrument or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Instrument will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Instrument became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Conditions applicable to Global Notes

Each Global Note and Global Registered Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

Payment Business Day: In the case of a Global Note, or a Global Registered Note, shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Registered Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 8(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 8(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 18 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is, deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 18 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

USE OF PROCEEDS

The proceeds of the issue of each Series of Notes will be used by the Issuer for general corporate purposes including to act as a central credit institution of the Amalgamation for funding of the Member Credit Institutions.

DESCRIPTION OF THE ISSUER

History and Development of the Issuer

Central Bank of Savings Banks Finland Plc is organised under the laws of the Republic of Finland and regulated by the FIN-FSA. The Issuer's financial year is one calendar year. The Issuer was incorporated on 10 November 2008, is domiciled in Helsinki, Finland, and registered in the Finnish Trade Register under business identity code 2238752-5. The Issuer's registered address is Teollisuuskatu 33, 00510 Helsinki, Finland and telephone number +358 20 703 2450. The Issuer has no subsidiaries.

The history of the Issuer originates from the Savings Banks acquisition of Itella Bank in April 2013 from Itella Oyj (at present: Posti Group Oyj). The acquisition was carried out because Aktia Bank Plc, a former Savings Banks partner, announced in January 2013 the termination of the Savings Bank central credit institution facility at the beginning of 2015. Itella Bank, a depository bank, was incorporated in 2008, and was organised under the laws of the Republic of Finland. Itella Bank was granted a credit institution licence on 31 August 2011 by the FIN-FSA.

The official name of Itella Bank was changed in June 2013 into Central Bank of Savings Banks Finland Ltd (*in Finnish: Säästöpankkien Keskuspankki Suomi Oy* and in Swedish: *Sparbankernas Centralbank Finland AB*).

The central credit institution operations were transferred from Aktia Bank Abp to the Issuer on 3 November 2014, and the Issuer began its payment transaction operations. The joint liability of the Amalgamation became effective on 31 December 2014 and, consequently, the Issuer commenced its external fund-raising at the start of 2015.

The corporate form of the Issuer was changed from a limited liability company to a public limited company on 30 January 2015.

According to Article 2 of its Articles of Association, the Issuer engages in the business operations set forth in the Credit Institutions Act. In addition, the Issuer provides investment services as defined in Chapter 1, section 15 of the Finnish Act on Investment Services (14.12.2012/747, as amended) (in Finnish *sijoituspalvelulaki*). The Issuer may control and own real property, shares, stakes and securities in order to carry on its business.

The Issuer operates pursuant to the Amalgamation Act, the Credit Institution Act and the Finnish Companies Act (*Osakeyhtiölaki 624/2006*, as amended) (the "**Companies Act**").

The FIN-FSA supervises the Issuer's activities. As regards the supervision of the Issuer, the SSM (as defined in the Risk Factors) commenced its operations in November 2014. The SSM is a system of financial supervision comprising the ECB and the national competent authorities of participating EU countries. Pursuant to the Credit Institution Act and Council Regulation (EU) No 1024/2013, the Amalgamation is currently classified as a less significant credit institution and, therefore, the supervision of the Issuer under the SSM is primarily carried out by the FIN-FSA. However, under the SSM, the ECB can decide to supervise any one of the less significant credit institutions directly to ensure that high supervisory standards are applied consistently.

The Issuer was assigned a credit rating of A- by S&P on 28 April 2017.

Business Overview

The Savings Banks belonging to the Amalgamation together with Säästöpankkien Holding Oy (0.2 per cent.) own 94.73 per cent of the Issuer's shares, while the remaining shares are held by Oma Säästöpankki Oyj (5.3 per cent.). Säästöpankkien Holding Oy is a part of the Group. The Issuer provides savings banks with various central credit institution services: payment services and account operator services, payment card issuing for the customers of the member Savings Banks of the Amalgamation, and services related to liquidity management and asset and liability management. In addition, the Issuer provides the Savings Banks and Sp-Mortgage Plc with refinancing solutions in accordance with their needs and represents the Savings Banks in their payment transaction services through the Single Euro Payments Area ("**SEPA**") payment system.

The Issuer conducts senior unsecured funding for the Group. The Issuer may issue financial instruments other than the Notes and conduct other wholesale funding transactions. Covered bond issuance within the Group is conducted by Sp-Mortgage Bank Plc.

On 31 December 2017, the Issuer had 35 employees.

The Issuer as part of the Amalgamation

The Issuer is part of the Amalgamation together with the Union Co-op, the Savings Banks, Sp Mortgage Bank Plc, Sp-Fund Management Company Ltd and Savings Bank Services Ltd as well as the companies within the consolidation groups of the above-mentioned entities and their associated institutions. The Amalgamation's operations are covered by the Amalgamation Act and the Union Co-op's bylaws. Primarily, the members of the Amalgamation carry out their business independently within the scope of their resources, and thus the Issuer and the other members of the Amalgamation are primarily responsible for their own obligations. However, the Amalgamation Act prescribes that the Union Co-op must pay to each Member Credit Institution an amount that is necessary in order to prevent such Member Credit Institution's liquidation and the Union Co-op is responsible for the payments of any debts of a Member Credit Institution that cannot be paid using such Member Credit Institution's own funds. At the same time, a Member Credit Institution must pay to the Union Co-op a proportionate share of the amount which the Union Co-op has paid either to another Member Credit Institution as part of the support action described above, or to a creditor of such Member Credit Institution as payment of a due debt for which the creditor has not received payment from its debtor. The amount paid in accordance with the joint liability is divided between the liable parties in proportion to their last adopted balance sheets. For more information on the joint liability, see "*The Amalgamation Act – Joint liability of the Amalgamation*".

Only Member Credit Institutions are jointly responsible, within the Amalgamation, for another Member Credit Institution's unpaid liabilities and such liability does not extend to any other member of the Amalgamation, which is not a Member Credit Institution. Due to the joint liability within the Amalgamation and the Issuer's role as the central credit institution for the Savings Banks, prospective investors should examine both the Issuer's and the Group's financial statements. However, investors should note that the Group consists of the Amalgamation, as well as other companies and institutions owned by the Savings Banks. The activities of the Group or companies belonging to the Group that are not part of the Amalgamation and the joint liability, may have a negative impact on the Amalgamation. For more information on the Group's consolidated financial statements, see "*Information on the Savings Banks Group and the Amalgamation—The Savings Banks Group's Financial Statements and Key Indicators*", and for more information on the Issuer's financial standing, see "*Description of the Issuer—Selected Financial Information*".

Management of the Issuer

According to the Companies Act, the Issuer's highest decision-making authority rests with the Issuer's shareholders i.e. the Savings Banks at the annual general meeting (the "**General Meeting**"). The operational decision-making authority is exercised by the board of directors (the "**Board of Directors**") which is elected at the General Meeting. The Issuer has a Chief Executive Officer ("**CEO**") whose duty is to see to the Issuer's day-to-day administration. In addition, the Union Co-op has an integral role under the Amalgamation Act. According to the Amalgamation Act and the Union Co-op's bylaws the Union Co-op has a steering role in the Group and also monitors the Issuer. For more information on the Union Co-op's steering, see "*Information on the Group and the Amalgamation—Savings Banks' Union Co-op*".

Board of Directors of the Issuer

According to the Companies Act the Board of Directors is responsible for the Issuer's administration, ensuring the appropriate arrangement of its operations and the supervision of the Issuer's accounting and financial management. The Board of Directors has general competence to decide on all matters related to the Issuer's management and other issues which, according to legislation and the Issuer's Articles of Association, are not the domain of the General Meeting or of the CEO. The Board of Directors decides on the Issuer's strategy and main business objectives and also confirms the management structure.

The Board of Directors is composed of a Chairman and a Deputy Chairman as well as a minimum of one and a maximum of five further members elected at the General Meeting.

At the date of this Base Prospectus, the Board of Directors consists of the following individuals:

Juhani Huupponen (born 1956) has been a member of the Issuer's board since 2013 and the chairman of the board since August 2017. Mr Huupponen has been the CEO of Somero Savings Bank since 2004, the CEO of Parkano Savings Bank in 2003–2004, the CEO of Hauho Savings Bank in 1992–2003, bank manager of Kanta-Häme Regional Savings Bank (Janakkala region) in 1987–1992, the CEO of KAKS-Invest Oy and bank manager of Southwestern Kymi Regional Savings Bank (Miehikkälä region) in 1984–1987. Relevant positions of trust include or have been board member of the Union Co-op (formerly the Savings Banks Association), chairperson of the board of the Savings Banks Guarantee Fund, member of the supervisory board of SSP Yhtiöt Oy since 2012 and chairperson of the board of SP Taustataiturit Oy since 2012. Mr Huupponen holds a Master of Laws and a Master of Business Administration.

Hans Bondén (born 1956) has been a member of the Issuer's board since March 2017. Mr Bondén has been the CEO of Närpes Savings Bank since 2008. Previously, Mr Bondén has been a bank manager of Närpes Savings Bank from 1983–2008 and a member of the management group of Närpes Savings Bank since 1983. Relevant positions of trust include serving as a board member of Sp-Fund Management Company Ltd in 2008−2012, a board member of Sp-Holding Oy in 2012−2017, a member of the Board of Directors of Savings Bank Association in 2012−2014, a member of the Board of Directors of Savings Banks' Union Co-op in 2014−2017 and a supervisory board member of Pensionsförsäkringsaktiebolaget Veritas since 2012. Mr. Bondén holds a M.Sc. (Econ).

Jussi Hakala (born 1958) has been a member of the Issuer's board since March 2016. Mr Hakala has been the CEO of Lieto Savings Bank since 1998. In addition, Mr Hakala has been the chief financial officer of Asset Management Company Arsenal Oy Etelä-Pohjanmaa in 1994-1997, the bank manager of Savings Bank in Seinäjoki in 1993, the bank manager of Etelä-Pohjanmaa Savings Bank in 1988-1992 and the bank manager of Satakunta Savings Bank in Rauma in 1985-1987 and Satakunta Savings Bank in Ulvila in 1985. Relevant positions of trust include Chairman and founder of Etelä-Pohjanmaan Uusyrityskeskus ry in 1992-1994. Mr. Hakala has been a Member of the Board of Directors of Savings Banks Association (Union Co-op) in 2001-2003 and the Chairman of the Board of Directors of Savings Banks Association (Union Co-op) in 2004-2017. Mr Hakala holds a Master of Economic Sciences degree from University of Tampere.

Risto Seppälä (born 1958) has been a member of the Issuer's board since March 2015. Mr Seppälä has been the CEO of Helmi Savings Bank since 2008, bank manager and a member of the management group of Päijät-Häme Osuuspankki in 1999–2008, Company Analyst-District Chief of Valtiontakuukeskus in 1996–1998, CFO of Omaisuudenhoito Arsenal Oy in 1994–1996, Head of Department of Etelä-Savo Savings Bank – SSP Oy in 1990–1994, CFO of SKOP in 1986–1990 and Bank Manager of Kanta-Uusimaa Savings Bank in 1983–1986. Relevant positions of trust include or have been chairperson of the Appeal Board of Oy Samlink Absince. Mr Seppälä holds a M.Sc. (Econ.) and a Vocational Qualification in Business and Administration (matriculation examination).

Hannu Syvänen (born 1965) has been a member of the Issuer's board since March 2015. Mr Syvänen has been the CEO of Sinetti Savings Bank since 2013. Previously, Mr Syvänen has been the CEO of Längelmäki Savings Bank in 1999–2013 and office manager and the deputy CEO of Kuhmoisten Osuuspankki in 1994–1999. Relevant positions of trust include a deputy member of the board of The Saving Banks Association in 2009–2014 and a member of the board of the Savings Bank's Guarantee Fund in 2006–2015. Mr Syvänen holds a MBA.

The business address of each member of the Board of Directors and the Issuer is Teollisuuskatu 33, 00510 Helsinki, Finland.

All the members of the Board of Directors are CEOs of individual Savings Banks.

Conflicts of Interests

Except for the joint liability under the Amalgamation Act, there are no conflicts of interest between the duties of the members of the Issuer's administrative and management bodies to the Issuer and their other duties and private interests.

CEO and Deputy CEO of the Issuer

The Issuer has a CEO and Deputy CEO each of whom are appointed by the Board of Directors. The duty of the CEO is to see to the Issuer's day-to-day administration in accordance with the rules and regulations set by the Board of Directors. As of 1 May 2016, the CEO of the Issuer has been Ms. Kirsi Autiosalo. The Deputy CEO is Mr Kai Brander. Ms. Autiosalo has announced that she will vacate her position as the CEO of the Issuer as of 19 March 2018. The search for a CEO has begun.

Kirsi Autiosalo (born 1971) has been the CEO of the Issuer as of 1 May 2016. Previously Ms. Autiosalo was the CRO and CFO of the Savings Banks Union Co-op in 2013-2016, and the Head of ALM & Market Risk of Danske Bank Plc in 2012-2013. Ms Autiosalo has held various positions in Sampo Bank Plc including Head of Risk Management & ALM of Sampo Bank Plc in 2010-2012, Head of Accounts, Market Risk & ALM of Sampo Bank Plc in 2009-2010, Head of Markets Accounting, Market Risk & ALM of Sampo Bank Plc in 2008-2009, Head of Markets Accounting in 2008 and Financial Account Management (ALM) positions between 2001-2007. Ms Autiosalo holds a Master of Economic Sciences degree from University of Tampere.

Kai Brander (born 1960) has been the Head of Treasury and deputy CEO of the Issuer since 2013. Mr Brander was Head of Trading and Liquidity of Danske Bank Finland from 2007 to 2013, Head of Trading and Sales of Leonia Bank / Sampo Pankki from 1999 to 2007, Assistant General Manager for interest rate products, a member of the risk and asset and liability management committee from 1996 to 1999, Vice President (trading activities) for Postipankki, Singapore Branch, from 1993 to 1996 and director for money market (market risk) of Postipankki from 1991 to 1993. Mr Brander holds a Master of Science in Economics.

Auditors

The Issuer has one auditor, which is required to be a public accounting company approved by the Finnish Chambers of Commerce. The financial statements for the financial years ended 31 December 2017 and 31 December 2016 are incorporated in this Base Prospectus by reference and have been audited by KPMG Oy Ab, with Authorised Public Accountant Petri Kettunen as principal auditor. The business address of the auditors and the auditors' firm is Töölönlahdenkatu 3 A, FI 00101 Helsinki, Finland.

Corporate Governance

The activities of the Issuer comply with the provisions of current legislation, including but not limited to the Companies Act. In addition, the Issuer complies with orders issued by the authorities, good banking practice regulations approved by the Federation of Finnish Financial Services, as well as the Group's corporate governance policies and other internal guidelines. The Issuer also complies with its own Articles of Association. The Group's internal audit function is responsible for the Issuer's internal audit.

The Group's governance policies are approved by the Board of Directors of the Union Co-op and updated at least once a year or whenever there are changes in the operating environment, business model, regulations, and/or statutory requirements. For more information on the Group's corporate governance, see "*Information on the Group and the Amalgamation—Corporate Governance*".

Shares and Shareholders

In March 2014, the General Meeting of the Issuer authorised the Board of Directors to issue a maximum of 35,000 new shares of which the Board of Directors has issued 12,391 shares at the date of this Base Prospectus. The issued shares were directed to the Savings Banks. Any future share issues would be directed pro rata to the Savings Banks (directed share issue) if additional equity capital should be needed. As at the date of this Base Prospectus, the Issuer held none of its own shares and the General Meeting had not authorised the Issuer to acquire its own shares. As at the date of this Base Prospectus, the Issuer's share capital amounted to EUR 39,999,618.60, divided into 17,391 shares.

The Savings Banks together with Säästöpankkien Holding Oy (0.2 per cent.) hold 94.73 per cent of the shares in the Issuer. The following table sets forth the Issuer's shareholders as at the date of this Base Prospectus:

Shareholder	Business identity code	Number of shares	Percentage of share capital (%)
Aito Säästöpankki Oy	2286574-2	1,357	7.8
Avain Säästöpankki	0179732-2	512	2.9
Ekenäs Sparbank	0131296-2	381	2.2
Eurajoen Säästöpankki	0132326-6	503	2.9
Helmi Säästöpankki Oy	2077812-7	634	3.6
Huittisten Säästöpankki	0132825-1	906	5.2
Kalannin Säästöpankki	0133409-6	403	2.3
Kiikoisten Säästöpankki	0134011-1	57	0.3
Kvevlax Sparbank	0198368-6	377	2.2
Lammin Säästöpankki	0197794-8	1,085	6.2
Liedon Säästöpankki	0134703-0	1,930	11.1
Länsi-Uudenmaan Säästöpankki	0128371-9	1,300	7.5
Mietoisten Säästöpankki	0135240-3	337	1.9
Myrskylän Säästöpankki	0129183-1	311	1.8
Nooa Säästöpankki Oy	1819908-9	331	1.9
Närpes Sparbank Ab	2650799-3	966	5.6
Oma Säästöpankki Oyj[1]	2231936-2	916	5.3
Pyhärannan Säästöpankki	0138069-0	100	0.6
Säästöpankkien-Holding Oy[2]	2192146-6	41	0,2
Someron Säästöpankki	0153091-9	976	5.6
Suomenniemen Säästöpankki	0163299-0	183	1.1
Sysmän Säästöpankki	0167362-9	205	1.2
Säästöpankki Optia	0170559-8	2,739	15.7
Säästöpankki Sinetti	0197848-1	499	2.9
Ylihärmän Säästöpankki	0184467-8	342	2.0
Total		17,391	100.00[3]

1 Oma Säästöpankki Oyj is not a member of the Group or the Amalgamation.

2 Säästöpankkien Holding Oy is the Group's holding company which owns 41 shares of the Issuer. Säästöpankkien-Holding received the 41 shares of the Issuer in 2014 as Saaristosäästöpankki withdrew from the Group and merged with Aktia Bank Abp on 1 July 2014.

3 Subject to rounding.

On-going and Future Investments

The Issuer has not made any significant investments or firm investment commitments since the date of its latest financial statements, specifically 31 December 2017.

Trend Information

There has been no material adverse change in the prospects of the Issuer since 31 December 2017.

Credit Rating

The Issuer was assigned a credit rating of A- by S&P on 28 April 2017.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Risk-bearing capacity and capital adequacy

The Issuer and other Member Credit Institutions are subject to what is provided in Chapter 10 of the Credit Institutions Act and Parts 2-4 of the CRD IV Regulation concerning the requirements to be set for credit institutions' own funds.

The FIN-FSA may grant the Union Co-op permission to decide that its Member Credit Institutions will not be subject to what is provided in the above mentioned provisions. A Member Credit Institution to which the exemption applies must have its own funds accounting for at least 80 per cent. of the total amount of the requirement for its own funds as laid down in Chapter 10, section 1 of the Credit Institutions Act.

If a Member Credit Institution is subject to the exemption, the amount of exposure as referred to in Part 4 of the CRD IV Regulation cannot exceed 40 per cent of the amount of the Member Credit Institution's own funds. If the client is a Member Credit Institution, a credit institution or an investment firm, the exposure cannot exceed 40 per cent. of the amount of the Member Credit Institution's own funds, or if this

amount is less than EUR 240 million, the exposure cannot exceed the amount confirmed internally by the Member Credit Institution, which amount can neither exceed EUR 240 million nor exceed 100 per cent. of the amount of the Member Credit Institution's own funds. The FIN-FSA may, in certain circumstances, grant a Member Credit Institution permission to deviate from the above limit. If such permission is, the exposure of a Member Credit Institution or investment firm also means exposure in relation to a group of clients that includes at least one credit institution or investment firm. When applying the aforementioned, the aggregated exposure relating to clients in a client group that are not Member Credit Institutions or investment firms cannot exceed 40 per cent. of the amount of the Member Credit Institution's own funds. The provisions of Chapter 10, section 11, subsection 3 of the Credit Institutions Act shall be applied to the calculation of the limit referred to above.

If a Member Credit Institution is subject to the exemption, the Member Credit Institution cannot invest more than an amount corresponding to 25 per cent. of its own funds in investments referred to in Article 89 of the CRD IV Regulation. The Member Credit Institution's total investments may account for an amount corresponding to a maximum of 75 per cent. of the credit institution's own funds.

The CRD IV Regulation is directly binding on member states and as it came into force, a significant proportion of the FIN-FSA standards on capital calculations were repealed. Furthermore, the European Commission has issued more detailed technical and implementation standards, which are binding regulations for Member States. The CRD IV Regulation sets out the basis for the capital requirements by requiring that all credit institutions must have a CET1 capital ratio of at least 4.5 per cent., a Tier 1 capital ratio of 6 per cent. and a total capital ratio of 8 per cent. These requirements have been supplemented by the additional capital requirements set forth in the Credit Institutions Act. Pursuant to the said act, an additional capital conservation buffer of 2.5 per cent. has been applicable from 1 January 2015 to all credit institutions. The capital conservation buffer increases the CET1 capital requirement on banks to 7 per cent. and the total capital requirement to 10.5 per cent. The FIN-FSA is also authorised to set a countercyclical buffer of zero to 2.5 per cent. based on macroprudential analysis. As from 1 January 2018, the FIN-FSA has been authorised to set a systemic risk buffer of 1 to 5 per cent. The systemic risk buffer requirement may be set to cover long-term non-cyclical risks to the financial system. The FIN-FSA has not imposed the countercyclical buffer or the systemic risk buffer so far. The additional capital conservation buffer, the countercyclical buffer and the systemic risk buffer must be satisfied with CET1 capital. Each of the Savings Banks has committed to participate in the capitalisation of the Issuer, if more equity capital is needed.

Capital adequacy of the Issuer

As at 31 December 2017, the Issuer's capital structure consisted primarily of CET1 capital. The Issuer's own funds were EUR 47.0 million (2016: EUR 44.9 million), of which CET1 capital accounted for EUR 47.0 million (2016: EUR 44.9 million). The capital ratio, own funds (TC) as a percentage of risk-weighted assets, of the Issuer was 31.7 per cent. (2016: 33.2 per cent.) and the CET1 capital ratio was 31.7 per cent. (2016: 33.2 per cent.).

	2017	2016
	(EUR, thousands)	
STATEMENT OF CAPITAL ADEQUACY		
Own funds		
Common Equity Tier 1 before regulatory adjustments	49,901	47,820
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-2,896	-2,874
Common Equity Tier 1 (CET 1) capital	47,005	44,946
Tier 1 capital (T1=CET1+AT1)	47,005	44,946
Tier 2 (T2) capital before regulatory adjustments	-	-
Total regulatory adjustments to Tier 2 (T2) capital	-	-
Tier 2 (T2) capital	-	-
Total capital (TC=T1+T2)	47,005	44,946

	2017	2016
	(EUR, thousands)	
RISK WEIGHTED ASSETS		
Credit and counterparty risk	118,886	113,352
Items in balance sheet	87,734	82,286
Off balance-sheet commitments	29,477	29,176
Derivative contracts	1,674	1,890
Credit valuation adjustment (CVA)	4,194	6,452
Market risk	1,251	-
Currency risk	1,251	-
Operational risk	23,726	15,593
Risk-weighted assets total	148,056	135,397
Minimum standard of Own funds	11,845	10,832
Amount which exceeds minimum standard of Own funds	35,160	34,114
Common Equity Tier 1 (as a percentage of total risk exposure amount)	31.7	33.2
Tier 1 (as a percentage of total risk exposure amount)	31.7	33.2
Total capital (as a percentage of total risk exposure amount)	31.7	33.2

Liquidity Coverage Ratio

In order to improve the short-term payment capabilities of financial institutions, a liquidity coverage ratio ("**LCR**") was implemented in 2015, pursuant to which the liquidity buffer comprised of high quality liquid assets ("**HQLA**") must amount at least 100 per cent. of the stress-tested amount of monthly net cash outflows. The Basel Committee has developed the Net Stable Funding Ratio (the "**NSFR**") which aims to ensure that a firm has an acceptable amount of stable funding to support its assets and activities over a one year horizon. The NSFR is yet to be implemented into EU law as a binding requirement as at the date of the Base Prospectus.

Pursuant to the Amalgamation Act, the FIN-FSA has granted the central institution of the Amalgamation the power to waive the application of the liquidity requirements set out in part six of the CRD IV Regulation to individual Member Credit Institutions.

The Issuer manages the Amalgamation's LCR. At the end of December 2017, the Amalgamation's total LCR portfolio consisted of approximately EUR 1,284 million of liquid assets (before haircut). The Issuer and the Union Co-op monitor the Amalgamation's LCR.

Selected Financial Information

The following is a summary of the Issuer's audited financial statements for the financial years ended 31 December 2017 and 31 December 2016. The Issuer's financial statements have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as adopted by the EU.

	As at and for the twelve month period ended 31 December	
	2017	2016
	(EUR, thousands)	
STATEMENT OF PROFIT OR LOSS DATA*		
Interest income	22,629	20,648
Interest expense	-15,922	-15,242
Net interest income	**6,707**	**5.406**
Net fee and commission income	10,238	8,242
Net trading income	-774	83
Other operating revenue	1,454	1,501
Total operating revenue	17,624	15,233

	As at and for the twelve month period ended 31 December	
	2017	**2016**
	(EUR, thousands)	
Personnel expenses	-3,328	-2,796
Other operating expenses	-10,623	-9.574
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-579	-515
Total operating expenses	**-14,530**	**-12,885**
Net impairment loss on financial assets	-1,195	-1,251
Operating profit	**1,900**	**1,096**
Taxes	62	46
Profit	**1,962**	**1,142**

* The full Statement of profit or loss and other comprehensive income are contained in the financial statements of the Issuer that are incorporated herein.

	As at 31 December	
	2017	**2016**
	(EUR, thousands)	
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Cash and cash equivalents	1,102,254	1,082,955
Loans and advances to credit institutions	1,376,815	1,030,716
Loans and advances to customers	93,133	82,412
Derivatives	3,169	4,615
Investment assets	35,039	92,070
Property, plant and equipment	284	202
Intangible assets	1,561	1,590
Tax assets	1,335	1,284
Other assets	59,933	9,287
Total Assets	2,673,522	2,305,132
LIABILITIES AND EQUITY		
Liabilities		
Liabilities to credit institutions	813,497	777,425
Liabilities to customers	263,255	9,281
Derivatives	61	-
Debt securities issued	1,534,862	1,420,273
Tax liabilities	89	70
Other liabilities	11,858	50,262
Total liabilities	2,623,621	2,257,312
Equity		
Share capital	40,000	40,000
Reserves	19,215	19,097
Retained earnings	-9,314	-11,276
Total equity	49,901	47,820
Total liabilities and equity	2,673,522	2,305,132

INFORMATION ON THE GROUP AND THE AMALGAMATION

The Issuer as a part of the Group and the Amalgamation

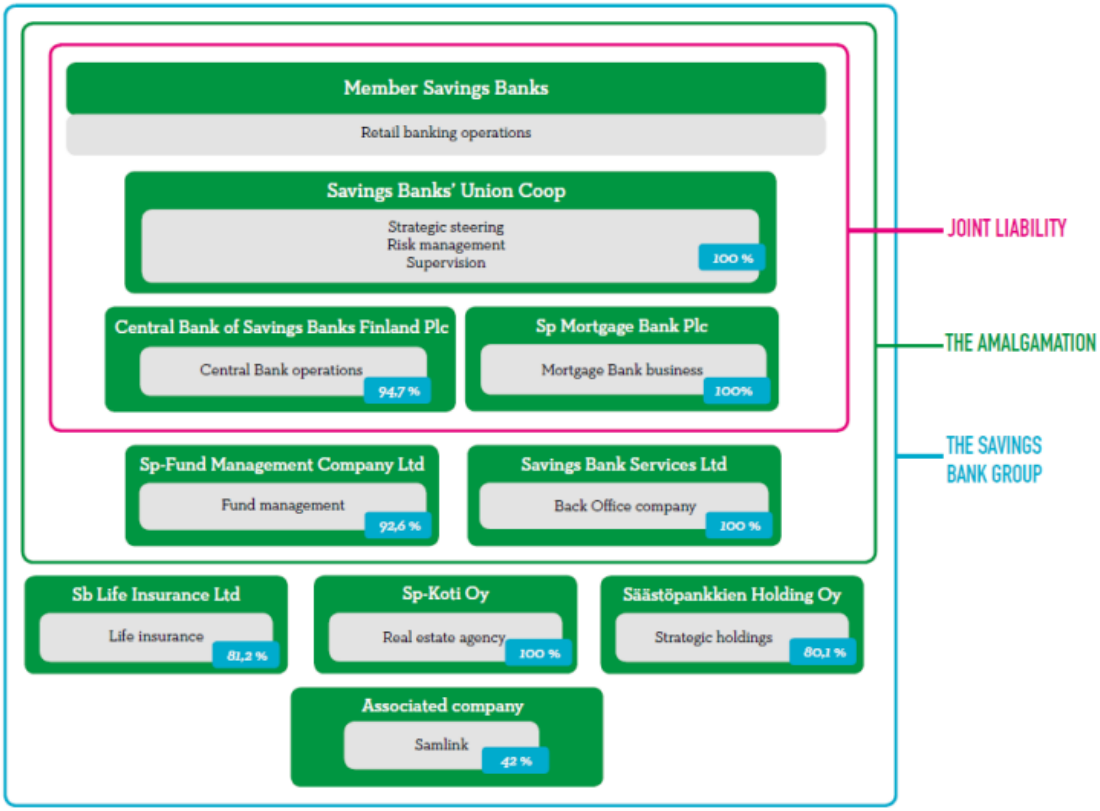
The Amalgamation comprises the Savings Banks' Union Co-op, which acts as the central institution of the Amalgamation, 23 Savings Banks (as at the date of this Base Prospectus), the Issuer, Sp-Fund Management Company Ltd, Sp Mortgage Bank Plc, Savings Bank Services Ltd as well as the companies within the consolidation groups of the above-mentioned entities and their associated institutions.

The structure of the Group differs from that of the Amalgamation so that the Group also includes organizations other than credit and financial institutions or service companies. The most significant companies comprising the Group (but not the Amalgamation) are Sb Life Insurance Ltd, Sp-Koti Oy and Säästöpankkien Holding Oy.

The Group operates only in Finland and is the oldest banking group in Finland. The first of the Savings Banks was established in Turku in 1822. The Finnish Savings Banks Association (which became the Savings Banks' Union Co-op as of 30 April 2014) is the central institution of the Savings Banks; it was established in 1906 and changed its form from a registered association to a co-operative in 2014.

In November 2013 and January 2014, the Savings Banks within the Group came to a decision on the forming of an amalgamation as defined in the Amalgamation Act and to turn the Union Co-op into a central institution for the Amalgamation. In November 2013, the Savings Banks decided to join the Amalgamation, approving its operating principles and the bylaws of the Union Co-op and making the changes to the Savings Banks' bylaws or Articles of Association required by taking up the membership in the Amalgamation. For more information on the regulation, see "*Information on the Group and the Amalgamation – the Amalgamation Act*". The Union Co-op obtained the licence from the FIN-FSA to act as the central institution of the Amalgamation on 16 October 2014, and the operations as the Amalgamation began on 31 December 2014.

The diagram below shows the structure of the Group, the Amalgamation and the joint liability within the Amalgamation.



The Structure of the Group and the Amalgamation

In the Group, executive decision-making at the Amalgamation level steers and influences the decision-making process in the individual companies of the Amalgamation. Additionally, Amalgamation-level executive decisions form the basis of the individual company's board decisions as necessary. As well as executive steering, individual companies must take into account legal and administrative requirements.

The Amalgamation (shown in the green box in the diagram above) is a financial group formed by the Savings Banks, the Issuer, Sp Mortgage Bank Plc, Sp-Fund Management Company Ltd, Savings Bank Services Ltd, and their central institution, the Union Co-op, and their subsidiaries and associated institutions. Certain entities within the Amalgamation (shown in the red box in the diagram above) share joint liability under the Amalgamation Act. The assets of these entities make up approximately 99.95 per cent of the total Amalgamation assets and 92.41 per cent. of the Group assets as at 31 December 2017.

The ideological basis of the Amalgamation is the promotion of the exercise of prudence amongst the Savings Banks' customers and their financial wellbeing. This is the root of its values, its basic service principles and the focus of its customer work.

The purpose of the Union Co-op is to act as the central administrative institution for the Amalgamation in accordance with the Amalgamation Act and to manage the finance and insurance activities within the Group. The Union Co-op aims to promote and support, on the basis of equality, the development and co-operation of the Savings Banks, Sp Mortgage Bank Plc and the Issuer as well as the other companies and entities within the Group and the Group as a whole. For more information on the Union Co-op, see "*Information on the Group and the Amalgamation—Savings Banks' Union Co-op*".

The Group (shown in the blue box in the diagram above) is comprised of the Amalgamation and other institutions belonging to the Group. The Group differs from the Amalgamation in that the Group also includes other institutions apart from credit and finance institutions and service companies. The most notable of these are Sb Life Insurance Ltd (life insurance operations), Säästöpankkien Holding Oy and Sp-Koti Oy (real estate brokerage).

The Group does not constitute a corporate group in the sense defined in the Accounting Act or a consolidated group as defined in the Credit Institutions Act.

Savings Banks

The Savings Banks belonging to the Amalgamation own together with Säästöpankkien Holding Oy (0.2 per cent.) 94.73 per cent. of the Issuer's shares. The Savings Banks belonging to the Amalgamation together with the Issuer and Sp Mortgage Bank Plc are the only members of the Amalgamation's central institution, the Union Co-op. Savings Banks are independent regional and local banks. Together the Savings Banks combine local, regional and national interests. At the end of 2017, the Savings Banks maintained 150 offices under their individual brand and under the brand of the Group, with a total of some 477,000 customers across all Savings Banks. In 2017, the Group had on average 1,343 employees (1,270).

The Savings Banks are deposit banks, regulated not only by the Credit Institutions Act but also by the Savings Bank Act, according to which the Savings Banks have the special objective of promoting saving. A minimum of ten corporations or foundations or a minimum of twenty natural persons are required in order to establish a savings bank. The sizes of the Savings Banks vary substantially as the balance sheet of the largest Savings Bank, Säästöpankki Optia, was EUR 1,416 million, and the balance sheet of the smallest Savings Bank, Kiikoisten Säästöpankki, was EUR 29 million each as at 31 December 2017. A Savings Bank's own restricted capital consists of the basic capital and the reserve fund, as well as possibly a revaluation fund and a basic fund. The Group includes four Savings Banks which take the form of limited companies, whose share capital is included in the basic capital in equity. The FIN-FSA has granted credit institution licences to all of the Savings Banks and supervises the operations at Amalgamation level.

The Savings Banks focus on low-risk retail banking, particularly services related to daily business, saving and investments, and lending services. The target groups of the Savings Banks are working-age households, small and medium-sized enterprises ("**SMEs**") and agricultural customers. The product and service range covers all the main banking services for both personal and business customers. They are

complemented by other financial sector services and products provided together with partners. In the Greater Helsinki area, a corresponding retail bank operation is carried out by Nooa Säästöpankki Oy, which is a company jointly owned by the other Savings Banks and Oma Säästöpankki Oyj.

The sales of products and services are provided by both physical branch offices and online banking. The majority of the Group's corporate customers have an annual turnover of under EUR 10 million. The majority of the funds raised by the Group have been granted as housing loans to the Group's customers. As at 31 December 2017, households, SME's and agricultural customers made up 100 per cent. of the loans (i.e. loans and advances to customers) on the Group's balance sheet. The majority of the Group's loans have been granted against residential housing serving as collateral for the loan.

The Savings Banks original ideology, the desire to promote the wellbeing of individuals and communities, continues to be the basis of the Savings Banks' operations today. The promotion of thrift is mentioned in the Savings Bank Act as the special purpose of the Savings Banks. The aim of the Savings Banks is to increase customer share, good profitability, economic wellbeing of both the local community and customers, and a Savings Bank brand, which attracts both customers and employees.

Comparison of the Total Assets of the Savings Banks and the Group

The Savings Banks and their total assets as of 31 December 2017 and 31 December 2016 are the following:

	31 December 2017	**31 December 2016**
	(*Consolidated*)	
Name of the Savings Bank	*(EUR million)*	
Aito Säästöpankki Oy	659	701
Avain Säästöpankki	325	337
Ekenäs Sparbank	150	149
Eurajoen Säästöpankki	242	224
Helmi Säästöpankki Oy	286	285
Huittisten Säästöpankki	371	387
Kalannin Säästöpankki	169	174
Kiikoisten Säästöpankki	29	25
Kvevlax Sparbank	177	175
Lammin Säästöpankki	502	480
Liedon Säästöpankki	1,009	1,013
Länsi-Uudenmaan Säästöpankki	660	644
Mietoisten Säästöpankki	137	140
Myrskylän Säästöpankki	183	175
Nooa Säästöpankki Oy	761	752
Närpes Sparbank Ab*	400	392
Pyhärannan Säästöpankki	35	36
Someron Säästöpankki	438	450
Suomenniemen Säästöpankki	96	89
Sysmän Säästöpankki	89	88
Säästöpankki Optia	1,416	1,399
Säästöpankki Sinetti	219	225
Ylihärmän Säästöpankki	180	163
Total	8,531	8,503
Total Assets of the Group	**11,326**	**10,424**

The Savings Banks share joint liability for each others' debts and those of the Issuer and Sp Mortgage Bank Plc (subject to the limitations of the Amalgamation Act). At 31 December 2017, the combined assets of the Savings Banks were EUR 8,531 million (2016: EUR 8,503 million). By comparison the consolidated assets of the Group were EUR 11,326 million as at 31 December 2017 (2016: EUR 10,424 million).

Corporate Structure

The corporate structure of the Savings Banks takes one of two forms, either that of a traditional savings bank or a savings bank limited company. The highest level of decision making in the Savings Banks structured using the traditional savings bank form rests with the board of trustees of a Savings Bank (in Finnish*: isännistö*), who are representatives of the depositors and where relevant, of the holders of equity capital (in Finnish: *kantarahasto-osuuksien* omistajat) shareholders. The highest level of decision making in the Savings Banks which are structured as limited companies rests with the savings bank trusts at the annual general meeting, the boards of which are similarly comprised of representatives of the depositors. The board of trustees of a Savings Bank and the Savings Bank trusts at the annual general meeting elect the board for their respective Savings Banks.

Savings Banks' Union Co-op

The Union Co-op was established in 1906 (prior to 30 April 2014: The Finnish Savings Banks Association), and is organised under the laws of the Republic of Finland. The Union Co-op's financial year is one calendar year. The Union Co-op is domiciled in Helsinki, Finland, and registered in the Finnish Trade Register under the business identity code 0117011-6. Its registered address is Teollisuuskatu 33, 00510 Helsinki, Finland. The Issuer, the Savings Banks and Sp Mortgage Bank Plc are the only members of the Union Co-op.

The Union Co-op is the central institution for the Amalgamation. The Union Co-op's bylaws supplement the Amalgamation Act. Decisions on amendments to the Union Co-op's bylaws shall be made by the general meeting of the Union Co-op in accordance with the Cooperatives Act and the Union Co-op's bylaws. The Union Co-op's bylaws retain, among other things, information on the Union Co-op's purpose, the control and supervision of the Amalgamation, withdrawal and expulsion of members, information on the general meetings of the Union Co-op, information on the duties and the election of the Union Co-op's management, representation of the Union Co-op, information on the shares and cooperative contribution, fees for the services provided to the Union Co-op's members, information on the Union Co-op's responsibility for debts of the Member Credit Institutions and information on the joint liability under the Amalgamation Act.

The Union Co-op's key objective is to support and foster the competitiveness of the Savings Banks and the achievement of the Group's objectives. Pursuant to the Amalgamation Act, the Union Co-op is responsible among other things for issuing guidelines on risk management, good corporate governance, internal control and guidelines for the application of uniform accounting principles in preparing the consolidated financial statements of the Group. For further information on the Union Co-op's role and its responsibility under the Amalgamation Act, see "*The Amalgamation Act*".

According to Article 2 of its bylaws, the Union Co-op's objective is to provide services needed by the companies belonging to the Amalgamation, hold shares and participations in the companies belonging to the Amalgamation and to engage in other investment activities that may be justified from the perspective of the Amalgamation. The Union Co-op may not engage in any other material business. The Union Co-op may arrange the services it is to provide through subsidiaries or other companies. The Union Co-op controls the centralised services of the Group, develops the business of the Group, sees to the strategic direction of the Group and the supervision of its interests and is in charge of the control and supervision duties that pertain to the central institution of an amalgamation and the undertaking at the head of a financial and insurance conglomerate.

In accordance with the Amalgamation Act, a credit institution may be accepted as the Union Co-op's member, provided that the credit institution's bylaws or articles of association under section 6 of the Amalgamation Act have been adopted. The decision on the adoption of the bylaws or the articles of association by the credit institution shall be valid only if the related proposal is supported by at least a two-thirds vote given by those at a general meeting of the co-operative or meeting of trustees of such credit institution (as the case may be) or if it is supported by at least a two-thirds vote given by those at a general meeting of shareholders and two-thirds of shares represented at the meeting of such credit institution (as the case may be).

The Union Co-op is tasked with promoting the development and co-operation of the Savings Banks and to act as their representative. Joint Savings Bank policies, most importantly the strategy, are decided by

the general meeting of the Union Co-op. The Union Co-op attends to the business development, marketing, training provision and communications of the Savings Banks.

The primary objective of the Union Co-op is to facilitate the achievement of the Amalgamation's shared strategic goals. The Union Co-op is responsible for the steering and oversight of the Amalgamation in accordance with the Amalgamation Act, as well as coordinating the centralised development and service provision functions of the Amalgamation.

As part of the promotion of the interests of its members, the Union Co-op may enter into agreements on behalf and on the joint account of its members in accordance with the principles approved by the general meeting of the Union Co-op. The Union Co-op may not make decisions or take measures that are likely to result in unjust benefit to a member or another party to the detriment of the Union Co-op or another member.

The shared support services required by the Savings Banks and product and service companies are organised in the Union Co-op. These centralised services relate to the Group's governance, steering, development, support services and the Group's ICT management. In terms of input-output, these services are best centralised for reasons of know-how, efficiency, and risk management. In addition, the treasury function and mortgage bank operations are carried out by the Union Co-op in its role as the central institution's functional organisation, as these services also form a part of the centralised support services, and are only organised as a separate company for practical reasons.

At 31 December 2017, the Union Co-op employed a staff of 59.

Management of the Union Co-op

The highest decision-making body of the Union Co-op is formed of the members in attendance at the Annual Meeting of the Union Co-op, which is attended by all member banks of the Union Co-op. An extraordinary meeting of the Union Co-op shall be convened if the Board of Directors finds it necessary or if it is required by law. The Annual Meeting elects the Board of Supervisors of the Union Co-op. Members of the Board of Supervisors include the chairpersons of the Boards of Directors of all Savings Banks or the chairperson of the Board of Supervisors, if the bank has such a body. The Board of Supervisors consists of no less than nine (9) and no more than thirty-five (35) members.

The members of the Union Co-op at the Annual Meeting elect the Board of Directors (6–9 members) of the Union Co-op. The Board of Directors mainly consists of CEOs of the Savings Banks. The Board of Supervisors and Board of Directors of the Union Co-op establish committees to support their operation as required by the Act on Credit Institutions and otherwise at their discretion. Each of these has an appropriate charter, detailing its purpose, composition, operation and functions.

The Union Co-op's Board of Directors has the following committees: the Audit Committee, Risk Committee and the Asset and Liability Management Committee.

Board of Supervisors of the Union Co-op

The Board of Supervisors is responsible for supervising the management of the Union Co-op, as carried out by the Board of Directors and the CEO, as well as supervising the expert and diligent management of the Union Co-op's activities in accordance with the Cooperatives Act and the interests of the central institution and the Group. In particular, the Board of Supervisors is responsible for maintaining and promoting internal cooperation within the Group. The Board of Supervisors may issue instructions to the Board of Directors regarding matters that are extensive or significant in terms of principle. In addition, the Board of Supervisors shall (1) give a statement to the general meeting of the Union Co-op on the Group's strategy and other shared objectives and operating principles; (2) confirm the Group's rules of audit and operating principles of audit; (3) give a statement to the annual general meeting of the Union Co-op on the financial statements, consolidated financial statements and annual report; (4) decide upon a prohibition on returning the subscription prices paid for shares and upon the revocation of such prohibition; and (5) handle other matters upon the proposal of the board of directors. The supervisory board has established two permanent committees, the Nomination Committee and the Renumeration Committee.

Board of Directors of the Union Co-op

At the date of this Base Prospectus, the Chairman and members of the Union Co-op's Board of Directors were: Mr Kalevi Hilli (Chairman), the CEO of Säästöpankki Optia; Mr Toivo Alarautalahti (Deputy Chairman), the CEO of Huittisten Säästöpankki; Pirkko Ahonen, the CEO of Aito Säästöpankki Oy; Sanna Ahonen, the Strategy & Development Director of Posti Group Oyj; Peter Finne, the Managing Director of Kvevlax Sparbank; Jussi Hakala, the CEO of Lieto Savings Bank; Jan Korhonen, the CEO of Suomenniemen Säästöpankki; Marja-Leena Tuomola, the Chief Operation Officer of Sanoma Digital Finland.

Conflicts of Interests

Except for the joint liability under the Amalgamation Act, there are no conflicts of interest between the duties of the members of the Union Co-op's administrative and management bodies to the Union Co-op and their other duties and private interests.

CEO and Deputy CEO

Mr Tomi Närhinen was appointed as the CEO of the Union Co-op as of 1 September 2017. Ms Anita Aalto serves as deputy to the CEO.In accordance with the provisions of the Cooperatives Act, the CEO shall see to the executive management of the Union Co-op. Furthermore, the CEO shall execute the strategy of the Group in accordance with the instructions and orders given by the Board of Directors, prepare the matters to be presented to the Board of Directors and assist the Board of Directors in preparing the matters to be presented to the Board of Supervisors.

The business address of the CEO and the Deputy CEO is Teollisuuskatu 33, 00510 Helsinki, Finland.

Corporate Governance

The activities of the Group comply with the provisions of current legislation, orders issued by the authorities, good banking practice regulations approved by the Federation of Finnish Financial Services, as well as the Group's corporate governance policies and other internal guidelines.

The Group's governance policies are approved by the Board of Directors of the Union Co-op and updated at least once a year or whenever there are changes in the operational environment, business model, regulations, and/or statutory requirements.

The activities of the Amalgamation and its central institution, the Union Co-op, are regulated by EU and national legislation and regulation. The relevant national statutes are contained in the Act on Credit Institutions, the Act on the Amalgamation of Deposit Banks, the Savings Banks Act and the Cooperatives Act. In addition, the Amalgamation operates in accordance with good banking practice and the procedural regulations concerning personal data processing.

The corporate governance in accordance with the governance policies comprises the Board of Directors and executive directors, relations between the shareholders and other stakeholder groups, the setting of targets, deciding on the means of attaining them, and monitoring performance. Implementation of corporate governance policies is promoted by a clear frame of reference, consistently and comprehensively documented guidelines, and clearly defined decision-making levels.

The Group attempts to minimise the realisation of operative risks by continuously developing its personnel and by putting in place extensive policies and internal control measures, which include the separation, where possible, of preparatory work, decision-making, implementation and monitoring.

The risks of new products or services shall be assessed before introduction. An assessment shall also be performed at the introduction of a new service package if products and services are combined in a new way. The Union Co-op is responsible for internal control and risk management processes as required when new products or services are being introduced.

The Union Co-op is responsible for the Amalgamation's risk management and has established a risk committee. The Risk Committee assists the Union Co-op's Board of Directors and operative management and its tasks include, but are not limited to, the preparation of Amalgamation-level risk strategies and limits, monitoring that the Member Credit Institutions' risk strategies are in compliance with the

Amalgamation-level risk strategies, assessments of the Member Credit Institutions' credit risks and management of the capital adequacy.

Auditor of the Union Co-op

The Union Co-op has one auditor, which is required to be a public accounting company approved by the Auditor oversight of the Finnish Patent and Registration Office. The auditor also audits the consolidated financial statements as referred to in the Amalgamation Act. The consolidated financial statements as referred to in the Amalgamation Act for the financials year ended 31 December 2017 and 2016 are incorporated in this Base Prospectus by reference and have been audited by KPMG Oy Ab, with Authorised Public Accountant Petri Kettunen as principle auditor. The business address of the auditors and the auditors' firm is Töölönlahdenkatu 3 A, FI 00101 Helsinki, Finland.

Strategy of the Savings Banks

The Savings Banks focus on retail banking and in particular day-to-day banking, saving and investing, and lending services. The Savings Banks' products and services portfolio covers all key banking needs of private and corporate customers alike. These are complemented by the financial-sector services and products provided in collaboration with our partners. The Savings Banks' main customer focus is on household, SME customers and agricultural customers.

The aim of the Savings Banks is to increase customer share, good profitability, economic wellbeing of both the local community and customers, and a Savings Bank brand which attracts both customers and employees.

The Savings Banks growth shows both in current customers concentrating their banking with the Savings Banks and in the rising number of new customers. The Savings Banks strategy relies on the competence of the Savings Banks' employees.

The Savings Banks' success is based on good profitability, cost-effectiveness, financial solidity, and risk management. Business development, risk-bearing capacity, dependable operations and security all rest on the foundation of a capital adequacy buffer.

Despite the above, each of the Savings Banks operates individually and has its own strategy linked to the Group-level strategy.

Service Companies and Associated Companies

In addition to the Issuer, the Group has several service companies. Sp Mortgage Bank Plc, Sp-Fund Management Company Ltd and Savings Bank Services Ltd belong to the Amalgamation. Sb Life Insurance Ltd, Sp-Koti Oy and Säästöpankkien Holding Oy do not belong to the Amalgamation but they are part of the Group. The service companies belonging to the Group are owned by the Member Credit Institutions, which provide financing for the service companies if required. In addition, the Group or companies belonging to the Group own shares in the associated companies.

Sp Mortgage Bank Plc has been a member of the Union Co-op and belonged to the Amalgamation since 21 March 2016. Sp Mortgage Bank Plc operates as a mortgage credit bank (*kiinnitysluottopankki*) under the Finnish Covered Bond Act (in Finnish: *Laki kiinnitysluottopankkitoiminnasta 688/2010*). On 21 March 2016, the ECB granted Sp-KLP Palvelu Oy the authorisation to act as a mortgage bank under the name Sp Mortgage Bank Plc. The mortgage bank operation was launched on 29 March 2016. The role of Sp Mortgage Bank within the Group is, together with the Issuer, to be responsible for obtaining funding for the Group from the money and capital markets. Sp Mortgage Bank Plc is responsible for the Group's mortgage-secured funding by issuing covered bonds. Sp Mortgage Bank Plc does not have independent customer business operations or a service network; instead, the Savings Banks that belong to the Amalgamation intermediate and sell residential mortgage loans for Sp Mortgage Bank Plc. The Savings Banks also take care of the local customer relationship management. Only Savings Banks belonging to the Amalgamation can act as intermediary banks for Sp Mortgage Bank Plc.

Sp-Fund Management Company Ltd is an investment fund company owned by the Savings Banks that provides the Savings Banks and their customers with services in fund and asset management. Established in 2003, it promotes long-term saving and serves as the investment markets expert unit for the Savings Banks. At the end of 2017, the company administered 22 investment funds with a total capital of EUR 2.4

billion (2016: EUR 1.9 billion). The number of fund unit holders at that time was 179,068 (2016: 159,968).

Sb Life Insurance Ltd complements the Savings Banks' core business and strategy of saving and investment. The company offers life insurance products and services for private customers and corporate saving, investment and personal risk coverage.

Sp-Koti Oy is a real estate agent franchising entity, which coordinates and upholds the Savings Bank values within the real estate franchise. Sp-Koti Oy offers a franchising opportunity to local estate agents to benefit from the use of the Savings Banks logo and the strong support provided by their local Savings Bank. During its first four years of operation, the franchise has expanded strongly to cover the entire country. In 2017, Sp-Koti Oy included 34 companies (2016: 32 companies), one own unit and on average eight entrepreneurs using a trading name.

Savings Bank Services Ltd commenced its operations in June 2017 and was established through a merger of two back office companies, SP Back Office Oy and SP Taustataiturit Oy, and through business transfers of three banks.

Oy Samlink Ab provides the Group with banking and information system services. The Savings Banks together own 42 per cent. of the shares in Oy Samlink Ab. The other shareholders in Oy Samlink Ab are Aktia Bank p.l.c., POP Banks, Svenska Handelsbanken Ab, Oma Säästöpankki Oyj and Posti Group Plc. Established in 1994, Oy Samlink Ab is one of the first Finnish companies focusing on information technology service provision for the financial sector. Oy Samlink Ab's subsidiary Paikallispankkien PP-Laskenta Ltd provides financial administration services to businesses operating in the financial sector.

Recent Events

The central development projects of the Group include reforming the core banking system. At the beginning of the year 2017, the Savings Banks Group signed an exclusive letter of intent related to reforming the core banking system with the Norwegian company EVRY AS. In October 2017, the exclusive letter of intent expired and the Savings Banks Group agreed with EVRY AS to continue the negotiations related to reforming the core banking system non-exclusively during 2018. The new core banking system aims to facilitate faster and more efficient deployment of customer systems, better preparation for information management and more cost-efficient management of transactions and agreements.

The Board of Directors of the Union Co-op is not aware of any other factors which would materially influence the financial position of the Group after the completion of the financial statements.

Risk-bearing capacity and capital adequacy

The capital adequacy requirements set out in the Credit Institutions Act are determined based on the combined Amalgamation's operations, which are based on the Amalgamation Act that became effective as of 1 July 2010. Owing to the regulations on joint liability and security conditions prescribed in the Amalgamation Act, a minimum amount of capital resources has been set aside for the Amalgamation, calculated according to the regulations for capital adequacy specified in the Credit Institutions Act and CRD IV Regulation, which entered into force on 1 January 2014.

The Amalgamation Act is based on the principle that the amalgamation is structurally stable and permanent. Therefore, it is a prerequisite for withdrawal from the membership that the capital adequacy calculated for the Amalgamation will remain as regulated irrespective of the withdrawal. The payment liability of an entity belonging to the joint liability shall also apply to a former member which has withdrawn or been expelled from the Amalgamation, if less than five years have passed since the end of the financial year in which such entity withdrew or was expelled from the Amalgamation when a demand regarding payment liability is made on the former member.

Capital adequacy of the Amalgamation

As at 31 December 2017, the Amalgamation's capital structure consisted primarily of CET1 capital. Total own funds were EUR 984.6 million (31 December 2016: EUR 936.6 million), of which CET1 capital accounted for EUR 939.1 million (31 December 2016: EUR 887.9 million). The increase in CET1 capital was due to both the profit for the period. Tier 2 (T2) capital accounted for EUR 45.5 million (31

December 2016: EUR 48.7 million), which consisted of debentures in the financial year. Risk-weighted assets amounted to EUR 5,165.7 million (31 December 2016: EUR 4,805.4 million), i.e. they were 7.5 per cent. higher than at the end of the previous year. The most significant change related to the increase in risk-weighted assets was growth in the mortgage portfolio. The capital ratio of the Amalgamation was 19.1 per cent. (31 December 2016: 19.5 per cent.) and the CET1 capital ratio was 18.2 per cent. (31 December 2016: 18.5 per cent.).

The standard method is used to calculate the capital requirement to the credit risk of Savings Banks. The capital requirement to operational risk is calculated by the basic method. The capital requirement relating to market risk is calculated with the basic method on the foreign exchange position.

	2017	**2016**
	(EUR, thousands)	
OWN FUNDS		
Common Equity Tier 1 (CET1) capital before regulatory adjustments	969,674	915,685
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-30,591	-27,835
Common Equity Tier 1 (CET1) capital	939,082	887,850
Additional Tier 1 (AT1) capital before regulatory adjustments	0	0
Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	0
Additional Tier 1 (AT1) capital	0	0
Tier 1 capital (T1=CET1+At1)	939,082	887,850
Tier 2 (T2) capital before regulatory adjustments	45,483	48,717
Total regulatory adjustments to Tier 2 (T2) capital	0	0
Tier 2 (T2) capital	45,483	48,717
Total capital (TC=T1+T2)	984,565	936,567
Total risk weighted assets	5,165,694	4,805,436
of which: credit and counterparty risk	4,601,921	4,250,278
of which: credit valuation adjustment (CVA)	72,541	98,561
of which: market risk	39,879	35,147
of which: operational risk	451,354	421,450
Common Equity Tier 1 (as a percentage of risk-weighted assets)	18.2%	18.5%
Tier 1 (as a percentage of total risk exposure amount)	18.2%	18.5%
Total capital (as a percentage of total risk exposure amount)	19.1%	19.5%

The Savings Banks Group's Financial Statements

	The Group	
	As at and for the twelve month period ended 31 December	
	2017	2016
	(EUR, thousands)	
INCOME STATEMENT		
Interest income	181,854	180,663
Interest expenses	-39,678	-48,970
Net interest income	142,176	131,693
Net fee and commission income	79,159	71,428
Net trading income	3,156	-56
Net investment income	39,065	17,809
Net life insurance income	15,552	11,810
Other operating revenue	3,083	12,692
Total operating revenue	282,191	245,376
Personnel expenses	-79,781	-76,117
Other operating expenses	-88,913	-81,944
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-13,999	-10,732
Total operating expenses	-182,693	-168,792
Net impairment loss on financial assets	-13,266	-8,411
Associate's share of profits	1,977	1,430
Profit before tax	88,210	69,603
Taxes	-16,316	-12,406
Profit	71,894	57,197
Profit attributable to:		
Equity holders of the Group	70,424	56,361
Non-controlling interests	1,471	835
Total	71,894	57,197

	As at 31 December	
	2017	**2016**
	(EUR, thousands)	
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Cash and cash equivalents	1,118,938	1,100,784
Financial assets at fair value through profit or loss	34,694	118,055
Loans and advances to credit institutions	33,181	20,855
Loans and advances to customers	7,753,391	6,942,744
Derivatives	53,220	72,024
Investment assets	1,260,677	1,306,780
Life insurance assets	855,422	708,374
Investment in associates	7,952	7,086
Property, plant and equipment	51,341	56,711
Intangible assets	28,725	22,137
Tax assets	3,009	3,977
Other assets	125,555	64,119
Total Assets	**11,326,105**	**10,423,646**
LIABILITIES AND EQUITY		
Liabilities		
Financial liabilities at fair value through profit or loss	25,369	108,595
Liabilities to credit institutions	228,458	227,049
Liabilities to customers	6,419,543	6,121,627
Derivatives	5,584	2,289
Debt securities issued	2,563,128	2,049,588
Life insurance liabilities	803,130	664,327
Subordinated liabilities	100,284	121,735
Tax liabilities	62,907	66,403
Provisions and other liabilities	100,181	108,631
Total liabilities	**10,308,585**	**9,470,245**
Equity		
Basic capital	20,338	20,338
Reserves	285,435	291,361
Retained earnings	685,279	617,709
Total equity attributable to equity holders of the Group	**991,053**	**929,408**
Non-controlling interests	26,467	23,994
Total equity	**1,017,520**	**953,402**
Total liabilities and equity	**11,326,105**	**10,423,646**

THE AMALGAMATION ACT

*The following is a brief overview of certain features of the Act on the Amalgamation of Deposit Banks (599/2010, as amended) (*in Finnish: *laki talletuspankkien yhteenliittymästä), (the "**Amalgamation Act**") as of the date hereof. The overview does not purport to be, and is not, a complete description of all aspects of the Finnish legislative and regulatory framework for the Amalgamation.*

General

The Amalgamation Act lays down requirements set for the operations of the Union Co-op acting as a central institution for the Amalgamation and the companies belonging to the Amalgamation.

The Amalgamation is formed by the Issuer, the Union Co-op, the Savings Banks, Sp Mortgage Bank Plc, Sp-Fund Management Company Ltd and Savings Bank Services Ltd as well as the companies within the consolidation groups of the above-mentioned entities and their associated institutions. The Union Co-op acts as the central institution of the Amalgamation.

Supervision

The Union Co-op, the Member Credit Institutions and other companies within the Amalgamation shall be supervised by the FIN-FSA as laid down in the Amalgamation Act and the Act on the Financial Supervision Authority. The Member Credit Institutions shall be supervised also by the Union Co-op as laid down herein.

The Union Co-op shall exercise oversight to ensure that the companies within the Amalgamation operate in accordance with the laws, decrees and regulations issued by the relevant authorities governing financial markets, and their own rules or articles of associations and the instructions issued by the Union Co-op by virtue of the Amalgamation Act. It is the Union Co-op's duty to supervise the financial position and the operations of the companies within the Amalgamation in accordance with the provisions of the Amalgamation Act.

Licence of the Union Co-op

The FIN-FSA issued a central institution's licence to the Union Co-op on 16 October 2014.

The FIN-FSA may cancel the central institution's licence if the Amalgamation no longer fulfils the capital requirements laid down in section 19 of the Amalgamation Act. Section 19 of the Amalgamation Act sets forth the requirements for the financial position of the Amalgamation and requires, *inter alia*, that the companies within the Amalgamation must together have own funds of the minimum amount provided for in Chapter 10, section 1 of the Credit Institutions Act, The amount shall be calculated in accordance with what is provided for the calculation of consolidated own funds in CRD IV Regulation. Additionally, pursuant to section 26 of the Act on the Financial Supervision Authority, the FIN-FSA may cancel the licence for example if the essential statutory conditions under which authorisation was granted or business was taken up no longer exist, or if the operations of the Union Co-op constitute a material breach of the provisions governing financial markets or the regulations issued thereunder by the authorities, the terms of authorisation or the rules applicable to the operations of the Union Co-op.

The rights and obligations of the Union Co-op, based on the provisions of Chapter 5 of the Amalgamation Act, which have been established prior to cancellation of the licence, shall not expire owing to said cancellation.

Joint liability of the Amalgamation

In summary, the Amalgamation Act prescribes the following with respect to the joint liability of the Amalgamation:

(a) Union Co-op's liability for debt: The Union Co-op must pay to each Member Credit Institution an amount that is necessary in order to prevent such Member Credit Institution's liquidation. The Union Co-op is responsible for the payments of any debts of a Member Credit Institution that cannot be paid using such Member Credit Institution's own funds.

(b) Joint liability of Member Credit Institutions: A Member Credit Institution must pay to the Union Co-op a proportionate share of the amount which the Union Co-op has paid either to another Member Credit Institution as part of the support action described above, or to a creditor of such Member Credit Institution as payment of a due debt for which the creditor has not received payment from his debtor. Furthermore, upon the insolvency of the Union Co-op a Member Credit Institution has an unlimited liability to pay the debts of the Union Co-op as set out in Chapter 14 of the Cooperatives Act.

(c) Each Member Credit Institution's liability, for the amount which the Union Co-op has paid on behalf of one Member Credit Institution to its creditors, is divided between the remaining Member Credit Institutions in proportion to their last adopted balance sheet totals.

(d) Member Credit Institution's obligation to participate in support actions: If the funds of any Member Credit Institution fall below the minimum threshold set out in the Credit Institutions Act or the Amalgamation Act, as the case may be, the Union Co-op is entitled to receive credit from the other Member Credit Institution by collecting additional repayable payments from them to be used to support actions to prevent liquidation of the Member Credit Institution whose funds have fallen below the minimum threshold. The annual aggregate amount of the payments collected from the Member Credit Institution on this basis may in each accounting period be a maximum amount of five thousandths (5/1,000) of the last adopted balance sheet total of each Member Credit Institution.

(e) Union Co-op's liability to pay a Member Credit Institution's overdue debt: A creditor who has not received payment from a Member Credit Institution on a due receivable (principal debt) may demand payment from the Union Co-op, when the principal debt falls due. As a result, pursuant to the Amalgamation Act, the Union Co-op is responsible for the payment of such debts. Having made such payment, the Union Co-op has a right to collect proportionate shares of the payment from Member Credit Institutions as described above in paragraph (b).

The Amalgamation Act is based on the principle that the Amalgamation is structurally stable and permanent. Therefore, it is a prerequisite for leaving the membership that the solvency calculated for the Amalgamation will remain above the minimum level required by applicable regulation irrespective of such member leaving and after taking into consideration any related liabilities. A member that has left the Union Co-op will be subject to joint liability even after this, if a liability for a payment arises within five years from the end of the financial year following the departure and if the payment claim is made to the credit institution less than five years from the end of the calendar year when the Member Credit Institution left the Union Co-op. This period of time is designed to ensure that the Member Credit Institution cannot intentionally avoid its joint liability in accordance with law by leaving the Union Co-op if another Member Credit Institution is threatened by liquidation.

Entities other than the Member Credit Institutions do not fall within the scope of the joint liability.

Responsibilities of the Union Co-op

Under the Amalgamation Act, the Union Co-op is responsible for issuing guidelines on risk management, good corporate governance, internal control and guidelines for the application of uniform accounting principles in preparing the consolidated financial statements of the Amalgamation to the Member Credit Institutions, with the aim of ensuring its liquidity and capital adequacy. The Union Co-op also supervises the Member Credit Institutions' compliance with applicable rules and regulations in respect of their financial position, any regulations issued by the relevant supervising authorities, their statutes and Articles of Association. The obligation to issue guidelines and exercise supervision does not however give the Union Co-op the power to direct the business operations of the Member Credit Institutions. Each Member Credit Institution carries on its business independently within the scope of its own resources.

Responsibilities of the Savings Banks

According to section 18 of the Amalgamation Act, a company within the Amalgamation may not, in the course of its operations, take any risk of such magnitude that it poses a substantial danger to the consolidated capital adequacy or liquidity of the companies within the amalgamation.

According to section 19 of the Amalgamation Act, companies within the Amalgamation must together have own funds of the minimum amount provided for in Chapter 10, section 1 of the Credit Institutions Act. The amount shall be calculated in accordance with what is provided for the calculation of consolidated own funds in the CRD IV Regulation.

On joint liability of the Member Credit Institutions, see "*The Amalgamation Act—Joint liability of the Savings Banks Group*".

Consolidated accounts of the Union Co-op and the Member Credit Institutions

The provisions of the Credit Institutions Act apply to the preparation of the Union Co-op's financial statements and consolidated financial statements and audit. A Member Credit Institution is not subject to provisions governing interim and annual reports prescribed by Chapter 12, section 12 of the Credit Institutions Act.

The Union Co-op shall prepare its financial statements based on the accounts of its Member Credit Institutions consolidated into those of the Union Co-op or on the consolidated financial statements, complying with the IFRS. The consolidated financial statements also include institutions over which the above mentioned institutions jointly have control as prescribed in the Accounting Act. The Group's financial statements, prepared by the Union Co-op, are prepared in accordance with the requirements set forth in the Amalgamation Act. In the event that IFRS cannot be applied owing to the special structure of the Amalgamation, the Union Co-op's board of directors shall adopt comparable accounting standards suited to the structure of the Amalgamation.

The Union Co-op's auditors shall audit the consolidated financial statements, by complying with the provisions of the Credit Institutions Act where applicable, which must be presented and notified to the annual general meeting of the Union Co-op.

The Member Credit Institutions shall keep a copy of the financial statements available for public inspection and provide copies thereof in compliance with the provisions under Chapter 12, section 11, subsections 2 and 4 of the Credit Institutions Act. The financial statements of the Union Co-op and its Member Credit Institutions as well as their subsidiaries must be combined to form the consolidated half-year and annual reports pursuant, as appropriate, to the provisions of section 9, subsection 2 of the Amalgamation Act and Chapter 12, section 12 of the Credit Institutions Act. The Union Co-op's Member Credit Institutions must give a copy of the consolidated half-year report to anyone who requests it.

A Member Credit Institution shall provide the Union Co-op with the information necessary for the consolidation of accounts. In addition, the Union Co-op and its auditor shall have the right to obtain a copy of the documents relating to the Member Credit Institution's audit for carrying out the audit of the consolidated financial statements, notwithstanding provisions elsewhere in the law governing confidentiality in respect of the credit institution and its auditor.

Withdrawal and/or expulsion of Savings Banks

In accordance with the Amalgamation Act, a Member Credit Institution may leave the Union Co-op by making amendments to the relevant provisions of its rules or articles of association and by notifying the board of directors of the Union Co-op of this in writing, provided the combined amount of the own funds of the companies remaining in the Amalgamation remains in compliance with section 19 of the Amalgamation Act after the departure of the Member Credit Institution. The decision is only valid if supported by a two thirds majority of the shareholders of the leaving Member Credit Institution. Section 19 of the Amalgamation Act provides that the amount of own funds required for companies within the Amalgamation is set forth in the Credit Institutions Act and calculated in accordance with the CRD IV Regulation. The preservation of solvency must be demonstrated with a calculation verified by the central cooperative's auditors.

A Member Credit Institution may be expelled from the Union Co-op if it has neglected its duties arising from the membership or in case it has, irrespective of a warning issued by the board of directors, failed to comply with the instructions issued by the Union Co-op by virtue of the Amalgamation Act in a manner that significantly endangers the management of liquidity or capital adequacy or the application of the standardised accounting policies or supervision of compliance with said policies, or in case a Member Credit Institution, otherwise acts in material breach of the Amalgamation's general operating principles

adopted by the Union Co-op. The decision on the expulsion of a Member Credit Institution shall be decided by a general meeting of the Union Co-op. The expulsion decision shall be valid only if supported by at least a two-thirds vote given by those at a general meeting of the Union Co-op.

The provisions of the Amalgamation Act on the payment liability of a Member Credit Institution also apply to a credit institution which has left the membership of the Union Co-op, if the payment claim is made to the credit institution less than five years from the end of the calendar year when the credit institution left the membership.

TAXATION

Finnish Taxation

The comments below are of a general nature based on the Issuer's understanding of current law and practice in Finland. They relate only to the position of person who are the absolute beneficial owners of the Notes and Coupons. They may not apply to certain classes of person such as dealers. Prospective Noteholders who are not resident in Finland for tax purposes and are in any doubt as to their personal tax position or who may be subject to tax in any other jurisdiction should consult their professional advisers. It should be noted that the tax laws of Finland may be amended with retroactive effect.

Taxation of Notes

Under present Finnish domestic tax law payments in respect of the Notes and the Coupons will be exempt from all taxes, duties and fees of whatever nature, imposed or levied by or within the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein, except such taxation the holder of the Note or Coupon to which any such payment relates is subject to thereon by reason of such holder being connected with the Republic of Finland otherwise than solely by the holding of such Note or Coupon or the receipt of income therefrom.

Finnish Capital Gains Taxes

Noteholders who are not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland will not be subject to Finnish duties or taxes on gains realised on the sale or redemption of the Notes and Coupons.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each other than Estonia, a "**participating Member State**"). However, Estonia has ceased to participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary' market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State, or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**"(as defined in FATCA), may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including The Republic of Finland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGA**s"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the

FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "Terms and Conditions—Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 27 February 2018 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. The Dealer Agreement provides that the obligations of the Dealers to subscribe for Notes may be subject to certain conditions precedent as agreed at the time of an issuance of Notes, including (among other things) receipt of legal opinions from counsel. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilising Manager in relation to that Tranche) will be set out in the relevant Final Terms. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer,

sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed that:

(a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and

(c) **General compliance**: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

The Republic of Finland

Each Dealer has agreed that it will not publicly offer the Notes or bring the Notes into general circulation in the Republic of Finland other than in compliance with all applicable provisions of the laws of the Republic of Finland and especially in compliance with the Finnish Securities Market Act *(Arvopaperimarkkinalaki* (746/2012, as amended)) and any regulation made thereunder, as supplemented and amended from time to time.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme was authorised by a duly convened meetings of the Board of the Issuer passed/given on 24 February 2015, 18 March 2015, 19 March 2015, 7 April 2015 and the update of the Programme was authorised by a duly convened meeting of the Board of the Issuer passed/given on 16 February 2018. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer.

   There are no governmental, legal, arbitration or administrative proceedings (including any such proceedings which are pending or threatened, of which the Union Co-op and/or the Group is aware), which may have, or which have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Union Co-op and/or the Group (and the Union Co-op and/or the Group are not aware of any such proceedings being pending or threatened).

Significant/Material Change

3. There has been no material adverse change in the prospects of the Issuer nor any significant change in the financial or trading position of the Issuer since 31 December 2017.

Auditors

4. The unconsolidated financial statements of the Issuer have been audited without qualification for the year ended 2016 and 2017 by KPMG Oy Ab, Authorised Public Accountants, members of the Finnish Institute of Authorised Public Accountants, who have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included.

5. For the purposes of Paragraph (3)(2)(f) of Schedule 1 of the Prospectus (Directive 2003/71/EC) Regulations 2005, KPMG accepts responsibility for the auditor's report prepared for the purposes of this Base Prospectus for the year 2015 and 2016 and has declared that all reasonable care has been taken to ensure that the information contained in the auditor's report is, to the best of KPMG's knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Base Prospectus in compliance with the item 1.2 of Annex IX of the Commission Regulation (EC) 809/2004.

6. The consolidated financial statements of the Group have been audited without qualification for the years ended 2016 and 2017 by KPMG Oy Ab, Authorised Public Accountants, members of the Finnish Institute of Authorised Public Accountants, who have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included.

Documents on Display

7. Copies of the following documents in physical form (together with English translations thereof) will be available for inspection at the offices of the Issuer and from the specified office of the Paying Agent in London for 12 months from the date of this Base Prospectus:

   (a) the articles of association and trade register extract of the Issuer;

   (b) the audited and unconsolidated financial statements of the Issuer for the years ended 2016 and 2017;

(c) the audited consolidated financial statements of the Group for the year ended 2017;

(d) the Agency Agreement;

(e) the Deed of Covenant;

(f) the Programme Manual (which contains the forms of the Notes in global and definitive form); and

(g) the Issuer-ICSDs Agreement.

The English versions of documents translated from the Finnish original are direct and accurate translations. In the event of an inconsistency between the original and translation, the Finnish language version will prevail.

Material Contracts

8. The Issuer does not have any material contracts that were not entered into in the ordinary course of the Issuer's business.

9. The Union Co-op does not have any material contracts that are not entered into in the ordinary course of the Union Co-op's business.

Clearing of the Notes

10. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number ("**ISIN**"), Financial Instrument Short Name ("**FISN**") and Classification of Financial Instruments ("**CFI**") code (as applicable) in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Legal Entity Identifier

11. The Legal Entity Identifier ("**LEI**") code of the Issuer is 7437000I5X6LNQOW6U59.

Issue Price and Yield

12. Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

Language

13. The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Listing Agent

14. Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of

the Irish Stock Exchange or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

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