BASE PROSPECTUS **21 December 2022**

S-BANK PLC

(*incorporated with limited liability in the Republic of Finland*)

EUR 1,500,000,000

Programme for the Issuance of Senior Preferred MREL Eligible Notes, Covered Bonds and Additional Tier 1 Capital Notes

Under this EUR 1,500,000,000 note issuance programme (the "**Programme**"), S-Bank Plc (hereinafter the "**Issuer**") may from time to time issue senior preferred MREL eligible notes ("**Senior Preferred MREL Eligible Notes**"), covered bonds under the Finnish Covered Bond Act (*laki kiinnitysluottopankeista ja katetuista joukkolainoista* 151/2022, as amended) (the "**CBA**") ("**Covered Bonds**") and additional tier 1 capital notes (the "**AT1 Notes**"), as defined in the General Terms and Conditions of the Notes (Senior Preferred MREL Eligible Notes, Covered Bonds and AT1 Notes together the "**Notes**") ("**General Terms and Conditions**"). The Programme provides that Notes may be listed on the Helsinki Stock Exchange maintained by Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") as specified in the Final Terms of the relevant series of Notes (each a "**Series**"). Each Series of Notes may comprise one or more tranches of Notes (each a "**Tranche of Notes**"). The Issuer may also issue unlisted Notes.

This base prospectus (the "**Base Prospectus**") should be read and construed together with any supplement or update hereto and with any other information incorporated by reference herein, and, with the applicable Final Terms of the relevant Notes (see "*Information Incorporated by Reference*"). This Base Prospectus is valid for a period of twelve months from the date of approval. 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. The obligation to prepare a supplement to this Base Prospectus in the event of any significant new factor, material mistake or inaccuracy does not apply when the Base Prospectus is no longer valid.

Besides filing this Base Prospectus with the Finnish Financial Supervisory Authority (the "**FIN-FSA**"), neither the Issuer nor the Arranger have taken any action, nor will they take any action, to render the public offer of the Notes or their possession, or the distribution of this Base Prospectus or any other documents relating to the Notes admissible in any jurisdiction requiring special measures to be taken for the purpose of a public offer. The Notes have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state of the United States. This Base Prospectus or the Final Terms are not to be distributed to the United States or in any other jurisdiction where it would be unlawful. The Notes may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**")), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

Investment in the Notes to be issued under the Programme involves certain risks. Prospective investors should carefully acquaint themselves with such risks before making a decision to invest in the Notes. The principal risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes are discussed under "*Risk Factors*" below.

At the date of this Base Prospectus, the Issuer has long- and short-term counterparty credit ratings BBB/A-2 by S&P Global Ratings ("**S&P**"). S&P is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). The Series of Notes issued under the Programme will be rated or unrated. Where a Series 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 Series of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. A credit 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.

The distribution of this Base Prospectus may in certain jurisdictions be restricted by law, and this Base Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Notes, or otherwise to permit a public offering of the Notes, in any jurisdiction outside of Finland. The Issuer, the Arrangers and the lead manager(s) of a specific Tranche of Notes (the "**Lead Manager(s)**") expect persons into whose possession this Base Prospectus comes to inform themselves of and observe all such restrictions. Neither the Issuer, the Arrangers nor the Lead Manager(s) accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of the Notes is aware of such restrictions. In particular this Base Prospectus may not be sent to any person in the United States, Australia, Canada, Japan, Hong Kong, South Africa, Singapore or any other jurisdiction in which it would not be permissible to deliver the Notes and the Notes may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any of these countries.

Arranger

Danske Bank

IMPORTANT NOTICES

IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS: PRIIPs Regulation / EEA Investor - 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 (EU) 2016/97 (the "**Insurance Distribution 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 point e) of Article 2 of Regulation (EU) 2017/1129 (as amended) (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (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.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS: UK PRIIPs Regulation / UK Investor - 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In this Base Prospectus, "**S-Bank**" or the "**Group**" refers to S-Bank Plc and its consolidated subsidiaries, except where context may otherwise require. All references to the "Issuer" refer to S-Bank Plc. This Base Prospectus has been prepared in accordance with the Prospectus Regulation (EU) 2017/1129 (as amended), the Commission Delegated Regulation (EU) 2019/979 (as amended), the Commission Delegated Regulation (EU) 2019/980 (as amended), the Finnish Securities Markets Act (*arvopaperimarkkinalaki* 746/2012, as amended) (the "**Finnish Securities Markets Act**") and the regulations and guidelines of the FIN-FSA. The FIN-FSA, which is the competent authority for the purposes of the Prospectus Regulation in Finland, has approved this Base Prospectus on 21 December 2022 (journal number FIVA/2022/1777). The FIN-FSA has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, but assumes no responsibility for the correctness of the information contained herein. Such approval shall not be considered as an endorsement of the Issuer or of the qualities of the Notes issued under this Base Prospectus. The Issuer will, as deemed necessary, supplement this Base Prospectus with updated information pursuant to Article 23 of the Prospectus Regulation. Otherwise, neither the delivery of this Base Prospectus nor any sale nor delivery made hereunder shall create any implication that there has been no change in the affairs of the Issuer since the date of this Base Prospectus or that the information herein is correct as of any time subsequent to the date of this Base Prospectus. The Arranger expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to its attention.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Lead Manager(s) that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. In making an investment decision, each investor should rely on their examination, analysis and enquiry of the Issuer and the terms and conditions of the relevant Series of Notes, including the risks and merits involved. Neither the Issuer, the Arranger or the Lead Manager(s) nor any of their respective affiliated parties nor representatives, is making any representation to any offeree or subscriber of the Notes regarding the legality of the investment by such person. Investors should make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Notes. Additionally, investors should make their own assessment as to the suitability of investing in the securities.

Neither the Arranger nor the Lead Manager(s) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Lead Manager(s) as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. Notwithstanding the responsibilities and liabilities, if any, which may be imposed on the Arranger or the Lead Manager(s) by Finnish laws or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, the Arranger or the Lead Manager(s) do not accept any responsibility whatsoever for the contents of this Base Prospectus or for any statement made or purported to be made by it, or on its behalf, regarding the Issuer and the Notes. The Arranger and the Lead Manager(s) accordingly disclaim any and all liability whether arising in tort, contract, or otherwise (save as referred to above) which they might otherwise have in respect of this Base Prospectus or any such statement.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or the Lead Manager(s). Nothing contained in this Base Prospectus is, or shall be relied upon as, a promise or representation by the Arranger or Lead Manager(s) as to the future. Investors are advised to inform themselves of any stock exchange release published by the Issuer. The Notes are governed by Finnish law and any disputes arising in relation to the Notes shall be settled exclusively by Finnish courts in accordance with Finnish law.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes and the applicable Final Terms.

This general description of the Programme must be read together with the other information included in this Base Prospectus.

Issuer:	S-Bank Plc
Issuer's LEI:	743700FTBNXAUN57RH30
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*".
Arranger:	Danske Bank A/S
Lead Manager(s) of Tranche of Notes and possible other subscription places:	Defined in Final Terms of a Tranche of Notes.
Issuer and Paying Agent:	Defined in Final Terms of a Tranche of Notes.
Maximum amount of the Programme:	EUR 1,500,000,000. The Issuer may increase the maximum amount.
Final Terms:	Notes issued under the Programme will be issued pursuant to this Base Prospectus and associated Final Terms. The terms and conditions applicable to any particular Tranche of Notes will be the General Terms and Conditions combined with the relevant Final Terms.
Note currencies:	Euro.
Term of Notes:	Term of the Senior Preferred MREL Eligible Notes and Covered Bonds is a minimum of one (1) year. AT1 Notes will not have any final maturity date.
Issue price:	Notes may be issued at an issue price which is fixed or floating, as specified in the applicable Final Terms.
Form of Notes:	The Notes are issued in book-entry form in the book-entry system of Euroclear Finland ("**Euroclear Finland**").
Status of the Senior Preferred MREL Eligible Notes:	The Senior Preferred MREL Eligible Notes constitute direct, unconditional, unguaranteed, unsubordinated and unsecured obligations of the Issuer that rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer.

	The Senior Preferred MREL Eligible Notes are intended to be "eligible liabilities" which are available to count towards the minimum requirements for own funds and eligible liabilities applicable to the Issuer referred to in the Directive (EU) 2014/59 (as amended) ("**BRRD**") and the Regulation (EU) 575/2013 (as amended) ("**CRR**").
Status of the Covered Bonds:	The Covered Bonds constitute direct, unconditional and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other obligations of the Issuer which benefit from the same priority right in accordance with the CBA. To the extent that claims of the Noteholders in relation to the Covered Bonds and claims of other creditors having the same priority in accordance with the CBA are not fully met out of the assets of the Issuer that are covered in accordance with the CBA, the residual claims of the holders of the Covered Bonds will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer including but not limited to the obligations under the Senior Preferred MREL Eligible Notes. See also "*Finnish Covered Bond Act*".
Status of the AT1 Notes:	The Issuer expects the AT1 Notes to be AT1 Instruments of the Issuer. The AT1 Notes constitute direct, unsecured and subordinated obligations of the Issuer and shall, at all times, rank: 1) *pari passu* without any preference among themselves; 2) *pari passu* with (a) any obligations or capital instruments of the Issuer which are recognised as "Additional Tier 1 Capital" by the Competent Authority, and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the AT1 Notes on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; 3) senior to holders of the Issuer's CET1 instruments and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the AT1 Notes on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and 4) junior to present or future claims of (a) unsubordinated creditors of the Issuer and (b) subordinated creditors of the Issuer, including

holders of Tier 2 Capital Instruments, other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the AT1 Notes,

subject, in all cases, to mandatory provisions of Finnish law, including but not limited to the Finnish implementation of Article 48(7) of the BRRD in item 6 of Chapter 1, Section 4a, Subsection 1 of the Finnish Act on Credit Institutions (*luottolaitoslaki* 610/2014, as amended) to the effect that claims resulting from items qualifying (whether in whole or in part) as own funds of the Issuer have a lower priority ranking than any claim that results from an item which does not qualify (whether in whole or in part) as own funds of the Issuer.

Listing:	The Notes may be applied for listing on the Helsinki Stock Exchange. Also unlisted Notes may be issued.
Interest:	The Notes may be issued as fixed interest rate, floating interest rate or zero coupon Notes. Zero coupon Notes will be offered and sold at a discount, at par or premium to their nominal amount and will not bear interest.
Interest Cancellation:	Any payment of the interest on the AT1 Notes can only take place from the Issuer's Distributable Items and may be cancelled at the Issuer's discretion or mandatorily as required by Applicable Banking Regulation.
Use of Benchmark:	Amounts payable under the Notes are calculated by reference to EURIBOR to the extent floating rate interest is applicable according to the Final Terms. As at the date of this Base Prospectus, the administrator of EURIBOR is the European Money Market Institute (EMMI). EMMI is registered in the register of administrators and benchmarks maintained by the European Securities and Market Authority ("**ESMA**") pursuant to Article 36 of the Regulation (EU) no 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmarks Regulation**"). EURIBOR is now considered compliant according to the Benchmarks Regulation and has been added to ESMA's Benchmark Register.
Liquidity reserve:	The terms of the Covered Bonds do not contain a liquidity reserve provision.
Redemption:	The nominal amount of the Notes. In relation to AT1 Notes and Senior Preferred MREL Eligible Notes only, they may be redeemed by the Issuer in the specified circumstances. The AT1 Notes are perpetual notes, which do not have any final maturity date. No redemption, as specified in Condition 6.5 (*Redemption as a result of a Capital Event)* and 6.6 (*Redemption as a result of a Tax Event)*, of AT1 Notes may

	take place without permission of the competent authority and no redemption of Senior Preferred MREL Eligible Notes, as specified in Condition 6.4 (*Redemption as a result of an MREL Disqualification Event*) and 6.6 (*Redemption as a result of a Tax Event*) may take place without the permission of the resolution authority.
Denomination of Notes:	The minimum denomination of each Note will be EUR 100,000.
Substitution and variation:	The Issuer may substitute or vary the terms of the Senior Preferred MREL Eligible Notes and AT1 Notes as provided in Condition 23 (*Substitution and variation*) if so specified in the relevant Final Terms.
Applicable law:	Finnish law.
Authorisation:	The Programme was authorised by a duly convened meeting of the Board of Directors of the Issuer passed/given on 13 December 2022. 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.
Credit rating:	A Series of Notes may be rated or unrated. If a Series of Notes to be issued under the Programme is to be rated, the rating will be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Final Terms. At the date of this Base Prospectus, the Issuer has long- and short-term counterparty credit ratings BBB/A-2 by S&P. The outlook is stable. At the date of the Base Prospectus, the Covered Bonds do not have a rating from any credit agency, but the Issuer shall apply for the rating before the issuance of Covered Bonds. There is no guarantee that the rating of the Issuer or the Covered Bonds assigned by S&P will be maintained following the date of this Base Prospectus or that any other rating of any Series of Notes will be obtained or maintained. The Issuer may seek to obtain ratings from other credit rating agencies. A 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 credit rating agency.

RISK FACTORS

Investors considering investment in the Notes should carefully review the information contained in this Base Prospectus, including supplements hereto and any other documents incorporated by reference herein, and, in particular, the risk factors described below. Factors possibly affecting the investment decision are also discussed elsewhere in this Base Prospectus. Investing in the Notes involves inherent risks. Should one or more of the risks described herein, or any other risk, materialise, it may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

The following description is a summary of certain risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes or that are material in order to assess the market risk associated with the Notes. This description is based on the information known and assessed at the time of preparing this Base Prospectus, and, therefore, 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. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes issued under this Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons which may not currently be able to anticipate. Most of the risk factors identified below are contingencies which may or may not occur. 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.

The risk factors presented herein have been divided into nine categories based on their nature. These categories are:

A. Risks associated with current Macroeconomic conditions;
B. Risks associated with the Group's operations;
C. Risks associated with the Group's operating environment;
D. Risks related to the Group's financial condition and financing;
E. Risks associated with legal and regulatory environment;
F. Risks related to the Notes generally;
G. Risks related to the Senior Preferred MREL Eligible Notes;
H. Risks related to the Covered Bonds; and
I. Risks related to the AT1 Notes.

Within each category, the risk factor estimated to be the most material on the basis of an overall evaluation is presented first. However, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialisation. The order of the risk categories does not represent any evaluation of the materiality of the risk factors nor their relative probability within that category, when compared to the risk factors in another category.

All investors should make their own evaluations of the risks associated with an investment in the Notes and consult with their own professional advisers if they consider it necessary.

Capitalised words and expressions in this section shall have the respective meaning defined in the General Terms and Conditions.

A. Risks associated with current macroeconomic conditions

Uncertain global economic and financial market conditions together with increasing inflation and interest rates may increase the Group's credit risk and affect the Group's financial results

The Group's performance is significantly influenced by domestic and global macroeconomic circumstances and developments. Relevant macroeconomic factors to the Group are, without limitation, development of interest rates, development of household's income, domestic unemployment ratio, housing market development and development of global and domestic economic and financial markets. The uncertainty relating to the financial markets may create economic and financial disruptions and even a financial crisis. As the interest rates are increasing and state debt levels remain high and continue to increase in some countries, including Finland, it is possible that the global economy will fall into a recession, which could be deeper and last longer than the one experienced in 2008 and 2009.

During the first nine months of 2022, inflation in Finland and in the eurozone area continued to increase. Inflation was fuelled e.g. by the rapid surge in aggregate demand in the aftermath of the coronavirus pandemic as well as supply chain constrains affecting the aggregate supply. The Russian invasion in Ukraine and the subsequent significant increase in energy prices further fuelled inflation. The inflationary developments affect all sectors of the economy. Spurred on by the increasing inflation, the short-term and long-term interest rates in the eurozone, which had remained moderate for a long time, began to increase rapidly during the spring of 2022. In July of 2022, the European Central Bank (the "**ECB**") decided to raise the key interest rates and cease the net asset purchases under its sizeable asset purchase programmes. In September and October 2022, the ECB decided again to raise the key interest rates.The ECB is expected to continue to hike the policy rates until the inflation is brought under control. These actions have a delayed effect on the economy and the interest rate hikes have so far had only a limited effect on the economy. 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. The recent increase in interest rates have been beneficial to the Group, since higher interest rate levels have a positive impact on the Group's net interest income.

Increasing interest rates and inflation with rising energy prices might cause negative effects on the Group's clients by reducing investments and may, therefore, also expose the Issuer to increased credit risk. Credit risk refers to losses of the Issuer when some counterparty to the Issuer, usually the debtor, is unable to fulfil its payment obligations and the value of collateral for the credit is not sufficient to cover the creditor's receivables. S-Bank focuses on offering retail customer loans, and it also selectively grants corporate loans. For retail customers, S-Bank provides, among other, mortgage loans, renovation loans, car loans, secured investment loans, student loans, credit card loans and other secured and unsecured consumer loans. The inflation and recent rise of interest rates, have decreased consumers' purchasing power and spending as basic housing and living expenses have taken up an increasing amount of household income. This might increase defaults, credit losses and impairments and may adversely affect the housing loan demand, which may adversely affect the Issuer's financial results.

The Group's housing loan portfolio is for the most part secured by residential immovable property collateral. In corporate lending, the Group is focused on secured housing association loans. The collateral portfolio for housing association loans consists mainly of residential properties. During the first nine month of 2022, trading on the housing market has declined as higher interest rates and economic uncertainty has slowed down consumption. Construction of new housing has slowed down, which has kept supply in check and supported prices. If the housing prices decrease, the value of the collaterals decrease and the Issuer might be exposed to increased credit risk. The prevailing market circumstances make it difficult to estimate the future increase in the size of credit risk and future loan losses that the Issuer is exposed to. The amount of non-performing loans in the balance sheet was EUR 52.1 million on 30 September 2022 (EUR 39.3 million on 31 December 2021).

The Russian invasion of Ukraine and the severe tensions between Russia and Belarus on one hand and the members of the North Atlantic Treaty Organisation (NATO) and the western countries on the other hand have caused and may cause further disruptions to the global economy, financial markets, and the Group's business environment, particularly, if even stricter sanctions and/or trade restrictions are imposed by the western countries and/or Russia, or, if the war escalates or expands to other countries or regions or there are hybrid warfare operations or sabotage against Finland or affecting the Finnish economy directly or indirectly. Due to Finland's geographical location and significant trade with Russia in recent decades including in the energy sector and significant number of Finnish companies having operated in Russia, the Finnish economy is likely to be affected more by the war in Ukraine and its consequences than the global and/or European economy in general. The economic effects on Finland are manifold and probably significantly greater than what could be inferred from the contraction in Russian trade directly on the basis of trade weight. The freezing of Russian trade due to both sanctions and the voluntary withdrawal of companies from the Russian market will weaken export growth. Due to the sanctions and payment restrictions imposed on Russia following the Russian invasion in Ukraine, S-Bank has interrupted payment transmissions with Russian and Belarusian banks for the time being.

B. Risks associated with the Group's operations

The Group may be exposed to risk relating to the outflow of deposits and availability of funding

On 30 September 2022, deposits accounted for EUR 7,912.2 million and 89 per cent (EUR 7,554.9 million and 89 per cent on 31 December 2021) of the Group's total funding. The Group's funding totalled EUR 8,909 million as on 30 September 2022 (EUR 8,500.9 million on 31 December 2021). Should the Group encounter a significant outflow of deposits, the Group's funding structure would change substantially, and it may be unable to convert all parts of its investments into cash in order to cover the funds withdrawn by depositors. Furthermore, replacing the deposits with alternative funding instruments may require time. The outflow of deposits could therefore have a material adverse effect

on the Group's average cost of funding, liquidity position, results of operations and thereby on the Issuer's ability to fulfil its obligations under the Notes.

The Group's failure to maintain adequate liquidity may cause inability to meet its payment obligations

The Group is exposed to liquidity risk in customer deposits, funding and treasury operations. Liquidity risk is defined as a risk of the bank being unable to meet its payment obligations in due time or that it will be forced to fund its liquidity obligations at an unfavourable cost. Liquidity risk arises from the difference between the maturities of cash in- and outflows. Generally, the role of banks in maturity conversion, in which short-term deposits are used for long-term lending, exposes banks to liquidity risk.

The Group's minimum requirement for liquidity management is that it meets the minimum reserve requirement of the central bank, the Liquidity Coverage Ratio (the "**LCR**") -requirement, as well as the Net Stable Funding Ratio (the "**NSFR**") -requirement set by the authorities. The LCR ratio is used to monitor the Group's liquid assets and manage medium-term liquidity risk. The NSFR, a longer-term liquidity indicator, is used to measure the structural liquidity risk in the banking business and on the balance sheet. At the date of this Base Prospectus the Group's minimum requirement of the LCR set by the regulator is 100 per cent and the minimum requirement of the NSFR set by the regulator is 100 per cent.

At the end of the nine-month period ended on 30 September 2022, the Group's LCR ratio was 160.5 per cent compared to 149.9 per cent on 31 December 2021. The LCR liquidity buffer was EUR 1.67 billion on 30 September 2022 compared to EUR 1.65 billion on 31 December 2021 and the net outflows during the nine-month period ended on 30 September 2022 were EUR 1.04 billion compared to EUR 1.10 billion on 31 December 2021. The NSFR ratio was 154.0 per cent at the end of the nine-month period ended on 30 September 2022 compared to 151.15 per cent on 31 December 2021.

The Group may incur additional liquidity risk due to bank- or market-specific issues, which include withdrawals of deposits in different customer segments; an increase in the utilisation rate of (committed and uncommitted) credit lines and limits; an increase in the Group's collateral requirements; an increase in the Group's own funding costs; problems in the functioning of debt capital markets that temporarily prevent utilisation of bonds to secure liquidity; and a decrease in securities' mark-to-market prices in the liquidity portfolio due to a weakened market environment. Failure to manage liquidity risks may materially increase the Group's funding costs or otherwise have a material adverse effect on the Group's business, results of operations and financial condition and thereby on the Issuer's ability to fulfil its obligations under the Notes.

The amount of assets under management on which fee income is based may decrease, the pricing of services may need to be revised and there is uncertainty of certain future fee income of the Group

The amount of assets under management of the Group on 30 September 2022 was EUR 7,049.8 million (EUR 7,697.1 million on 31 December 2021). This consisted of fund capital which accounted for EUR 3,618.2 million (compared to EUR 3,786.1 million on 31 December 2021) and of wealth management capital which accounted for EUR 3,431.5 million (EUR 3,911.0 million on 31 December 2021). The fund cooperation between S-Bank and LocalTapiola ended in the fourth quarter of 2021. For the purposes of comparison, excluding the LocalTapiola funds, the Group's funds at the end of 2020 were 6,496.5 million. In 2021, there was a growth of 18.5 per cent. Comparable assets under management grew from 6.5 billion to 7.7 billion. At the end of 2020, fund capital accounted for 2,867.8 million and wealth capital management accounted for 3,628.7 million. The net subscriptions of the Group and S-Bank funds in the nine-month period ended on 30 September 2022 were EUR 106.8 million compared to EUR 238.8 million in the nine-month period ended on 30 September 2021. Asset management fees are paid to the Group as fee income, which is directly proportional to the size of the funds it manages. In addition, the Group has the option of receiving transaction fees and performance fees, the future amounts or continuity of which are uncertain.

Weak development of the funds managed by the Group or in connection with asset management, intensifying competition or other reasons beyond the Group's control may result in unit holders or asset management clients of funds managed by the Group reducing, redeeming or transferring their assets to competitors. For the reasons mentioned above or for other reasons, the acquisition of new unit holders or clients of the asset management service may also become more difficult in the future. Unfavourable market developments can also lead to a decrease in the value of assets under management and thus a decrease in the amount of assets under management, which would reduce management fees. It is also possible that due to increasing competition, the Group will have to consider revising the pricing of its services. The materialisation of the above risks may have a material adverse effect on the Group's fee income, results of operations and financial condition and thereby on the Issuer's ability to fulfil its obligations under the Notes.

The Group's risk management may not be adequate

Due to the nature of the Group's operations, risks and risk management are critical to the business management and the management of changes in the operating environment. The Group's primary objective of risk management is to maintain the level of profitability, capital adequacy and liquidity above the minimum target levels defined by the board of directors of the Issuer, manage reputation risk, credit risk, information security risk and risks related to cyber threats as well as to secure disturbance-free operations in both the short and long terms.

Various credit risk models are used in calculating the impairment of financial instruments, and they require estimates of the likelihood of default and the amount of credit loss involved. The calculations also take economic forecasts into account. These tools and metrics may fail to predict, or predict incorrectly, future risk exposures which could lead to unexpected losses for the Group.

Inadequate risk management or faults in applied risk models or any other failure in risk management could cause substantial losses and adversely affect the Group's business, results of operations and financial condition and thereby the Issuer's ability to fulfil its obligations under the Notes.

Failure to successfully integrate acquisitions or carrying out divestments may result in operational problems and increasing costs that could have a material adverse effect on the Group's business

The Group has carried out and may also in the future carry out acquisitions.

The management of the target companies may play a key role in the continuation of the target company's customer relationships. Disputes with potential other shareholders, management or other employees of the target company in connection with the acquisition or at a later date may have an adverse effect on the integration and day-to-day business of the target company. Failure to integrate the Group's acquisitions or other failure to achieve the profitability targets set for them may result in operational problems and costs that could have a material adverse effect on the Group's business, financial condition and results of operations. S-Bank may also consider divestments and partnerships from time to time. There can be no guarantee that S-Bank will be successful in the implementation of such partnerships or that they materialise as planned.

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

The Group's banking licence is dependent upon, among other things, the fulfilment of capital adequacy requirements in accordance with applicable regulations which are the Finnish Act on Credit Institutions (*laki luottolaitostoiminnasta*, 2014/610, as amended) (the "**Credit Institutions Act**") and the CRR. Under the act and regulation, the Issuer is primarily supervised by the FIN-FSA. The Group's capital structure and capital adequacy ratio may have an effect on the Group's credit ratings and the availability and costs of funding operations. The Group's capital structure and cost of funding may change, for example, due to issues of further subordinated debt under the Issuer's debenture programme. Moreover, the absence of a sufficiently strong capital base may constrain the Group's growth and strategic options. Significant unforeseen losses may create a situation where the Group is unable to maintain its desired capital structure.

The Issuer's capital adequacy is affected by the possible changes in capital and risk exposure amount ("**REA**") in the future. The capital position is affected by, for example, profit after tax, the distribution of dividends, immaterial rights, changes in fair value reserve as well as the difference between impairments and expected loan losses. REA is affected by, for example, the amount of lending and risk weights of the loans, the amount of exposures in default and other receivables and assets, as well as operational risks.

Negative changes in the Group's capital adequacy position, such as a decrease in capital or an increase in risk exposure amounts, could have an adverse effect on the Issuer's credit rating, on the availability and cost of the Group's funding and, consequently, have an adverse effect on the Group's business, results of operations and financial condition and thereby on the Issuer's ability to fulfil its obligations under the Notes.

Operational risks may have a negative effect on the Issuer's business and reputation

Operational risk refers to the possibility of losses arising from unclear or inadequate processes, deficient systems, actions by the personnel or external factors. Operational risks at S-Bank include internal and external malpractice, problems related to working conditions and safety, property damage, disruptions, malfunction and interruption damage related to the IT system and issues with processes. Operational risk constituted 10 per cent of the Group's total REA at the end of the nine-month period ended on 30 September 2022 (10 per cent on 31 December 2021).

During the period from 20 April to 5 August 2022 a rare system malfunction affected authentication with online banking IDs. This problem was exploited by a very small group of individuals logging into the online bank as another customer, making unauthorised payments and logging into third-party online services. A few hundred customers were affected and the malfunction was corrected as soon as it was detected. This event and possible future decisions by the Group concerning its operations, and the selection of services and products it offers and the selection of service providers as well as factors outside the control of the Group may have a negative effect on the Group's brand.

The consequences of realised operational risks may include financial losses or a deterioration in S-Bank's reputation and its esteem and trustworthiness in the eyes of the public. The occurrence of any of these consequences could adversely affect the Group's business, results of operations and financial condition and thereby the Issuer's ability to fulfil its obligations under the Notes.

The Group's operating conditions are dependent on uninterrupted functioning of IT systems and outsource services and renewal of systems may cause considerable costs to the Group

The Group relies on IT systems and telecommunications connections for communication with its stakeholders and in daily business operations in banking, asset management, risk management and business functions. The functioning of the Group's information systems may be interrupted for any number of reasons, for example, due to ongoing IT system development projects, subcontractors' problems, power outages, information security breaches or major accidents, such as fire or natural disaster, and due to realisation of other operational risks such as an error on the part of the Group's own employees. If the operation of IT or telecommunications systems is interrupted, it may cause significant financial losses to the Group and to its customers, as well as damage the Group's brand and reputation in a materially adverse manner and thereby affect the Issuer's ability to fulfil its obligations under the Notes.

Changes in business needs, legislation, guidelines or interpretations of the authorities may also obligate the Group to upgrade its IT and telecommunications systems, to make investments to develop or replace its existing systems, or otherwise increase the Group's IT infrastructure expenditure. If the Group's IT or telecommunications systems need to be extensively replaced or upgraded, it may cause unexpected costs and onerous projects within the Group and thereby have an adverse effect on the Group's business and on the Issuer's ability to fulfil its obligations under the Notes.

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

The Group relies on its well-known and respected brand and good reputation in Finland when competing for customers. In 2022, the Finns chose S-Bank as the most sustainable bank brand for the tenth consecutive year in the Sustainable Brand Index survey. Additionally, S-Bank was chosen as the most highly valued brand in the Finnish financial sector for the fifth consecutive year.[1]

Negative developments in the Group's reputation and brand as well as negative views of consumers concerning the Group's sustainability may have an adverse effect on the Group's business and financial condition and thereby the Issuer's ability to fulfil its obligations under the Notes.

The Group collects and processes personal data as part of its daily business and the leakage of such data or failure to process the data in accordance with applicable regulation could result in fines and loss of reputation and customers

In the ordinary course of operations, the Group collects, stores and uses data that is protected by data protection laws. The protection of customer, employee and company data is critical to the Issuer and it is subject to increasing data security requirements. The EU General Data Protection Regulation (EU) 2016/679 (the "**GDPR**") entered into force on 25 May 2018. The GDPR applies to all processing of personal data, meaning any operation performed upon identifiable information of an individual (data subject) within the EU. In addition, the GDPR applies to the offering of goods and services in the EU and to the monitoring of data subjects' behaviour within the EU, regardless of the location of the company. Breaches of the GDPR could result in fines of up to 4 per cent of the worldwide annual turnover or EUR 20 million (whichever is higher).

[1] Sources: Tutkimus: S-Pankki suomalaisten mielestä vastuullisin pankki jo kymmenennen kerran (in Finnish) 24 March 2022, Sustainable Brand Index; 15-vuotias S-Pankki finanssialan arvostetuin brändi viidettä vuotta perättäin (in Finnish) 8 September 2022, Taloustutkimus: Brand Valuation survey 2022.

It is possible that the personal data systems may be misused or the Group may fail to protect personal data in accordance with the privacy requirements provided under applicable laws, and certain customer data may be used inappropriately either intentionally or unintentionally, or leaked as a result of human error, technological failure or cyber-attack.

For example, during the period from 20 April to 5 August 2022 a rare system malfunction affected authentication with online banking IDs which affected a few hundred customers. This event resulted in personal data leakages, as a small group of individuals were able to log into the online bank as another customer and make unauthorised payments and log into third-party online services. This event and other possible personal data leakages in the future may have a negative effect on the Group's brand (see "*Information on S-Bank – Legal proceedings*").

Violation of data protection laws by the Group or one of its partners or suppliers, or any leakage of customer data may result in fines and reputational harm and could have a material adverse effect on the Group's business, financial condition and results of operations and thereby on the Issuer's ability to fulfil its obligations under the Notes.

Realisation of any system and information security risks could adversely affect the Group's business and reputation

The Group's daily operations process a large number of transactions which are in part highly complex, relying on the secure processing, storage and transfer of confidential and other information in the Group's IT systems and information networks. S-Asiakaspalvelu Oy, a wholly owned subsidiary of the Issuer, provides some of these data processing and other services related to a credit institution's core operations, in its capacity as a service company as provided for by the Credit Institutions Act. The data processing activities include, for example, an automated system for processing unsecured credit. The Group also stores personal and banking secrecy information provided by its customers, and hence its operations depend on confidential and secure data processing. Any failure in these matters could have a material adverse effect on the Group's reputation and business and thereby on the Issuer's ability to fulfil its obligations under the Notes.

C. Risks associated with the Group's operating environment

The Group is exposed to a possible decline in the values of housing and residential property

The Group's total lending on 30 September 2022 was EUR 6,610.3 million (EUR 6,086.0 million on 31 December 2021). 81 per cent (82 per cent on 31 December 2021) of the total lending were loans with housing or residential property as collateral to private customers and housing companies in Finland. Therefore, the development of the Finnish housing and residential property markets is of key importance for the Group's business.

Housing and residential property values are affected by a number of factors including interest rates, inflation, economic growth, business environment, availability of credit, property taxation, unemployment rates, demographical factors and construction activity. The development of housing and residential property markets may vary significantly between different regions in Finland, as the impact of certain structural changes may differ in individual economic regions. The Group focuses on directing mortgage loans regionally to growth centres, such as large cities and the surrounding municipalities, where price trends have been positive. However, the Group has also directed mortgage loans to regions where the housing and residential properties as collaterals are located in more sparsely populated areas or in areas with decreasing population, in which areas the housing and residential property values have generally decreased and risk for further decrease is higher. If the state of the Finnish housing and residential property markets deteriorates, for example, as a result of high inflation and a recession, and the value of the apartments and the properties provided as collaterals decreases, it may have a material adverse effect on the Group's business, results of operation, financial condition and Issuer's ability to fulfil its obligations under the Notes. The value of other collateral, including but not limited to financial status of a guarantor, may change negatively in the course of time. Furthermore, any other negative economic development, political decisions or rapid contraction in the labour market may also adversely affect the Group's customers' and possible customers' loan and investment appetite in respect of housing and residential property, for example, due to an increase in unemployment, payment difficulties and/or other phenomena following the increased tensions between western countries and Russia or any other reason.

The market for the Group's core business areas has a high level of competition

S-Bank focuses on offering products and services to household customers, while also offering targeted services to selected corporate customers. The financial services market remains highly competitive in the local and regional markets where the Group operates. The Group competes with Finnish and international operators. Some of the competitors have been active in the market for a long time, but some new entrants have also recently entered the market. The current competitive situation and operating environment are characterised in particular by a stark rise in global inflation and increasing interest rates from historically low levels. The uncertainty caused by the Russian invasion of Ukraine, the significant increase in

energy prices and inflation rate and, the subsequent contraction in economic activity is not expected to ease the current competitive situation. Also, the Coronavirus pandemic benefited new operators that utilise digital business models, and this may accelerate the change in the competitive environment to the detriment of the Group.

The key factors for the competitiveness of market participants are their credit ratings, financial position and solvency, availability and quality of the services, reputation along with the breadth of the product and service offering. If the Group is unable to provide sufficiently competitive service and product range, the Group may lose market share or suffer losses in some or all of its business areas, for example, due to unsuccessful digitalisation of its banking services. The Group's profitability may also decline due to intense competition, which puts pressure on the bank's product and service portfolio. If the Group is unable to respond to the prevailing competitive situation, it may have a material adverse effect on the business of the Group, its financial condition and thereby on the Issuer's ability to fulfil its obligations under the Notes.

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 spill-over effects on other institutions through, for example, lending, trading, clearing and other linkages between financial institutions. These types of risks 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 and thereby the Issuer's ability to fulfil its obligations under the Notes. It has been considered that increasing energy prices and the high inflation have increased chances that acute liquidity or other financial problems arise in some part of the financial system.

D. Risks related to the Group's financial condition and financing

Price development in money and capital markets

Changes in interest rate levels, yield curves and credit spreads may affect the Group's business results of operations and financial condition. The price development of financial markets may cause changes in the value of the Group's banking book which also includes equity, foreign exchange and, to a less extent, real estate risks, and in the amount of revenues generated from assets under management. The war in Ukraine and rise in global tensions, problems with supply chains, the increasing levels of inflation and interest rates all contribute to instability of markets. They may cause significant effects on the money and capital markets, posing difficulties for the Group to obtain funding at competitive terms. If financial markets perform against expectations and/or if prepared estimates and predictions or liquidity conditions prove to be inaccurate or inadequate due to the unstable financial situation or for any other reason, the Group's financial condition and ability to obtain reasonably priced financing from capital markets could be adversely affected.

The Group is exposed to interest rate risk, spread risk and other market risks

S-Bank's market risk mainly consists of the structural interest rate risk in the banking book of the banking business (lending and deposits taking) and the treasury unit's interest rate risk, as well as the market risk arising from the credit risk component of debt securities, known as the spread risk at S-Bank. Additionally, the Group's banking book also includes equity, foreign exchange and real estate risks to a less significant extent.

Most of the Group's market risk arises from the interest rate risk in the banking book (the "**IRRBB**"). The IRRBB is reviewed as a structural interest rate risk in the banking business (lending and deposits taking) and as the interest rate risk of debt securities in the treasury unit's portfolio. The Group uses derivatives to hedge the interest rate risk on the banking book. Hedging derivative instruments are interest rate swaps and forward rate agreements. The structural interest rate risk in the financial accounts of the banking activities arises from divergent interest rates and maturities of receivables and liabilities, as a result of which the future net interest income of banking operations is not fully predictable. Interest rate risk is managed through the planning of the balance sheet structure and interest rate linkages, as well as through interest rate derivatives. An interest rate risk arises in the investment portfolio when the values of debt securities in the portfolio change as a result of fluctuations in market rates (price risk). The price risk relates to the market price sensitivity of balance sheet items, as well as to the effects of market price fluctuations on fair value. Price risk is the present-value interest rate risk affecting both the balance sheet's ongoing valuation items and the fixed rate loans related to the treasury unit's investment activities.

The spread risk arises from fixed-rate and floating-rate bonds in the treasury unit's portfolio and is related to a change in the market's general opinion of the creditworthiness of an investment instrument's issuer, or to a shift in the general market sentiment towards investments that involve a credit risk, due to which the investments depreciate in value.

The fair value of financial instruments held by the Group in investment activities is sensitive to volatility of and correlations between various market variables, including interest rates and credit spreads. Materialised market risks relating to investment activities could require the Group to recognise negative fair value changes. Any of such events, as well as a failure to manage interest rate risk and spread risk, may have a material adverse effect on the Group's business, financial condition and results of operation and thereby on the Issuer's ability to fulfil its obligations under the Notes.

E. Risks associated with legal and regulatory environment

The Group is exposed to regulation and oversight risks

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 European Union. 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 and payment of dividends. Changes in legislation, regulations and procedures of the authorities, interpretations concerning their application as well as court decisions could adversely affect the business, results of operations and financial condition of the Group. In addition, certain decisions made by the Group may require approval or notification to the relevant authorities in advance.

The Group faces the risk that regulators may find it has failed to comply with applicable regulations or has not undertaken corrective action as required. In December 2019, the FIN-FSA imposed a penalty payment on the Issuer and issued a public warning to FIM Asset Management Ltd for omissions in customer due diligence.

In September 2021, the FIN-FSA imposed a penalty payment of EUR 1.65 million on the Issuer for omissions in the process of detection of suspicious transactions under Article 16(2) of MAR reporting the same to the FIN-FSA in relation to the Issuer's past brokerage business between July 2016 and November 2018. The referred brokerage business was under a closing up procedure prior to initiation of the FIN-FSA's related inquiry in September 2018, has since been closed up, and the Issuer does not conduct brokerage business on the date of the Base Prospectus.

On 10 November 2021, the FIN-FSA sent a letter to the Issuer in relation to certain customer groups of the Issuer claiming that the Issuer should justify the treatment of the customers as independent not connected clients under Article 4(1)(39) of the CRR and related EBA Guidelines (EBA/GL/2017/15), failing which, the FIN-FSA would order that the customers are treated as connected clients. On 6 July 2022, the FIN-FSA made a decision regarding the Issuer concerning the formation of certain client groups. According to the FIN-FSA, the Issuer has not fully complied with the regulations on establishing interconnectedness based on economic dependency. The FIN-FSA required the Issuer to form certain groups of connected clients in accordance with applicable legislation by 31 October 2022. The Issuer has taken actions to comply with the requirements within the time limit set by the FIN-FSA.

On 18 March 2022 the Issuer received a supervisory letter from the FIN-FSA. In the letter, the FIN-FSA suspected that the Issuer has neglected its obligation under Article 9(1) of the European Market Infrastructure Regulation (EU) No 648/2012 (the "**EMIR**") to verify that all derivative contracts the Issuer has entered into have been reported to a trade repository. On 25 August 2022, the FIN-FSA imposed an administrative fine of EUR 60,000 on the Issuer. According to the FIN-FSA, the Issuer did not verify the performance of its reporting related to its derivatives contracts with adequate care. The inadequacies in reporting did not affect the Issuer or its customers, and the decision taken by FIN-FSA does not require any action on the part of the customers.

These regulatory proceedings and possible future 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.

Pursuant to the Credit Institutions Act and the Council Regulation (EU) No 1024/2013, the Issuer is currently classified as a high impact less significant credit institution and, therefore, the supervision of the Issuer under the Single Supervisory Mechanism (the "**SSM**") is primarily carried out by the 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.

On 16 April 2019 the European Parliament made legislative resolutions on a directive amending the CRD IV (Directive (EU) 2019/878, the "**CRD V**"), a regulation amending the CRR (Regulation (EU) 2019/876, the "**CRR II**"), a regulation amending the regulation (EU) No 806/2014 (the "**SRM Regulation**") and a directive amending the BRRD (the BRRD as amended, the "**BRRD II**", and all proposals together the "**Banking Reform Package**"). The Banking Reform Package includes, for example, a leverage ratio requirement for all institutions, a new market risk framework for reporting purposes and a new moratorium power for the resolution authority. On 14 May 2019, the Council of the European Union published a press release announcing that it had adopted the Banking Reform Package. The Banking Reform Package was published in the Official Journal on 7 June 2019, and it entered into force on 27 June 2019. Most of the new rules have applied since mid-2021. However, certain requirements of the Banking Reform 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 Banking Reform Package may have on the business of credit institutions before it has been fully implemented.

Other areas where changes could have an impact include, among others, (i) changes in the monetary economy, the interest rate and the policies of central banks or regulatory authorities; (ii) 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; (iii) changes in the maximum loan-to-value ratio for housing loans (loan cap); (iv) changes in the competitive environment and pricing; and (v) 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, cost structure, business results, prospects and payment capabilities of the Group as well as on the value of the Notes.

Increased capital requirements and standards

The Group must comply with numerous capital requirements and standards. Recent and possible future changes to capital adequacy and liquidity requirements imposed on the Issuer may require the Issuer to raise additional Tier 1, common equity Tier 1 and Tier 2 capital by way of further issuances of securities and could result in existing Tier 1 and Tier 2 securities ceasing to count towards the Issuer's regulatory capital, either at the same level as at present or at all. See also "*Regulatory Environment – Capital requirements and standards"*. Also, any updates to the Pillar 2 capital requirement by the FIN-FSA could affect the Group´s capital position negatively. Any failure by the Issuer to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions, which may have a material adverse effect on the Group's, business, financial condition and results of operations and may also have other effects on the Group's financial performance and on the pricing of the Notes, both with or without the intervention by regulators or the imposition of sanctions.

The FIN-FSA has decided to remove the additional capital requirement referred to in Chapter 10, Sections 4 and 6a of the Credit Institutions Act, determined on the basis of the structural characteristics of the financial system (systemic risk buffer). See also "*Regulatory Environment – Capital requirements and standards"*. Removing the additional capital requirement together with other easing may cause unexpected effects and their impact on the Group and the economy as a whole is uncertain. In addition, if the eased capital or other prudential requirements are tightened in the future to their levels existing prior to the Coronavirus pandemic or even higher, it may adversely affect the Group.

Stock exchange listing has brought increased regulation

The Issuer announced on 27 September 2021 its decision to issue a EUR 170 million Senior Preferred MREL Eligible Notes and on 8 June 2022 an increase (a tap issue) of EUR 50 million to the original amount of the Senior Preferred MREL Eligible Notes. The Senior Preferred MREL Eligible Notes have been listed on Helsinki Stock Exchange based on a listing application submitted on 4 October 2021. The listing of the Senior Preferred MREL Eligible Notes has increased regulation and oversight of the Group's business operations, such as increased requirements concerning the obligation to provide regular and on-going information.

In its capacity as a provider of investment services, the Issuer is subject to the Market Abuse Regulation (EU) No 596/2014 (the "**MAR**") and obligations to prevent and counter market manipulation and abuse. MAR imposes a range of regulatory requirements that will be new for the Issuer in its capacity as an issuer of listed financial instruments 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 was deemed to have neglected the obligations incumbent upon investment service providers or issuers of listed notes, this may lead to sanctions under MAR and related regulation as well as to negative publicity, which in turn could have an adverse effect on the Group's business operations, its performance or its financial position and have a significant adverse effect on the Group's reputation.

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. In addition, financial institutions, such as the Group, are subject to various legal regimes and requirements that concern trade regulation and sanctions adherence. On the date of the Base Prospectus, the Group observes the sanctions regimes of Finland, the European Union, the United Nations and the Office of Foreign Assets Control (OFAC) of the United States. Any breach of trade regulations or sanctions regimes, or 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/or its reputation, or result in significant penalty payments, or jeopardize the Group's access to capital markets or international payment systems which, in turn, could have a significant adverse effect on the Issuer's business operations, its performance or its financial position. For more information, see "*Information on S-Bank – Legal Proceedings*".

F. Risks related to the Notes generally

Adverse change in the Issuer's credit rating may significantly reduce the Issuer's access to the debt markets and result in increased interest rates on future debt

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 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.

The domestic implementation of the Insolvency Hierarchy Directive created a new asset class of "senior non-preferred" debt, and a specific ranking order for a credit institution's debt, which might affect the Group or the Notes

The European Commission published on 12 December 2017 Directive (EU) 2017/2399 regarding the ranking of unsecured debt instruments in insolvency hierarchy (the "**Insolvency Hierarchy Directive**"). The Insolvency Hierarchy Directive creates a new category of "senior non-preferred" debt. The Issuer may need to further amend its debt structure due to the new category of "senior non-preferred" debt, and such debt is likely more expensive for the Issuer compared to the issuance of "senior preferred" debt. The Insolvency Hierarchy Directive was implemented in Finland through, inter alia, the Credit Institutions Act and the amendments entered into force in November 2018. Pursuant to the domestic implementation of the Insolvency Hierarchy Directive, credit institutions such as the Issuer have a specific debt ranking order in an insolvency situation. In addition, the amendment entitles credit institutions to agree on the ranking of non-preferred financial instruments in accordance with the EU legislation. Categorisation as "senior non-preferred" debt requires a specific reference in the terms and conditions of a debt instrument. Until the domestic regulatory and/or legal practice concerning the new ranking order is developed, it is uncertain how the amendment will affect the Group or the evaluation of the Notes. Although the Programme does not cover the issuance of senior non-preferred debt instruments, the Issuer may decide to issue senior non-preferred debt instruments in the future, which may affect the Group or the evaluation of the Notes.

There may not be an active trading market for the Notes

The Notes are new 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 Group. Although applications may be made for the Notes to be listed on the Helsinki Stock Exchange, there is no assurance that such applications will be accepted 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.

The value of the Notes may be adversely affected by movements in market interest rates

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

Risks related to floating interest rate Notes (should such an instrument be issued by the Issuer) involves a risk that subsequent changes in the market interest rates may decrease the market value of the Notes until the date of the ongoing interest period in question.

Interest rate risks

The Notes may be subject to a floating rate interest plus a margin if specified in the applicable Final Terms. The applicable Final Terms also specify how many business days prior to the first day of each interest period shall the interest rate of the Notes be determined. Hence, the interest rate may be adjusted for changes in the level of the general interest rate. The general interest rate level is to a high degree affected among others by the European and the international financial development and is outside the Group's control. Risks related to floating interest rate Notes (should such an instrument be issued by the Issuer) involves a risk that subsequent changes in the market interest rates may decrease the market value of the Notes until the date of the ongoing interest period in question.

Modification of the terms and conditions bind all Noteholders

The General Terms and Conditions include certain provisions regarding noteholders' meetings. Such meetings may be held in order to resolve on matters relating to the Noteholders' interests, among other, concerning amendment of terms of the Notes. The General Terms and Conditions allow for stated majorities to bind all Noteholders, including Noteholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted noteholders' meeting. Consequently, there is a risk that the actions of the majority in such matters will impact a Noteholder's rights in a manner that is undesirable for some of the Noteholders.

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

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, including the Benchmarks Regulation (see "*Regulatory Environment – Benchmarks Regulation*"). Changes to any of the above 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".

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".

The Issuer has no gross-up obligation under the Notes

The Issuer has no obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of any Notes. Accordingly, if any such withholding or deduction were to apply to any payments of principal or interest under any Notes, such Noteholders would, upon repayment or redemption of such Notes or payment of interest, be entitled to receive only the net amount of such redemption, repayment or interest proceeds after deduction of the amount required to be withheld. Therefore, Noteholders may receive less than the full amount due under such Notes, and the market value of such Notes may be adversely affected as a result.

The Notes do not contain covenants on the Issuer's financial standing or operations and do not limit the Issuer's ability to merge, effect asset sales or otherwise effect significant transactions that may have a material adverse effect on the Notes and the Noteholders

The General Terms and Conditions of the Notes do not contain any covenants concerning the Issuer's financial standing or operations, which grant the Noteholders the right of repayment (or demand repayment) of the Notes in certain limited circumstances. The General Terms and Conditions of the Notes do not restrict the Issuer's ability to enter into a merger as a receiving entity, partial demerger, asset sale or other significant transaction that could materially alter the Issuer's

existence, legal structure of organization or regulatory regime and/or its composition and business. If the Issuer was to enter into such a transaction, Noteholders could be negatively impacted.

G. Risks related to the Senior Preferred MREL Eligible Notes

The regime under the BRRD directive enables authorities to take a range of actions in relation to financial institutions, which actions or any contemplation thereof may result in Noteholders losing some or all of their investment

The Notes could be subject to bail-in power. The determination that all or a part of the principal amount of the Notes will be subject to bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the S-Bank's control. The application of the bail-in tool with respect to the Notes may result in the cancellation of all or a portion of the principal amount of, or interest on, the Notes (however, in the case of Covered Bonds, only to the extent that claims in relation to the Covered Bonds are not met out of the assets comprising the Cover Asset Pool) and/or the conversion of all, or a portion, of the principal amount of, or outstanding amount payable in respect of, or interest on, the Notes (however, in the case of Covered Bonds, only to the extent that claims in relation to the Covered Bonds are not met out of the assets comprising the Cover Asset Pool) into ordinary shares or other securities of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to such application of the bail-in tool and/or the statutory write-down and/or conversion power (as the case may be). Accordingly, potential investors in the Notes should consider the risk that the bail-in tool and/or the statutory write-down and/or conversion power (as the case may be) may be applied in such a manner as to result in holders of the Notes losing all or a part of the value of their investment in the Notes or receiving a different security than the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the resolution authority may exercise its authority to apply the bail-in tool and/or the statutory write-down and/or conversion power (as the case may be) without providing any advance notice to the holders of the Notes. Holders of the Notes may also have limited or no rights to challenge any decision of the resolution authority to exercise the bail-in power and/or the statutory write-down and/or conversion power (as the case may be) or to have that decision reviewed by a judicial or administrative process or otherwise.

The bail-in power contains a specific safeguard, no creditor worse off than in liquidation principle ("**NCWOL**"), with the aim that shareholders and creditors do not receive a less favourable treatment than they would have received in ordinary insolvency proceedings. However, even in circumstances where a claim for compensation is established under the NCWOL safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the Noteholders in the resolution and there can be no assurances that Noteholders would recover such compensation promptly.

The exercise of any actions contemplated in the BRRD or any suggestion of such exercise will likely materially adversely affect the price or value of an investment in Notes and/or the ability of the Issuer to satisfy its obligations under such Notes and could lead to the holders of the Notes losing some or all of their investment in the Notes (however, in the case of Covered Bonds, only to the extent that claims in relation to the Covered Bonds are not met out of the assets comprising the Cover Asset Pool).

Minimum requirement for own funds and eligible liabilities

Items eligible for inclusion in minimum requirement for own funds and eligible liabilities ("**MREL**") include institution's own funds (within the meaning of CRD V), along with "Eligible Liabilities", meaning liabilities which inter alia, are issued and fully paid up, have a maturity of at least one year (or do not give the investor a right to repayment within one year), and do not arise from derivatives. The MREL requirement may also have to be met partially through the issuance of contractual bail-in instruments, being instruments that are effectively subordinated to other eligible liabilities in a bail-in or insolvency of the relevant institution.

The Stability Authority issued a new decision on the Group's MREL requirement on 26 April 2022. According to the new decision, the requirement based on total risk exposure amount is 20.34 per cent and the requirement based on the total amount of exposures used in the calculation of the leverage ratio is 8.41 per cent. The requirement based on total risk exposure amount must be met gradually so that the 17.23 per cent requirement has entered into force on 1 January 2022 and the full requirement will enter on 1 January 2024. The requirement based on the total amount of exposures used in the calculation of the leverage ratio entered into force on 1 January 2022 with requirement of 5.91 per cent. The new requirement of 8.41 per cent will enter into force on 1 January 2024. In addition to the requirement based on total risk exposure amount, S-Bank must fulfil CBR (Combined Buffer Requirement), that was equal to 2.52 per cent as of 30 September 2022. The new MREL requirement set under the updated MREL policy is based on the Banking Reform Package, which amended the provisions of the BRRD and the SRM Regulation. The new MREL requirement of the Issuer

on the MREL eligible liabilities may increase the Issuer's dependence on market-based funding. If the Group were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other business operations. The applicable regulations in respect of the MREL requirement may be revised or the Stability Authority may revise its interpretations of the applicable regulations or its decision on the Group's MREL requirement so that senior preferred notes, such as the Senior Preferred MREL Eligible Notes, do not count towards the MREL requirement of the Group. This could possibly also constitute an MREL Disqualification Event under the General Terms and Conditions (see "The Senior Preferred MREL Eligible Notes may be redeemed prior to maturity due to an MREL Disqualification Event or a Tax Event") requiring the Issuer to utilise other instruments, such as senior non-preferred notes, to fulfil its MREL requirement.

If the Issuer has the right to redeem any Senior Preferred MREL Eligible Notes, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

The Issuer may call or redeem early the Senior Preferred MREL Eligible Notes in case of an Issuer's call option, a Capital Event or a Tax Event, each as specified in the General Terms and Conditions of the Notes and subject to the Conditions to Redemption set out in Condition 6.7 (*Conditions to Redemption and Repurchase*), including prior approval of the Stability Authority.

It is not possible to predict whether or not any further change in the applicable laws or regulations or the application or interpretation thereof, or any of the other events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Senior Preferred MREL Eligible Notes, and if so whether or not the Issuer will elect to exercise such option to redeem the Senior Preferred MREL Eligible Notes or, in the case where any prior permission of the Stability Authority for such redemption is required, whether such permission will be given. There can be no assurances that, in the event of any such redemption, the Noteholders will be able to reinvest the proceeds at a rate that is equal to the return on the Senior Preferred MREL Eligible Notes.

Redemption features are also likely to limit the market value of the Senior Preferred MREL Eligible Notes. During any period when the Issuer can redeem the Senior Preferred MREL Eligible Notes, or during which there is an actual or perceived increased likelihood that the Issuer may elect to redeem the Senior Preferred MREL Eligible Notes, the market value of those Senior Preferred MREL Eligible Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period if the market believes that the Senior Preferred MREL Eligible Notes may become eligible for redemption in the near term. The Issuer may, subject to the Conditions to Redemption set out in Condition 6.7 (*Conditions to Redemption and Repurchase*), redeem Senior Preferred MREL Eligible Notes when its cost of borrowing is lower than the interest rate on the Senior Preferred MREL Eligible Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Senior Preferred MREL Eligible Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Enforcement events in relation to Senior Preferred MREL Eligible Notes

Enforcement events in respect of the Senior Preferred MREL Eligible Notes are set out in Condition 15 (*Enforcement events*) of the General Terms and Conditions. If an enforcement event in respect of a Senior Preferred MREL Eligible Note has occurred in accordance with Condition 15 (*Enforcement events*), any holder of such a Senior Preferred MREL Eligible Note may, to the extent permitted by applicable law, institute such steps, including the obtaining of a judgement against the Issuer for any amount due in respect of the relevant Senior Preferred MREL Eligible Note, as it thinks desirable with a view to having the Issuer put into liquidation (in Finnish: *selvitystila*) (except for the purpose of a merger, reconstruction or amalgamation under which any continuing entity effectively assumes the entire obligations of the Issuer under the Notes) or the Issuer is otherwise declared bankrupt (in Finnish: *konkurssi*) but not otherwise and, consequently, if an enforcement event in respect of the Senior Preferred MREL Eligible Notes occurs pursuant to Condition 15 (*Enforcement events*), the Issuer shall only be required to make such payment after it has been declared bankrupt or put into liquidation.

The Issuer is not prohibited from issuing further debt, which may rank pari passu with the Senior Preferred MREL Eligible Notes

There is no restriction on the amount of debt that the Issuer may issue that ranks pari passu with the Senior Preferred MREL Eligible Notes or on the amount of securities that it may issue in respect of liabilities that rank pari passu, senior or junior with the Senior Preferred MREL Eligible Notes. The issue of any such debt or securities may reduce the amount

recoverable by the Noteholders of the Senior Preferred MREL Eligible Notes in the event of voluntary or involuntary liquidation or bankruptcy of the Issuer.

No call options to the Noteholders

The Senior Preferred MREL Eligible Notes may contain provisions allowing the Issuer to redeem the relevant Senior Preferred MREL Eligible Notes. To exercise such a call option, the Issuer must obtain the prior consent of the Stability Authority. The Noteholders of the Senior Preferred MREL Eligible Notes have no rights to call for the redemption of any Senior Preferred MREL Eligible Notes and should not invest in such in the expectation that such a call will be exercised by the Issuer. Even if the Issuer is given prior consent by the Stability Authority, any decision by the Issuer as to whether it will exercise calls in respect of the Senior Preferred MREL Eligible Notes will be taken at the absolute discretion of the Issuer with regard to factors such as the economic impact of exercising such calls, regulatory capital requirements and prevailing market conditions. Noteholders of the Senior Preferred MREL Eligible Notes should be aware that they may be required to bear the financial risks of an investment in the Senior Preferred MREL Eligible Notes for a period of time in excess of the minimum period.

The Issuer could, in certain circumstances, substitute or vary the terms of the Senior Preferred MREL Eligible Notes

Pursuant to Condition 23 (*Substitution and variation*) of the General Terms and Conditions of the Notes, in certain circumstances, such as if an MREL Disqualification Event or a Tax Event has occurred and is continuing, or in order to ensure the effectiveness and enforceability of Condition 17 (*Loss absorption in relation to Senior Preferred MREL Eligible Notes*), the Issuer may, provided that certain conditions are met, subject to the Applicable Banking Regulations and (to the extent applicable) it has been granted the permission of the Stability Authority without the consent or approval of the Noteholders, substitute all (but not some only) of the Senior Preferred MREL Eligible Notes for new Senior Preferred MREL Eligible Notes, as applicable, which are Qualifying Securities or vary the terms of the Senior Preferred MREL Eligible Notes so that they remain or, as appropriate, become Qualifying Securities in order to ensure the effectiveness and enforceability of Condition 17 (*Loss absorption in relation to Senior Preferred MREL Eligible Notes*). While the Issuer cannot make changes to the terms of the Senior Preferred MREL Eligible Notes that are materially less favourable to a Noteholder (save to the extent that such prejudice is solely attributable to the effectiveness and enforceability of Condition 17 (*Loss absorption in relation to Senior Preferred MREL Eligible Notes*)), there can be no assurances as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax consequences of holding the substituted or varied Senior Preferred MREL Eligible Notes could be different for some categories of the Noteholders from the tax consequences for them of holding the Senior Preferred MREL Eligible Notes prior to such substitution or variation.

H. Risks related to the Covered Bonds

The Cover Asset Pool may not fully cover all claims of the holders of Covered Bonds

Any covered bonds of the Issuer are issued as covered notes (in Finnish: *katetut joukkolainat*), and such instruments are governed by the CBA. See "*Finnish Covered Bond Act*".

Under the CBA, Noteholders of a Covered Bond are given a statutory priority in the liquidation or bankruptcy of the Issuer in relation to the assets entered into the register of Covered Bonds that the Issuer is required to maintain in respect of the Covered Bonds (the "**Register**"). In calculating the total value of the Cover Asset Pool, the following limitations apply: 1) at most 80 per cent in the case of the CBA, of the underlying value of the shares or the real estate securing each Housing Loan; and 2) the book value of the Substitute Collateral.

Notwithstanding that the Issuer has entered into liquidation or bankruptcy proceedings, Noteholders have the right to receive payment before all other claims against the Issuer out of the proceeds of the Cover Asset Pool covering the Covered Bonds. To the extent that claims of the Noteholders in respect of the Covered Bonds are not met out of the Cover Asset Pool, the residual claims of the Noteholders will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer. Noteholders will not have any preferential right to the Issuer's assets other than those entered into the Cover Asset Pool as collateral in respect of the Covered Bonds. Under Section 44 of the CBA, providers of Bankruptcy Liquidity Loans have a right to receive payment after the receivables specified in Section 20 of the CBA, i.e. principal and interest of the Covered Bonds, obligations deriving from Derivative Transactions related to the Covered Bonds as well as administration and liquidation costs, and before the remaining counterparties.

The funds accruing from the assets entered in the Cover Asset Pool of the Covered Bonds after the commencement of liquidation or bankruptcy proceedings are entered into the Register and/or Cover Asset Pool as collateral until the

Noteholders, counterparties to Derivative Transactions and providers of Bankruptcy Liquidity Loans are repaid in accordance with the terms and conditions of the Covered Bonds, Derivative Transactions and Bankruptcy Liquidity Loans, as applicable. Such provision of the relevant Covered Bonds Legislation shall also be applied to the funds accrued to the Issuer after the commencement of the liquidation or bankruptcy proceedings on the basis of derivative transactions entered into the Register in respect of the Covered Bonds or assets entered into the Register as collateral in respect of the Covered Bonds.

No events of default in relation to Covered Bonds

The terms and conditions of the Covered Bonds do not include any events of default relating to the Issuer and therefore the terms and conditions of the Covered Bonds do not entitle holders to accelerate the Covered Bonds. As such, it is envisaged that holders will only be paid the scheduled interest payments under the Covered Bonds as and when they fall due under the terms and conditions of the Covered Bonds.

In the event of a failure of the Cover Asset Pool to meet the matching requirements, holders of the Covered Bonds may receive payments according to a schedule that is different from that contemplated by the terms of the relevant Covered Bond

The Issuer is required under the CBA to comply with certain matching requirements as long as there is any Covered Bond outstanding. Under the CBA, if the assets in the Cover Asset Pool do not fulfil the requirements provided for in the CBA, the FIN-FSA may set a time limit within which the Issuer shall place more collateral in compliance with the CBA and the conditions of the relevant Covered Bonds. If these requirements are not complied with, the Issuer's licence for mortgage bank activities may be withdrawn. If the Issuer is placed in liquidation or declared bankrupt, and the requirements for the total amount of collateral of the Covered Bonds in sections 24 and 31 of the CBA are not fulfilled, a supervisor appointed by the FIN-FSA may demand that the Issuer's bankruptcy administrator declare the Covered Bonds due and payable and sell the assets in the Cover Asset Pool. This could result in the holders of Covered Bonds receiving payment according to a schedule that is different from that contemplated by the terms of the Covered Bonds (with accelerations as well as delays) or that the holders of Covered Bonds are not paid in full, in part, due to the statutory limit to the priority of holders of Covered Bonds.

Default of the assets in the Cover Asset Pool may jeopardise payment on the Covered Bonds

Default of the Issuer's assets in the Cover Asset Pool could jeopardise the Issuer's ability to make payments on the Covered Bonds in full or on a timely manner. Over-collateralisation must have a value of at least two per cent. If the requirements set out in Article 129, Paragraph 3 a, Subparagraph 3 of the CRR are not met, over-collateralisation must have a value of at least five per cent. In case of defaults of the Issuer's assets in the Cover Asset Pool, the Issuer must supplement the Cover Asset Pool to comply with the statutory requirements and if the current value of the total amount of the Cover Asset Pool does not continuously exceed the current value of the combined payment obligations resulting from the Covered Bonds by at least two (2) per cent (or five (5) per cent, respectively), the FIN-FSA may withdraw the Issuer's licence for mortgage bank activities and the assets in the Cover Asset Pool may not fully cover the payments on the Covered Bonds. To the extent that claims of the Noteholders in respect of the Covered Bonds are not met out of the Cover Asset Pool, the residual claims of the Noteholders will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer. The Issuer will substitute assets that are, for any reason, no longer eligible for collateral with eligible assets in accordance with the CBA.

Transfer of Covered Bonds and the Cover Asset Pool in bankruptcy

In bankruptcy, a bankruptcy administrator may, with the permission of the FIN-FSA, transfer the liability for a covered bond and the corresponding collateral to a mortgage credit bank, deposit bank or credit entity that has acquired a licence to issue covered bonds or to a foreign mortgage credit bank which is subject to supervision corresponding to that of the CBA unless the terms of the covered bond provide otherwise. The Noteholders may not affect the entity that administers the liability for a covered bond and the corresponding collateral and if the transferee does not fulfil its obligations, it may have an adverse effect on the value of the Covered Bonds. See also "*Finnish Covered Bond Act – Management of Cover Pool Assets during the liquidation or bankruptcy of the issuer*".

No market for collateral after an insolvency of the Issuer

There is no assurance as to whether there will be a trading market for the collateral in the Cover Asset Pool or an eligible transferee to take over the obligations relating to the Covered Bonds and the corresponding collateral after an insolvency

of the Issuer. A limited number of eligible transferees may affect adversely the liquidity of the collateral and consequently the value of the Covered Bonds.

Liquidity post Issuer bankruptcy

It is believed that neither an insolvent issuer nor its bankruptcy estate would have the ability to issue Covered Bonds. Under the CBA, the bankruptcy administrator (upon the demand or the consent of a supervisor appointed by the FIN-FSA) may, however, raise liquidity through the sale of mortgage loans and other assets in the Cover Asset Pool to fulfil the obligations relating to the relevant Covered Bonds. Further, the bankruptcy administrator (upon the demand or the consent of the supervisor appointed by the FIN-FSA) may take out liquidity loans and enter into other agreements for the purpose of securing the liquidity of the Cover Asset Pool (the "**Bankruptcy Liquidity Loans**"). Pursuant to Section 44 of the CBA, providers of Bankruptcy Liquidity Loans have a right to receive payment after the funds specified in Section 20 of the CBA. However, there can be no assurance as to the actual ability of the bankruptcy estate to raise post-bankruptcy liquidity, which may result in a failure by the Issuer to make full and timely payments to holders of Covered Bonds and existing derivative counterparties registered in the Cover Asset Pool.

Defaults under the mortgage loans and defaults by borrowers may result in the Issuer's licence for mortgage bank activity to be withdrawn

The mortgage loans which secure the Covered Bonds will comprise loans secured by properties. A borrower may default on its obligation under such mortgage loan. The Issuer will substitute assets that are, for any reason, no longer eligible for collateral with eligible assets in accordance with the CBA. If the Cover Asset Pool does not have sufficient eligible assets, the Issuer would breach its statutory obligations as stipulated by the provisions of the CBA and the FIN-FSA may set a time limit within which the Issuer shall place more collateral in compliance with the CBA and the conditions of the relevant Covered Bonds. If these requirements are not complied with, the Issuer's licence for mortgage bank activities may be withdrawn.

Defaults may occur for a variety of reasons. Defaults under mortgage loans are subject to credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in borrowers' individual, personal or financial circumstances may affect the ability of the borrowers to repay the mortgage loans. Loss of earnings, unemployment, illness, divorce, weakening of financial conditions or results of business operations and other similar factors may lead to an increase in delinquencies by and bankruptcies of borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the mortgage loans. In addition, the ability of a borrower to sell a property given as security for a mortgage loan at a price sufficient to repay the amounts outstanding under that mortgage loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

No due diligence has or will be undertaken in relation to the Cover Asset Pool

No investigations, searches or other actions in respect of any assets contained or to be contained in the Cover Asset Pool has or will be performed by the Arranger nor any Lead Manager. Instead, they will rely on the obligations of the Issuer under applicable Finnish law. If the Issuer has not complied with applicable Finnish law and the Cover Asset Pool is deficient, it may have an adverse effect on the value of the Covered Bonds.

Limited information is available to holders of Covered Bonds, especially in relation to the assets in the Cover Asset Pool

Investors will not receive detailed statistics or information in relation to the mortgage loans, the location of the properties securing the mortgage loans or other assets included in the Cover Asset Pool and it is expected that the composition of the Cover Asset Pool will change from time to time through the repayment of the mortgage loans by borrowers or new mortgage loans and/or other eligible assets being added to the Cover Asset Pool. The assets contained in the Cover Asset Pool will change over time reflecting repayments and new credits granted and, therefore, there are no assurances that the regional diversification, risk profile or credit quality of the assets in the Cover Asset Pool will remain the same as on or after the issue date of any Covered Bonds. The Issuer will maintain a separate register for the Cover Asset Pool in accordance with the CBA and inform the Noteholders of the composition of the Cover Asset Pool in its financial statements and interim financial statements as set out in Section 27 of the CBA. The Issuer is subject to the disclosure obligations as set out in the MAR, the Finnish Securities Markets Act, in the regulations and guidelines of the FIN-FSA as well as in the rules of the Helsinki Stock Exchange, and this disclosure obligation may include matters relating to the

requirements set for the Cover Asset Pool in accordance with the CBA where such information is of precise nature and likely to have a significant effect on the prices of the Covered Bonds.

Reliance on Swap Providers

To provide a hedge against possible variances in the rates of interest receivable on the mortgage loans and other assets from time to time held by the Issuer (which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate) and the interest rate(s) under the Covered Bonds, the Issuer may from time to time enter into interest rate swap agreements (see "*Derivative Transactions related to the Covered Bonds*").

If any swap counterparty defaults on its obligations to make payments under the relevant interest rate swap agreement, the Issuer will be exposed to changes in the relevant rates of interest. Unless such interest rate swap agreements are replaced, the Issuer may not have sufficient funds to make payments under the Covered Bonds.

Extendable obligations

The applicable Final Terms may provide that an Extended Final Maturity Date applies to a Series of Covered Bonds. If the Issuer has the right to convert the interest rate on the Covered Bonds from a fixed rate to a floating rate or vice versa in relation to all amounts constituting accrued interest due and payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date, then the Issuer may pay such interest pursuant to the floating rate or fixed rate (as the case may be) set out in the applicable Final Terms.

The extension of the maturity of the principal amount outstanding of the Covered Bonds from the Maturity Date to the Extended Final Maturity Date will not result in any right of the Noteholders to accelerate payments or take action against the Issuer, and no payment will be payable to the Noteholders in that event other than as set out in the terms and conditions of the Covered Bonds as completed by the applicable Final Terms. In these circumstances, failure by the Issuer to make payment in respect of the Final Redemption Amount on the Maturity Date shall not constitute a default in payment by the Issuer.

I. Risks related to the AT1 Notes

The AT1 Notes are subordinated to most of the lssuer's liabilities

In case the Issuer is declared insolvent and a winding up is initiated, it will be required to pay the holders of its senior debt and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of more subordinated debt) in full before it can make any payments on the relevant AT1 Notes. lf this occurs, the lssuer may not have enough assets remaining after these payments to pay amounts due under the AT1 Notes. The ranking of different classes of Notes is more fully described in Condition 3.2 (*Status – AT1 Notes*) of the General Terms and Conditions of the Notes.

In the liquidation or bankruptcy of the Issuer claims under the AT1 Notes would be expected to be recognised as own fund items as referred to in item 6 of Chapter 1, section 4a Subsection 1 of the Credit Institutions Act as well as in accordance with their contractual subordinated ranking pursuant to item 5 of Chapter 1, Section 4 a, Subsection 1 of the Credit Institutions Act, but there can be no assurances that this would be the case.

There are no rights of set-off, netting or counterclaim

Noteholders will not be entitled to exercise any right of set-off, netting or counterclaim against moneys owed by the Issuer in respect of such AT1 Notes. Therefore, holders of such AT1 Notes will not be entitled (subject to applicable law) to set-off the Issuer's obligations under such AT1 Notes against obligations owed by them to the Issuer.

If there is a change in the regulatory classification of the AT1 Notes that results in their exclusion from the "Additional Tier 1 capital" of the Issuer or a reclassification as a lower quality form of own funds, the Issuer may have the right to redeem the AT1 Notes

The intention of the Issuer is for the AT1 Notes to qualify on issue as "Additional Tier 1 capital" for so long as this is permitted under the laws and regulations on capital adequacy applicable from time to time. Current regulatory practice by the competent authorities does not require (or customarily provide) a confirmation prior to the issuance of the AT1 Notes that they will be treated as such. Although it is the Issuer's expectation that the AT1 Notes qualify as "Additional

Tier 1 capital", there can be no representation that this is or will remain the case during the life of the AT1 Notes or that the AT1 Notes will be grandfathered under the implementation of future EU capital requirement regulations. If there is a change (or pending change which the competent authority considers to be sufficiently certain) in the regulatory classification of the AT1 Notes that results, or would be likely to result, in their exclusion in full (or to the extent permitted under the Applicable Banking Regulations, in part) from the "Additional Tier 1 capital" of the Issuer or a reclassification as a lower quality form of own funds, the Issuer will have the right to redeem the AT1 Notes, subject to Conditions to Redemption set out in Condition 6.7 (*Conditions to Redemption and Repurchase*) of the General Terms and Conditions of the Notes, including prior approval of the Competent Authority.

Noteholders are also exposed to the risk that several debt obligations of the Issuer may become due simultaneously, as a result of which the Noteholder may have to wait for payment until the Issuer has paid the other debts that rank senior to the AT1 Notes.

If the Issuer has the right to redeem any AT1 Notes, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

The Issuer may also call, redeem, repay or repurchase the AT1 Notes in case of an Issuer's call option, a Capital Event or a Tax Event, each as specified in the General Terms and Conditions of the Notes and subject to the Conditions to Redemption set out in Condition 6.7 (*Conditions to Redemption and Repurchase*), including prior approval of the Competent Authority.

It is not possible to predict whether or not any further change in the applicable laws or regulations or the application or interpretation thereof, or any of the other events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the AT1 Notes, and if so whether or not the Issuer will elect to exercise such option to redeem the AT1 Notes or, in the case where any prior permission of the Competent Authority for such redemption is required, whether such permission will be given. There can be no assurances that, in the event of any such redemption, the Noteholders will be able to reinvest the proceeds at a rate that is equal to the return on the AT1 Notes.

Redemption features are also likely to limit the market value of the AT1 Notes. During any period when the Issuer can redeem the AT1 Notes, or during which there is an actual or perceived increased likelihood that the Issuer may elect to redeem the AT1 Notes, the market value of those AT1 Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period if the market believes that the AT1 Notes may become eligible for redemption in the near term. The Issuer may, subject to the Conditions to Redemption set out in Condition 6.7 (*Conditions to Redemption and Repurchase*), redeem AT1 Notes when its cost of borrowing is lower than the interest rate on the AT1 Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the AT1 Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Under certain circumstances, the Issuer's ability to redeem or repurchase the AT1 Notes may be limited

The rules under CRD IV (as defined in the General Terms and Conditions of the Notes) prescribe certain conditions for the granting of permission by the Competent Authority (or, as the case may be, another competent authority) to a request by the Issuer to redeem or repurchase the AT1 Notes. In this respect, the CRR provides that the competent authority shall grant permission to a redemption or repurchase of the AT1 Notes provided that either of the following conditions is met:

(i) on or before such redemption or repurchase of the AT1 Notes, the Issuer replaces the AT1 Notes (as applicable) with capital instruments of an equal or higher quality on terms that are sustainable for its income capacity; or

(ii) the Issuer has demonstrated to the satisfaction of the Competent Authority or the Resolution Authority (as applicable) that its Tier 1 capital and tier 2 capital would, following such redemption or repurchase, exceed the capital ratios required under CRD IV by a margin that the competent authority or the Resolution Authority (as applicable) may consider necessary on the basis set out in CRD IV for it to determine the appropriate level of capital of an institution.

In addition, the rules under CRD IV provide that the Competent Authority may only permit the Issuer to redeem the AT1 Notes before five (5) years after the issue date of the AT1 Notes if:

(a) the conditions listed in paragraphs (i) or (ii) above are met; and

(b) in the case of redemption due to the occurrence of a Capital Event, (i) the competent authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the competent authority that the Capital Event was not reasonably foreseeable at the time of the issuance of the AT1 Notes; or

(c) in the case of redemption due to the occurrence of a Tax Event, the Issuer demonstrates to the satisfaction of the Competent Authority that such Tax Event is material and was not reasonably foreseeable at the time of issuance of the AT1 Notes.

Thus, the regulatory landscape sets certain limitations for the Issuer to redeem and/or repurchase the AT1 Notes which may have an adverse effect on the Issuer's financial position and on the Noteholders' possibilities to get repayment from their investments in the AT1 Notes. The regulatory conditions described herein are further specified in respect of the AT1 Notes in Condition 6.7 (*Conditions to Redemption and Repurchase*) of the General Terms and Conditions.

The rules under CRD IV may be modified from time to time after the issue date of the AT1 Notes.

Remedies in case of default on the AT1 Notes are severely limited

The AT1 Notes will contain limited enforcement events relating to:

(i) non-payment by the Issuer of any amounts due under the AT1 Notes. In such circumstances, as described in more detail in the General Terms and Conditions of the Notes and subject as provided below, the Noteholder may institute proceedings in Finland or elsewhere for the Issuer to be declared bankrupt (in Finnish: *konkurssi*) or its winding-up or liquidation (in Finnish: *Selvitystila*) and prove or claim in the bankruptcy or liquidation of the Issuer; and

(ii) the bankruptcy or the winding-up or liquidation of the Issuer, whether in Finland or elsewhere. In such circumstances, as described in more detail in the General Terms and Conditions of the Notes, a Noteholder may declare its AT1 Notes to be due and payable at their outstanding principal Amount, and prove or claim in the bankruptcy or liquidation of the Issuer.

However, in each case, the Noteholder may claim payment in respect of the AT1 Notes only in the winding-up or liquidation or, as the case may be, bankruptcy or liquidation of the Issuer.

Under Finnish law, a creditor may not institute proceedings for the liquidation of the debtor, except under the following limited circumstances: (i) the debtor has no registered and competent board of directors; (ii) the debtor has no registered representative within the meaning of the Act on the Freedom of Enterprise Act (*laki elinkeinon harjoittamisen oikeudesta* 122/1919, as amended); (iii) despite the request of the register authority, the debtor has not filed its annual accounts for registration within one year from the end of the financial period; or (iv) the debtor has been declared bankrupt and the bankruptcy has expired due to the lack of funds.

The Issuer is not prohibited from issuing further debt, which may rank pari passu with or senior to the AT1 Notes

There is no restriction on the amount of debt that the Issuer may issue that ranks senior to the AT1 Notes or on the amount of securities that it may issue that rank *pari passu* with the AT1 Notes. The issue of any such debt or securities may reduce the amount recoverable by the Noteholders in the event of voluntary or involuntary liquidation or bankruptcy of the Issuer.

In addition, the Issuer reserves the right to issue other securities counting as additional Tier 1 capital of the Issuer in the future, provided, however, that any such obligations may not in the event of voluntary or involuntary liquidation or bankruptcy of the Issuer rank prior to AT1 Notes.

There is uncertainty regarding the tax treatment of the AT1 Notes

There are unpublished tax rulings supporting the interpretation that AT1 Notes are treated as loans in the Issuer's taxation and that the possible Write-Down of AT1 Notes would not generate taxable income for the Issuer when the Write-Down corresponds to the amount considered to be without value. Similarly, any revaluation in the value of the Notes would not be treated as deductible cost in Issuer's taxation. However, as there are no tax rulings that directly concern the Issuer and the AT1 Notes in question, there can be no assurance on the tax treatment of the AT1 Notes in the Issuer's taxation. Thus, possible tax treatment of the AT1 Notes in terms of the Issuer's taxation may end up unfavourable for the Noteholders of the AT1 Notes and result in possible losses in the value of the AT1 Notes.

AT1 Notes are of perpetual nature

AT1 Notes have no fixed final redemption date and holders have no rights to call for the redemption of such Notes. Although the Issuer may redeem such Notes in certain circumstances, there are limitations on its ability to do so. Therefore, holders of AT1 Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for an indefinite period of time.

AT1 Notes are deeply subordinated obligations

The AT1 Notes are not obligations of anyone other than the Issuer and they are not guaranteed by any person or entity. No one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the AT1 Notes.

AT1 Notes are unsecured, deeply subordinated obligations of the lssuer and are currently the most junior debt instruments of the lssuer, ranking behind claims of depositors of the lssuer, other unsubordinated creditors of the Issuer and subordinated creditors of the lssuer (other than obligations or capital instruments of the Issuer ranking or are expressed to rank equally with AT1 Notes on a winding-up of the Issuer), at least *pari passu* with other securities of the lssuer which are recognised as additional Tier 1 capital of the lssuer, from time to time by the competent authority and currently in priority only to all classes of ordinary share capital of the lssuer subject, in all cases, to mandatory provisions of Finnish law, including but not limited to the Finnish Implementation of Article 48(7) of the BRRD in paragraph 6 of Subsection 1 of Section 4a in Chapter 1 of the Credit Institutions Act to the effect that claims resulting from own funds items (includin but not limited to AT1 instruments) have a lower priority ranking than any claim that does not result from an own funds item. In the event of the winding-up of the Issuer, the rights and claims (if any) of the Noteholders of any AT1 Notes to payments will be subordinated in full to the payment in full of the unsubordinated creditors of the Issuer and any other subordinated creditors of the lssuer that are senior in priority of payment to the claims of the Noteholders of AT1 Notes.

Accordingly, the prospects of the Issuer may negatively impact the liquidity and the market price of the AT1 Notes (if a market for the At1 Notes develops and is maintained) and may increase the risk that the Noteholders will not receive prompt and full payment, when due, for interest, principal and/or any other amounts payable to the Noteholders pursuant to the AT1 Notes from time to time.

Interest payments on AT1 Notes may be cancelled by the Issuer (in whole or in part) at any time and, in certain circumstances, the Issuer will be required to cancel such interest payments

Interest on any AT1 Notes will be due and payable only at the sole discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date on AT1 Notes. Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled in accordance with Condition 10.5 (*Interest cancellation on the AT1 Notes*) of the General Terms and Conditions of the Notes. If the Issuer does not make an interest payment on the relevant Interest Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Issuer's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable.

The Issuer may cancel (in whole or in part) any interest payment on any AT1 Notes at its discretion and may pay dividends on its ordinary or preference shares notwithstanding such cancellation. In addition, the Issuer may without restriction use funds that could have been applied to make such cancelled payments to meet its other obligations as they become due.

Subject to the extent permitted in the following paragraph in respect of partial interest payments, the Issuer shall not make an interest payment on any AT1 Notes on any Interest Payment Date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such Interest Payment Date) if the Issuer has an amount of Distributable Items on such Interest Payment Date that is less than the sum of all distributions or interest payments on all other own funds instruments of the Issuer paid or required to be paid in the then financial year.

Although the Issuer may, in its sole discretion, elect to make a partial interest payment on the AT1 Notes on any Interest Payment Date, it may only do so to the extent that such partial interest payment may be made without breaching the restriction in the preceding paragraph.

If and to the extent that such payment would cause a breach of any regulatory restriction or prohibition on payments on AT1 Notes pursuant to Applicable Banking Regulations (including, without limitation, any such restrictions or

prohibitions relating to circumstances where the MDA (maximum distributable amount) (if any), determined in accordance with Article 141 of the CRD IV Directive applies to the Issuer, no payments will be made on the AT1 Notes (whether by way of principal, interest or otherwise). The MDA is a complex concept, and its determination is subject to considerable uncertainty and may change over time. See also " – *Increased capital requirements and standards*" above.

Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter, and Noteholders shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation. Furthermore, no cancellation of interest in accordance with the General Terms and Conditions of the Notes, shall constitute a default in payment or otherwise under the relevant AT1 Notes.

Any actual or anticipated cancellation of interest on the AT1 Notes will likely have an adverse effect on the market price of the AT1 Notes. In addition, as a result of the interest cancellation provisions of the AT1 Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Holders will bear the risk of changes in the CET1 Ratio

The market price of the AT1 Notes is expected to be affected by changes in the CET1 Ratio. Changes in the CET1 Ratio may be caused by changes in the amount of CET1 Capital and/or risk weighted asset ratio, as well as changes to their respective definition and interpretation under the Applicable Banking Regulations.

The Issuer only publicly reports the CET1 Ratio quarterly as of the period end, and therefore during the quarterly period there is no published updating of the CET1 Ratio and there may be no prior warning of adverse changes in the CET1 Ratio. However, any indication that the CET1 Ratio is moving towards the level of a Trigger Event or a breach of the maximum distributable amount may have an adverse effect on the market price of the AT1 Notes. A decline or perceived decline in the CET1 Ratio may significantly affect the trading price of the Notes, in particular AT1 Notes. The Issuer's CET1 Ratio was 12.8 per cent as at 30 September 2022 and 13 per cent as at 31 December 2021. Pursuant to Condition 1 (Definitions) of the General Terms and Conditions, a Trigger Event ooccurs when the CET1 Ratio of the Issuer on a solo basis or the Group on a consolidated basis is below 7.125 per cent.

In addition, the Competent Authority, as part of its supervisory activity, may instruct the Issuer to calculate such ratio as at any time, including if the Issuer and/or the Group is subject to recovery and resolution actions by the relevant Resolution Authority, or the Issuer might otherwise determine to calculate such ratio in its own discretion at any time. Moreover, the relevant Resolution Authority is likely to allow a Trigger Event to occur rather than to resort to the use of public funds.

The circumstances surrounding a Trigger Event are unpredictable, and there are a number of factors that could affect the Issuer's or the Group's CET1 Ratio and, more generally, their overall capital position

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, including those discussed in greater detail in the following paragraphs, any of which may be outside the Issuer's control.

The calculation of the Issuer's or the Group's CET1 Ratio, and, more generally, their overall capital position, could be affected by one or more factors, including, among other things, changes in the mix of the Group's business, major events affecting the Group's earnings, dividend payments by the Issuer, regulatory changes (including changes to definitions and calculations of regulatory capital ratios and their components, including CET1 Capital and risk weighted assets and the Group's ability to manage risk weighted assets in both its ongoing businesses and those which it may seek to exit. In addition, the Group has capital resources and risk weighted assets denominated in foreign currencies, and changes in foreign exchange rates will result in changes in the balance sheet value of foreign currency denominated capital resources and risk weighted assets. As a result, the Issuer's or the Group's respective CET1 Ratios (and their overall capital position) are exposed to foreign currency movements.

The calculation of the CET1 Ratio (and the overall capital position) may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as of the relevant calculation date, the Competent Authority could require the Issuer to reflect such changes in any particular calculation of the CET1 Ratio. Accordingly, accounting changes or regulatory changes may have a material adverse impact on the Group's calculations of regulatory capital, including CET1 Capital and risk weighted assets, and the CET1 Ratio. The calculation of the CET1 Ratio and its constituent elements (and the overall capital position) and the levels at which the Trigger Level is set may continue to vary from time to time.

Because of the inherent uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, a Write-Down may occur. Accordingly, the trading behaviour of the AT1 Notes is not necessarily expected to follow the trading behaviour of other types of security. Any indication that a Trigger Event may occur can be expected to have a material adverse effect on the market price of the AT1 Notes. In addition, any of the factors that affect the Group's overall capital position, including those mentioned above, may in turn affect the Group's capital, leverage and/or MREL resources and the maximum distributable amount.

The CET1 Ratio will be affected by the Issuer's business decisions and, in making such decisions, the Issuer's interests may not be aligned with those of the Noteholders

As discussed, the CET1 Ratio could be affected by a number of factors. It will also depend on the Group's decisions relating to its businesses and operations, as well as the management of its capital position. The Issuer will have no obligation to consider the interests of the Noteholders in connection with the strategic decisions of the Group, including in respect of capital management. The Noteholders will not have any claim against the Issuer or any other member of the Group relating to decisions that affect the business and operations of the Group, including its capital position, regardless of whether they result in the occurrence of a Trigger Event and therefore result in a possible Write-Down of the AT1 Notes. Such decisions could cause Noteholders to lose all or part of the value of their investment in the AT1 Notes.

The principal amount of the AT1 Notes may be reduced to absorb losses

If a Trigger Event has occurred, then the Issuer shall write down the Outstanding Principal Amount of each AT1 Note by writing down the Outstanding Principal Amount on the Write-Down Date in accordance with Condition 18 (*Loss absorption in relation to AT1 Notes*) of the General Terms and Conditions of the Notes. Noteholders may lose all of their investment as a result of a Write-Down.

Any future outstanding junior securities of the Issuer might not include write-down or similar features with triggers comparable to those of the AT1 Notes and/or the write-down or conversion features of other loss absorbing instruments may not be fully effective in all circumstances. As a result, it is possible that the AT1 Notes will be subject to a Write-Down, while junior securities (including equity securities) remain outstanding and continue to receive payments and, as such, holders of AT1 Notes may be subject to losses ahead of holders of junior securities (including equity securities). It is also possible that holders of AT1 Notes may be subject to greater losses if the write-down or conversion features of other loss absorbing instruments are not fully effective.

The Issuer could, in certain circumstances, substitute or vary the terms of the AT1 Notes

Pursuant to Condition 23 (*Substitution and variation*) of the General Terms and Conditions of the Notes, in certain circumstances, such as if a Capital Event or a Tax Event has occurred and is continuing, or in order to ensure the effectiveness and enforceability of Condition 18 (*Loss absorption in relation to AT1 Notes*), the Issuer may, provided that certain conditions are met, subject to the Applicable Banking Regulations and (to the extent applicable) it has been granted the permission of the Competent Authority without the consent or approval of the Noteholders, substitute all (but not some only) of the AT1 Notes for new AT1 Notes, as applicable, which are Qualifying Securities or vary the terms of the AT1 Notes so that they remain or, as appropriate, become Qualifying Securities in order to ensure the effectiveness and enforceability of Condition 18 (*Loss absorption in relation to AT1 Notes*). While the Issuer cannot make changes to the terms of the AT1 Notes that are materially less favourable to a Noteholder (save to the extent that such prejudice is solely attributable to the effectiveness and enforceability of Condition 18 (*Loss absorption in relation to AT1 Notes*)), there can be no assurances as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax consequences of holding the substituted or varied AT1 Notes could be different for some categories of the Noteholders from the tax consequences for them of holding the AT1 Notes prior to such substitution or variation.

GENERAL INFORMATION

Issuer

S-Bank Plc
Fleminginkatu 34
FI-00510 Helsinki
Finland

Arranger

Danske Bank A/S
c/o Danske Bank, Finland Branch
Debt Capital Markets
Kasarmikatu 21 B, PL 1613
FI-00130 Helsinki
Finland

Auditor of the Issuer

KPMG Oy Ab
Töölönlahdenkatu 3 A
FI-00101 Helsinki
Finland

Responsibility Statement

S-Bank Plc has prepared the Base Prospectus and S-Bank Plc accepts responsibility regarding the information contained in the Base Prospectus. To the best of the knowledge of S-Bank Plc the information contained in the Base Prospectus is in accordance with the facts and that the Base Prospectus makes no omission likely to affect its import.

S-Bank Plc
Helsinki, Finland

No incorporation of website information

This Base Prospectus and any supplement thereto will be published on S-Bank's website at s-pankki.fi/investors. However, the contents of S-Bank's website (excluding the Base Prospectus, any supplement thereto the Final Terms and the information incorporated by reference) or any other website do not form a part of this Base Prospectus, and prospective investors should not rely on such information in making their decision to invest in the Notes.

Information derived from third party sources

Where certain information contained in this Base Prospectus has been derived from third party sources, such sources have been identified herein. The Issuer confirms that such third-party information has been accurately reproduced herein. In addition, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Use of Proceeds

The net proceeds from each issue of Notes will be applied by the Issuer to ensure execution of its growth strategy and for its general corporate purposes, in case of Senior Preferred MREL Eligible Notes, to cover the Issuer's MREL requirement unless otherwise specified in the relevant Final Terms and, in case of AT1 Notes, to strengthen the Issuer's regulatory capital base by providing AT1 capital for the Issuer.

GENERAL TERMS AND CONDITIONS OF THE PROGRAMME

The following General Terms and Conditions of the Programme must be read in their entirety together with the relevant Final Terms for the relevant Notes.

1 Definitions

In these general terms and conditions (the "**General Terms and Conditions**" and each clause a "**Condition**") the following expressions have the following meaning:

"**Additional Tier 1 Capital**" means additional tier 1 capital for the purposes of the Applicable Banking Regulations.

"**Adjustment Spread**" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable), as a result of the replacement of the Reference Rate with the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable), and is the spread, formula or methodology which:

i) in the case of a Successor Rate, is recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage for the purposes of determining floating rates of interest in respect of bonds denominated in euro, where such rate has been replaced by such Successor Rate or Alternative Reference Rate (as applicable); or

iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser in its discretion (in consultation with the Issuer) or the Issuer (acting in good faith and in a commercially reasonable manner) in its discretion (as applicable) determines is most comparable to the Reference Rate.

"**Alternative Reference Rate**" means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or the Issuer (as applicable) determines has replaced the Reference Rate in customary market usage for the purposes of determining floating rates of interest in respect of bonds denominated in euro or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser in its discretion (in consultation with the Issuer) or the Issuer (acting in good faith and in a commercially reasonable manner) in its discretion (as applicable) determines is most comparable to the Reference Rate.

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or any minimum requirement for own funds and eligible liabilities then in effect in Finland including, without limitation to the generality of the foregoing, the CRD, the CRR, the BRRD and those regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or any minimum requirement for own funds and eligible liabilities adopted by the Competent Authority or the Stability Authority, from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer).

"**AT1 instruments**" has the meaning given to it in the Capital Regulations.

"**Benchmark Event**" means:

(i) the Reference Rate has ceased to be published on the relevant screen page as a result of such benchmark ceasing to be calculated or administered; or

(ii) a public statement by the administrator of the Reference Rate that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Reference Rate that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or

(v) it has or will become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Reference Rate (including, without limitation, under Regulation (EU) 2016/1011, if applicable).

"**BRRD**" means Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time, including without limitation as amended by the Creditor Hierarchy Directive and by Directive (EU) 2019/879 of 20 May 2019 of the European Parliament and of the Council amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms.

"**Business Day**" means a day when commercial banks and foreign exchange markets settle payments and are open for general business in Finland and the Trans-European Automated Real-Time Gross Settlement Express (TARGET 2) System is open.

"**Capital Event**" means the determination by the Issuer, after consultation with the Competent Authority, that there is a change in the regulatory classification of the AT1 Notes that would be likely to result in the Outstanding Principal Amount of AT1 Notes to cease to be included in whole or in any part, or count in whole or in any part, towards the Additional Tier 1 Capital of either the Issuer or the Group other than by reason of a full or partial exclusion of the Outstanding Principal Amount of the AT1 Notes arising (i) as a result of a Write-Down and/or (ii) by reason of any applicable limit on the amount of such capital under the Applicable Banking Regulations from time to time.

"**Capital Regulations**" means any requirements of Finnish law or contained in the relevant rules of EU law that are then in effect at the Issue Date in Finland relating to capital adequacy and applicable to the Issuer, including but not limited to the CRR, national laws and regulations implementing the Capital Requirements Directive and the BRRD, delegated or implementing acts adopted by the European Commission and guidelines issued by the European Banking Authority, as amended from time to time, or such other acts as may come into effect in place thereof.

"**CET1 instruments**" has the meaning given to it in the Capital Regulations.

"**CET1 Ratio**" means, with respect to the Issuer, at any time, the Common Equity Tier 1 Capital as of such time expressed as a percentage of the total risk exposure amount.

"**Common Equity Tier 1 Capital**" means common equity tier 1 capital as contemplated by CRR as interpreted and applied in accordance with the Applicable Banking Regulations then applicable, or an equivalent or successor term.

"**Competent Authority**" means the Finnish Financial Supervisory Authority or such other or successor authority that is responsible for prudential supervision and/or empowered by national law to supervise the Issuer as part of the supervisory system in operation in Finland.

"**CRD**" means the legislative package consisting of the Capital Requirements Directive, the CRR and the CRD Implementing Measures.

"**CRD Implementing Measures**" means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer or the Group and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer or the Group (on a solo or consolidated basis, as the case may be) to the extent required by the CRD IV Directive or the CRR, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof).

"**Creditor Hierarchy Directive**" means Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy, or any equivalent legislation that supersedes or replaces it.

"**CRD IV Directive**" or "**Capital Requirements Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as the same may be amended or replaced from time to time, including without limitation as amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019.

"**CRR**" means Regulation (EU) No 575/2013 for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as amended by Regulation (EU) 2019/876 of 20 May 2019 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and as may be further amended or replaced from time to time.

"**Distributable Items**" means, subject as otherwise defined from time to time in the Applicable Banking Regulations, in relation to interest otherwise scheduled to be paid on an Interest Payment Date, the amount of the profits of the Issuer at the end of the last Financial Year immediately preceding such Interest Payment Date plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments of the Issuer less any losses brought forward, any profits which are non-distributable pursuant to applicable European Union or national law or the Issuer's articles of association and any sums placed in non-distributable reserves in accordance with applicable national law or the articles of association of the Issuer, in each case with respect to the specific category of own funds instruments to which European Union or national law or the Issuer's articles of association relate; such profits, losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of its consolidated accounts.

"**Financial Year**" means the financial year of the Issuer (being the one-year period in respect of which it prepares annual audited financial statements) from time to time, which as at the Issue Date runs from (and including) 1 January in one calendar year to (but excluding) the same date in the immediately following calendar year.

"**Group**" means the Issuer and its subsidiaries.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international capital markets, in each case appointed by the Issuer at its own expense.

"**Issue Date**" has the meaning specified in the relevant Final Terms.

"**Loss Absorbing Instrument**" means at any time any AT1 Instrument (other than the AT1 Notes) of the Issuer which may have its principal amount written-down on the occurrence or as a result of the Issuer or the Group CET1 Ratio failing below a certain trigger level.

"**MREL Disqualification Event**" means the determination by the Issuer, after consulting with the Stability Authority, that the Outstanding Principal Amount of the Senior Preferred MREL Eligible Notes ceases or would be likely to cease to be included in whole or in any part, or count in whole or in any part, towards the own funds or eligible liabilities available to meet the MREL Requirements of the Issuer provided that an MREL Disqualification Event shall not occur if such whole or part of the Outstanding Principal Amount of the Notes is not included in, ceases or (in the opinion of the Issuer) will cease to count towards such eligible liabilities (or any equivalent or successor term) due to (i) the remaining maturity of the Senior Preferred MREL Eligible Notes being less than any minimum period prescribed by any applicable eligibility criteria under the relevant Applicable Banking Regulations or (ii) any applicable limits on the amount of eligible liabilities (or any equivalent or successor term) under the relevant Applicable Banking Regulations being exceeded.

"**MREL Requirements**" means the minimum requirements for own funds and eligible liabilities applicable to the Issuer referred to in the Applicable Banking Regulations.

"**Noteholders**" means the holders of the Notes from time to time.

"**Outstanding Principal Amounts**" means the principal amount of the Note on the Issue Date as reduced by any partial redemption or repurchase from time to time.

"**Original Principal Amount**" means, the principal amount (which, for these purposes, is equal to the nominal amount) of the AT1 Notes at the relevant Issue Date.

"**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 terms and conditions and/or the relevant Final Terms.

"**Reference Rate**" means EURIBOR.

"**Relevant Amounts**" means the outstanding principal amount of the Senior Preferred MREL Eligible Notes, together with any accrued but unpaid interest thereon and any additional or other amounts whatsoever accrued or due or which

would otherwise be payable on or in respect of the Senior Preferred MREL Eligible Notes. References to such amounts will include (but not be limited to) amounts that have become due and payable, but which have not been paid, prior to the exercise of any Statutory Loss Absorption Powers by the Resolution Authority.

"**Relevant Nominating Body**" means, in respect of a reference rate:

(i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, or any other central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, (d) the International Swaps and Derivatives Association, Inc. or any part thereof, or (e) the Financial Stability Board or any part thereof.

"**Resolution Authority**" means the Stability Authority and/or any other resolution authority with the ability to exercise any Statutory Loss Absorption Powers in relation to the Issuer or any Senior Preferred MREL Eligible Notes.

"**Stability Authority**" means the Finnish Financial Stability Authority (in Finnish: *Rahoitusvakausvirasto*).

"**Statutory Loss Absorption Powers**" means any 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 into Finnish law of BRRD 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).

"**Successor Rate**" means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or (acting in good faith and in a commercially reasonable manner) the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate (for the avoidance of doubt, whether or not such Reference Rate has ceased to be available) which is recommended by any Relevant Nominating Body.

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

(a) any amendment to, or change in, the laws or treaties (or any regulations thereunder) of the Tax Jurisdiction affecting taxation;

(b) any governmental action in the Tax Jurisdiction; or

(c) any amendment to, or change in, the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in the Tax Jurisdiction, irrespective of the manner in which such amendment, change, action, pronouncement, interpretation or decision is made known, which amendment or change is effective or such governmental action, pronouncement, interpretation or decision is announced, on or after the Issue Date of the Senior Preferred MREL Eligible Notes or AT1 Notes:

(i) the Issuer is, or will be, subject to additional taxes, duties or other governmental charges with respect to the Senior Preferred MREL Eligible Notes or AT1 Notes or is not, or will not be, entitled to claim a deduction in respect of payments in respect of the Senior Preferred MREL Eligible Notes or AT1 Notes in computing its taxation liabilities (or the value of such deduction would be materially reduced); or

(ii) the treatment of any of the Issuer's items of income or expense with respect to the Senior Preferred MREL Eligible Notes or AT1 Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by the taxing authority in the Tax Jurisdiction, which subjects the Issuer to additional taxes, duties or other governmental charges.

"**Tax Jurisdiction**" means the Republic of Finland or any political subdivision or any authority thereof or therein having power to tax.

"**Tier 2 Capital Instruments**" has the meaning given to it in the Capital Regulations.

"**Trigger Event**" means at any time that the CET1 Ratio of the Issuer on a solo basis or the Group on a consolidated basis is below 7.125 per cent. Whether a Trigger Event has occurred at any time shall be determined by the Issuer, the Competent Authority or any agent appointed for such purpose by the Competent Authority and such calculation shall be binding on the Noteholders.

"**Write-Down**" means a reduction of the Outstanding Principal Amount of each AT1 Note to zero on a permanent basis with no possibility of reinstatement (in whole or in part) of the Original Principal Amount or the then Outstanding Principal Amount of the AT1 Notes at any time and "**written down**" shall be construed.

2 Form and issuance

The notes (the "**Notes**") including for the avoidance of doubt any additional or tap issue relating to the Notes (the "**Subsequent Notes**") (if any) are issued by S-Bank Plc (the "**Issuer**"). The Notes are issued as serial bonds (in Finnish: *sarjalaina*) (each a "**Series of Notes**"). Each Series of Notes may comprise one or more tranches (each a "**Tranche of Notes**") of Notes. The terms and conditions of a Tranche of Notes consist of these General Terms and Conditions and a document containing the specific terms and conditions of such Tranche of Notes ("**Final Terms**").

Notes may be issued to be subscribed for by professional clients listed in points (1) to (4) of Section I of Annex II to MiFID II, and persons or entities who are, on request, treated as professional clients in accordance with Section II of that Annex, or recognised as eligible counterparties in accordance with Article 30 of MiFID II. No Notes may be issued to retail clients referred to in Article 4(1)(11) of MiFID II. The minimum subscription amount is at least EUR 100,000 and the denomination of a book-entry unit is at least EUR 100,000.

The Notes will be issued in the Infinity book-entry securities system of Euroclear Finland Ltd. incorporated in Finland with Business ID 1061446-0, address Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland, ("**Euroclear Finland**") (or any system replacing or substituting the Infinity book-entry securities system in accordance with the Finnish laws, regulations and operating procedures applicable to and/or issued by Euroclear Finland for the time being (the "**Euroclear Finland Rules**")), in accordance with the Act on the Book-Entry System and Clearing and Settlement (*laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 348/2017, as amended) and other Finnish legislation governing book-entry system and book-entry accounts as well as the Euroclear Finland Rules. The registrar in respect of the Notes will be Euroclear Finland.

The issuer agent (in Finnish: *liikkeeseenlaskijan asiamies*) for a Series of Notes referred to in the regulations of Euroclear Finland as well as the issuer and paying agent of the Notes (the "**Issuer Agent**" and/or where applicable, the "**Paying Agent**") are defined in the Final Terms. The Issuer may appoint one or more Lead Manager(s) (the "**Lead Manager(s)**") for a Tranche of Notes as specified in the Final Terms. The Issuer may appoint a calculation agent ("**Calculation Agent**") for a Tranche of Notes or the Issuer may itself act as the calculation agent, in each case as specified in the Final Terms.

Notes subscribed and paid for shall be entered to the respective book-entry accounts of the subscriber(s) on a date set out in the Final Terms in accordance with the Finnish legislation governing the book-entry system and book-entry accounts as well as the Euroclear Finland Rules. Each Note is freely transferable after it has been registered into the respective book-entry account.

The Notes may be listed on the Helsinki Stock Exchange maintained by Nasdaq Helsinki Ltd or they may be unlisted as specified in the Final Terms.

Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme. 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.

3 Status of the Notes

3.1 Status – Senior Preferred MREL Eligible Notes

This Condition 3.1 is applicable in relation to Notes specified in the relevant Final Terms as being Senior Preferred MREL Eligible Notes (the "**Senior Preferred MREL Eligible Notes**").

The Senior Preferred MREL Eligible Notes constitute direct, unconditional, unguaranteed, unsubordinated and unsecured obligations of the Issuer that rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer.

No Noteholder shall be entitled to exercise any right of set-off, netting or counterclaim against moneys owed by the Issuer in respect of any Senior Preferred MREL Eligible Note or any accrued but unpaid interest thereon and any additional or other amounts whatsoever accrued or due or which would otherwise be payable on or in respect of the Senior Preferred MREL Eligible Notes. Each Noteholder shall, by virtue of his holding of any Senior Preferred MREL Eligible Note, be deemed to have waived all such rights of set-off, netting and counterclaim. If, notwithstanding the preceding sentence, any Noteholder receives or recovers any sum or the benefit of any sum in respect of any Senior Preferred MREL Eligible Note by virtue of any such set-off, netting or counterclaim, it shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of liquidation (in Finnish: *selvitystila*) or bankruptcy (in Finnish: *konkurssi*) of the Issuer, to the liquidator or bankruptcy estate of the Issuer.

The rights of Noteholders shall be subject to any present or future Finnish laws or regulations relating to the recovery and resolution of credit institutions and investment firms in the Republic of Finland which are or will be applicable to the Senior Preferred MREL Eligible Notes only as a result of the operation of such laws or regulations.

3.2 Status – AT1 Notes

This Condition 3.2 is applicable in relation to Notes specified in the relevant Final Terms as being AT1 Notes (the "**AT1 Notes**").

The Issuer expects the AT1 Notes to be AT1 Instruments of the Issuer. The AT1 Notes constitute direct, unsecured and subordinated obligations of the Issuer and shall, at all times, rank:

(a) *pari passu* without any preference among themselves;

(b) *pari passu* with (a) any obligations or capital instruments of the Issuer which are recognised as "Additional Tier 1 Capital" by the Competent Authority, and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the AT1 Notes on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;

(c) senior to holders of the Issuer's CET1 instruments and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the AT1 Notes on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and

(d) junior to present or future claims of (a) unsubordinated creditors of the Issuer and (b) subordinated creditors of the Issuer, including holders of Tier 2 Capital Instruments, other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the AT1 Notes

subject, in all cases, to mandatory provisions of Finnish law, including but not limited to the Finnish implementation of Article 48(7) of the BRRD in item 6 of Chapter 1, Section 4a, Subsection 1 of the Finnish Act on Credit Institutions (*luottolaitoslaki* 610/2014, as amended) to the effect that claims resulting from items qualifying (whether in whole or in part) as own funds of the Issuer have a lower priority ranking than any claim that results from an item which does not qualify (whether in whole or in part) as own funds of the Issuer.

No Noteholder shall be entitled to exercise any right of set-off, netting or counterclaim against moneys owed by the Issuer in respect of any AT1 Note or any accrued but unpaid interest thereon and any additional or other amounts whatsoever accrued or due or which would otherwise be payable on or in respect of the AT1 Notes. Each Noteholder shall, by virtue of his holding of any AT1 Note, be deemed to have waived all such rights of set-off, netting and counterclaim. If,

notwithstanding the preceding sentence, any Noteholder receives or recovers any sum or the benefit of any sum in respect of any AT1 Note by virtue of any such set-off, netting or counterclaim, it shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of liquidation (in Finnish: *selvitystila*) or bankruptcy (in Finnish: *konkurssi*) of the Issuer, to the liquidator or bankruptcy estate of the Issuer.

The rights of Noteholders shall be subject to any present or future Finnish laws or regulations relating to the recovery and resolution of credit institutions and investment firms in the Republic of Finland which are or will be applicable to the AT1 Notes only as a result of the operation of such laws or regulations.

3.3 Status – Covered Bonds

This Condition 3.3 is applicable in relation to Notes specified in the relevant Final Terms as being Covered Bonds (the "**Covered Bonds**").

The Covered Bonds constitute direct, unconditional and unsubordinated obligations of the Issuer and rank pari passu among themselves and with all other obligations of the Issuer which benefit from the same priority right in accordance with the Covered Bond Act. To the extent that claims of the Noteholders in relation to the Covered Bonds and claims of other creditors having the same priority in accordance with the Covered Bond Act are not fully met out of the assets of the Issuer that are covered in accordance with the Covered Bond Act, the residual claims of the holders of the Covered Bonds will rank pari passu with the unsecured and unsubordinated obligations of the Issuer.

No Noteholder shall in the liquidation or bankruptcy of the Issuer be entitled to exercise any right of set-off, netting or counterclaim against moneys owed under assets that are subject to the priority set out in Section 20 of the Covered Bond Act in respect of any Covered Bond.

4 Nominal value

The denomination of each book-entry unit is at least EUR 100,000. Subject thereto, the Notes together with any Subsequent Notes, will be issued in such denominations as specified in the relevant Final Terms.

5 Maximum amount of the Programme and note principal as well as currency

The total equivalent value of outstanding Notes issued under the Programme at one time may be a maximum of EUR one billion five hundred million (1,500,000,000). The Issuer may decide on raising or lowering the maximum amount, including any Subsequent Notes.

The principal and the currency (euro) of a Series of Notes and the specific Tranche of Notes are defined in the Final Terms. The Issuer may decide on raising or lowering the issued aggregate principal of each Series and Tranche of Notes during the subscription period. Notice of any decision to raise or lower the issued aggregate principal of each Tranche of Notes during the subscription period is available at the subscription places and on the website at s-pankki.fi/investors as soon as practicable after any such decision is made.

Each Series of Notes is numbered annually in numerical order. Each Tranche of Notes under each Series of Notes is numbered in numerical order.

6 The term of the Notes, redemption and extension of maturity

6.1 The term of the Notes and redemption

The term of the Senior Preferred MREL Eligible Notes and the Covered Bonds is at least one (1) year. The principal of the Senior Preferred MREL Eligible Notes and Covered Bonds is to be repaid on the Maturity Date as defined in the Final Terms or, in the case of Covered Bonds, on the Extended Final Maturity Date if an Extended Final Maturity Date has been specified in the applicable Final Terms and the maturity of the Covered Bonds has been extended in accordance with Condition 6.2 (*Extension of Maturity up to Extended Final Maturity Date*). The principal of the Senior Preferred MREL Eligible Notes and Covered Bonds is to be repaid in instalments if so defined in the Final Terms. The business day convention defined in the Final Terms is applicable to the Maturity Date and the Extended Final Maturity Date.

The AT1 Notes are perpetual notes, which do not have any final maturity date.

The redemption amount is the nominal amount of the principal.

6.2 Extension of Maturity up to Extended Final Maturity Date

An Extended Final Maturity Date may apply to a Series of Covered Bonds, as specified in the applicable Final Terms.

If "Extended Final Maturity" is specified as applicable in the respective Final Terms, it enables the Issuer, at the latest on the fifth (5th) Business Day before the Maturity Date, to apply for the approval of the FIN-FSA that the Maturity Date of the Covered Bonds and the date on which the Covered Bonds will be due and repayable for the purposes of these General Terms and Conditions should be extended by the FIN-FSA up to but no later than the Extended Final Maturity Date due to the reason that (i) the Issuer is unable to obtain long-term financing from ordinary sources, (ii) the Issuer is unable to meet the liquidity requirement set out in the Covered Bond Act if it makes payments towards the principal and interest of the maturing Covered Bonds and (iii) the extension of maturity of the Covered Bonds does not affect the sequence in which the Issuer's Covered Bonds from the same Cover Asset Pool are maturing.

If the FIN-FSA determines that the conditions for extension of the Maturity Date of the Covered Bonds have been fulfilled and it gives its approval to the extension, its resolution shall confirm the extended Maturity Date of the Covered Bonds and the date on which the Covered Bonds will then be due and repayable for the purposes of these General Terms and Conditions, provided that the maturity of any Covered Bond may not be extended beyond the date falling twelve (12) months after the Maturity Date. In that event, the Issuer may redeem all or any part of the nominal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Final Maturity Date.

The Issuer shall give notice to the Noteholders (in accordance with Condition 24 (*Notices*)) of (a) any resolution of the FIN-FSA to so extend the maturity of the Covered Bonds as soon as practicable after any such resolution having been made and (b) its intention to redeem all or any of the nominal amount outstanding of the Covered Bonds in full at least three Business Days prior to (i) the Maturity Date, where practicable for the Issuer to do so and otherwise as soon as practicable after the relevant decision to redeem the Covered Bonds (if any) is made or, as applicable (ii) the relevant Interest Payment Date or, as applicable (iii) the Extended Final Maturity Date.

Any failure by the Issuer to so notify such persons shall not affect the validity or effectiveness of any such extension of the maturity of the Covered Bonds or, as applicable, redemption by the Issuer on the Maturity Date or, as applicable, the relevant interest payment date or, as applicable, the Extended Final Maturity Date or give rise to any such person having any rights in respect of any such redemption but such failure may result in a delay in payment being received by a Noteholder through Euroclear Finland (including on the Maturity Date where at least three Business Days' notice of such redemption is not given to the Noteholders (in accordance with Condition 24 (*Notices*)) and Noteholders shall not be entitled to further interest or any other payment in respect of such delay.

In the case of Covered Bonds which are zero coupon notes up to (and including) the Maturity Date and for which an Extended Final Maturity Date is specified in the applicable Final Terms, for the purposes of this Condition 6.2, the nominal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these General Terms and Conditions.

Any extension of the maturity of the Covered Bonds under this Condition 6.2 shall be irrevocable. Where this Condition 6.2 applies, any failure to redeem the Covered Bonds on the Maturity Date or any extension of the maturity of the relevant Covered Bonds under this Condition 6.2 shall not constitute an event of default for any purpose or give any Noteholder any right to receive any payment of interest, principal or otherwise on the relevant Covered Bonds other than as expressly set out in these General Terms and Conditions.

In the event of the extension of the maturity of a Series of Covered Bonds under this Condition 6.2, interest rates, interest periods and interest payment dates on the relevant Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date shall be determined in accordance with the Extended Final Maturity Interest Provisions in the applicable Final Terms.

If the Issuer redeems part but not the entire principal amount outstanding of any Covered Bonds on an interest payment date falling in any month after the Maturity Date, the redemption proceeds shall be applied rateably across the relevant Covered Bonds and the nominal amount outstanding on each relevant Covered Bond shall be reduced by the level of that redemption.

If the maturity of a Series of Covered Bonds is extended up to the Extended Final Maturity Date in accordance with this Condition 6.2, subject to as otherwise provided in the applicable Final Terms, for so long as any relevant Covered Bonds remain outstanding, the Issuer shall not issue any further Notes, unless the proceeds of issue of such further Notes are applied by the Issuer on issue in redeeming in whole or in part any Covered Bonds the maturity of which has been extended in accordance with this Condition 6.2.

This Condition 6.2 shall only apply to Covered Bonds for which "Extended Final Maturity" is specified as applicable in the applicable Final Terms and if the Issuer does not redeem the relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter) and if the FIN-FSA determines that the conditions for extension of the Maturity Date of the Covered Bonds have been fulfilled and it gives its approval to the extension.

6.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, subject (in the case of Senior Preferred MREL Eligible Notes and AT1 Notes) to the Conditions to Redemption set out in Condition 6.7 (*Conditions to Redemption and Repurchase*), having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 24 (which notice shall, save as provided in Condition 6.7 (*Conditions to Redemption and Repurchase*), be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption 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 applicable Final Terms. In case of a partial redemption of the Notes, the nominal amount outstanding of each Note shall be reduced *pro rata*. For the avoidance of doubt, the Final Terms applicable to any AT1 Notes shall not specify a first Optional Redemption Date as a date that is before five years after the issue date of such AT1 Notes.

6.4 Redemption as a result of an MREL Disqualification Event

Upon the occurrence of an MREL Disqualification Event and subject to the Conditions to Redemption set out in Condition 6.7 (*Conditions to Redemption and Repurchase*), the Issuer may, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 24 (*Notices*), redeem all (but not some only) of the Senior Preferred MREL Eligible Notes at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption.

6.5 Redemption as a result of a Capital Event

Upon the occurrence of a Capital Event and subject to the Conditions to Redemption set out in Condition 6.7 (*Conditions to Redemption and Repurchase*), the Issuer may, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 24 (*Notices*), redeem all (but not some only) of the AT1 Notes at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption.

6.6 Redemption as a result of a Tax Event

Upon the occurrence of a Tax Event and subject to the Conditions to Redemption set out in Condition 6.7 (*Conditions to Redemption and Repurchase*), the Issuer may, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 24 (*Notices*), redeem all (but not some only) of the Senior Preferred MREL Eligible Notes or AT1 Notes, as applicable, at their Outstanding Principal Amount, together with interest accrued to (but excluding) the date of redemption.

6.7 Conditions to Redemption and Repurchase

Other than a redemption of Senior Preferred MREL Eligible Notes at maturity in accordance with Condition 6.1 (*The term of the Notes and redemption*), the Issuer may redeem or repurchase (and give notice thereof to the Noteholders) any Senior Preferred MREL Eligible Notes or AT1 Notes only if such redemption or repurchase is in accordance with the Applicable Banking Regulations and it has been granted the permission of the Stability Authority (in the case of the Senior Preferred MREL Eligible Notes) or the Competent Authority (in the case of AT1 Notes), in each such case, if such permission is then required under the Applicable Banking Regulations, and in addition:

(a) before or at the same time as such redemption or repurchase of the Notes, the Issuer replaces the AT1 Notes with own funds instruments (or, in the case of Senior Preferred MREL Eligible Notes, eligible liabilities instruments) of an equal or higher quality on terms that are sustainable for its income capacity; or

(b) the Issuer has demonstrated to the satisfaction of the Stability Authority or the Competent Authority, as the case may be, that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements under the Applicable Banking Regulations by a margin that (in the case of the Senior Preferred MREL Eligible Notes) the Stability Authority in agreement with the FIN-FSA or, (in the case of the AT1 Notes) the Competent Authority, considers necessary; or

(c) in the case of Senior Preferred MREL Eligible Notes only, the Issuer has demonstrated to the satisfaction of the Stability Authority that the partial or full replacement of the eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRD for continuing authorisation; and

(d) in the case of redemption or repurchase before five years after the issue date of the Senior Preferred MREL Eligible Notes or the AT1 Notes:

(i) in the case of AT1 Notes only, only the conditions listed in paragraphs (a) or (b) above are met; and

(ii) in the case of redemption due to the occurrence of an MREL Disqualification Event or Capital Event, (i) the Stability Authority (in the case of the Senior Preferred MREL Eligible Notes) or the Competent Authority (in the case of AT1 Notes) considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Stability Authority (in the case of the Senior Preferred MREL Eligible Notes) or the Competent Authority (in the case of AT1 Notes) that the MREL Disqualification Event or Capital Event, as applicable, was not reasonably foreseeable at the time of the issuance of the relevant Notes; or

(iii) in the case of redemption due to the occurrence of a Tax Event, the Issuer demonstrates to the satisfaction of the Stability Authority (in the case of the Senior Preferred MREL Eligible Notes) or the Competent Authority (in the case of AT1 Notes) that such Tax Event is material and was not reasonably foreseeable at the time of issuance of the relevant Notes; or

(iv) in the case of AT1 Notes only, before or at the same time of such redemption or repurchase, the Issuer replaces the AT1 Notes with own funds instruments of equal or higher quality at terms that are sustainable for its income capacity and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(v) in the case of AT1 Notes only, the AT1 Notes are repurchased for market making purposes,

(the "**Conditions to Redemption**").

Any refusal by the Stability Authority (in the case of Senior Preferred MREL Eligible Notes) or Competent Authority (in the case of AT1 Notes) to grant its approval as described above will not constitute an event of default under the terms and conditions of any Notes.

6.8 Trigger Event Post Redemption Notice

In the case of the AT1 Notes, if the Issuer has elected to redeem such Notes but prior to the payment of the redemption amount with respect to such redemption, a Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, no payment of the redemption amount will be due and payable and Write-Down shall apply in accordance with Condition 18 (*Loss absorption in relation to AT1 Notes*).

6.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unaccrued interest attached thereto at the time of redemption). All Notes so cancelled and any Notes repurchased and cancelled cannot be reissued or resold.

7 Subscription of Notes

7.1 Subscription manner and subscription price and the payment of subscriptions

Each Series of Notes is offered for subscription during the subscription period at the subscription places defined in the Final Terms of each Tranche of Notes. The Issuer may decide on shortening or lengthening the subscription period.

The subscription amount is the nominal value of the subscription multiplied by the issue price at the moment of subscription.

When Notes are subscribed for on any other day than on an interest payment day but after the first interest payment day, the subscriber must pay the accrued interest for the period between the beginning of the current interest period and the subscription payment day.

The Issuer does not charge the costs related to the issue or offering of the Notes from the Noteholders. The Lead Manager(s) and eventual other subscription places may charge such costs, which are based on the agreement between the Noteholder and the Lead Manager(s) or the eventual other subscription place. The eventual fees related to subscription are further determined in the Final Terms.

Approved subscriptions are confirmed after the termination of the subscription period. Subscriptions are to be paid in a manner specified in the Final Terms. Subscriptions shall be paid for as instructed in connection with the subscription or at the time of the subscription, in each case as stipulated in the relevant Final Terms of a Tranche of Notes.

7.2 Measures in oversubscription and under-subscription situations

The Issuer has the right to determine separately on the measures in a situation of oversubscription and under-subscription of a Series of Notes. In the event of oversubscription, such measures may include, for example, reducing subscriptions in part or in whole. In case the minimum amount of subscriptions is not fulfilled (undersubscription), the issue of the Series of Notes may be cancelled. It may be stipulated in the Final Terms of a Tranche of Notes that the issue of a certain Series of Notes requires a defined minimum amount of subscriptions or fulfilment of another condition.

The Issuer has the right to raise the amount of offered Notes of a Series of Notes during the subscription period or to discontinue the subscription of Notes.

Notice of cancellation of the issue or suspension of the subscription due to oversubscription is available at the subscription places and on the website at s-pankki.fi/investors.

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

7.3 Issue price

The issue price of the Notes is fixed or floating and is determined in the Final Terms. If the issue price is floating, the Issuer will determine the issue price on a daily basis throughout the subscription period subject to a maximum issue price specified in the applicable Final Terms.

7.4 Subscriber's cancellation right and discontinuance of acceptance of subscriptions in certain cases

If the Issuer, during the subscription period of Notes, or before the Notes have been admitted for public trading, supplements the Base Prospectus due to an error, deficiency or material new information in it or publishes a completely updated Base Prospectus during the above-mentioned period, or if the final offer price of the Notes to be offered to the public is not included in the Final Terms, a subscriber, who has made a subscription in an offer of securities to the public before the publication of a supplement or before the publication of the updated base prospectus or the final offer price, respectively, has the right, according to Article 17 or 23(2) of Regulation (EU) 2017/1129 (as amended) (the "**Prospectus Regulation**"), to cancel his subscription within at least two Business Days from the publication of the supplement, the update or the final offer price, respectively. However, if a publication of a supplement or publication of an updated base prospectus is made prior to 31 December 2022, a subscriber has the respective right, according to 23(2a) of Prospectus Regulation, to cancel his subscription within at least three Business Days. However, in case the Base prospectus is supplemented or updated, the cancellation right only exists if the error, deficiency or material new information arose or was noted before the delivery of the Notes to the subscribers in accordance with Condition 8 *(Delivery of Notes)*. The supplemented Base Prospectus or a completely updated prospectus or the final offer price and information on the time limit for cancellation and the procedure relating to it are available at subscription places and on the Issuer's website s-pankki.fi/investors.

The Issuer has the right to discontinue the acceptance of subscriptions immediately when a need to supplement the Base Prospectus has become evident. The discontinuance will be announced in the subscription places and on the Issuer's website s-pankki.fi/investors.

8 Delivery of Notes

Book-entries are registered in the book-entry account informed by the subscriber in a manner announced in connection with the subscription and during the time period defined in the Final Terms in accordance with legislation regarding the book-entry system and book-entry accounts and the Euroclear Finland Rules.

9 Security or guarantee

No security has been granted for the Senior Preferred MREL Eligible Notes or AT1 Notes.

The Covered Bonds are covered by the assets that comprise a qualifying cover asset pool maintained by the Issuer and entered into the register of Covered Bonds in accordance with the Covered Bond Act.

No guarantee has been granted for any Notes and no Notes shall include a negative pledge provision.

10 Interest

Either a fixed rate or a floating rate interest based on a reference rate each as specified in the Final Terms is paid from time to time on the unamortized principal of the Notes. Interest is paid on due dates of payment of interest specified in the Final Terms.

Notes may also be issued as zero coupon notes which will be offered and sold at a discount to their nominal amount and will not bear interest.

10.1 Fixed rate interest

Annual interest, specified in the Final Terms, is paid on a Note to which this provision is applicable according to the Final Terms.

10.2 Floating reference rate interest

Floating interest, which consists of a floating reference rate interest and a margin, is paid on the outstanding principal of a Note to which this provision is applicable according to the Final Terms.

The floating reference rate interest is EURIBOR which appears on the relevant screen page of a designated distributor (currently Thomson Reuters), or such replacement page on a service which displays the information, as at 11.00 a.m. (Brussels time) two (2) Business Days (as specified in the applicable Final Terms) prior to the beginning of the relevant interest period. If the interest period does not correspond to any time period provided on the designated distributor's page, the interest is calculated by interpolating the ratio of time with two reference interest rates closest to the above-mentioned relevant interest period, between which the interest period settles.

10.3 Benchmark replacement

Notwithstanding Condition 10.2 (*Floating reference rate interest*) above, if the Issuer (in consultation, to the extent practicable, with the Calculation Agent) determines that a Benchmark Event has occurred, then the following provisions shall apply:

(a) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate or, alternatively, if the Independent Adviser determines that there is no Successor Rate, an Alternative Reference Rate no later than three (3) Business Days prior to the relevant interest determination date relating to the next succeeding interest period (the "IA Determination Cut-off Date") for purposes of determining the Rate of Interest applicable to the Notes for all future interest periods (subject to the subsequent operation of this Condition 10.3);

(b) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date in accordance with sub-paragraph (i) above, then the Issuer (in consultation, to the extent practicable, with the Calculation Agent and acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if the Issuer determines that there is no Successor Rate, an Alternative Reference Rate for the purposes of determining the Rate of Interest applicable to the Notes for all future interest periods (subject to the subsequent operation of this Condition 10.3; provided, however, that if this sub-paragraph (ii) applies and the Issuer is unable to determine a Successor Rate or an Alternative Reference Rate prior to the interest determination date (as referred to in the relevant Final Terms) relating to the next succeeding interest period in accordance with this sub-paragraph (ii), the Rate of Interest applicable to such interest period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of a preceding interest period (though substituting, where a different margin is to be applied to the relevant interest

period from that which applied to the last preceding interest period, the margin relating to the relevant interest period, in place of the margin relating to that last preceding interest period);

(c) if a Successor Rate or an Alternative Reference Rate is determined in accordance with the preceding provisions, such Successor Rate or Alternative Reference Rate shall be the floating reference rate interest for all future interest periods (subject to the subsequent operation of this Condition 10.3);

(d) if the Independent Adviser (in consultation with the Issuer) or (if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine whether an Adjustment Spread should be applied) the Issuer (acting in good faith and in a commercially reasonable manner) determines (A) that an Adjustment Spread should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Rate or Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine, prior to the interest determination date relating to the next succeeding interest period, the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

(e) if the Independent Adviser or the Issuer (as the case may be) determines a Successor Rate or an Alternative Reference Rate or, in each case, any Adjustment Spread in accordance with the above provisions, the Independent Adviser (in consultation with the Issuer) or the Issuer (as the case may be), may also, following consultation, to the extent practicable, with the Calculation Agent, specify changes to the Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Interest Payment Date, Relevant Screen Page, Relevant Time, Relevant Financial Centre, Reference Banks and/or the definition of Reference Rate or Adjustment Spread applicable to the Notes (and, in each case, related provisions and definitions), and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to such Successor Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future interest periods (as applicable) (subject to the subsequent operation of this Condition 10.3). An Independent Adviser appointed pursuant to this Condition 10.3 shall (in the absence of bad faith, gross negligence and wilful misconduct) have no liability whatsoever to the Issuer, the Calculation Agent or Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 10.3. No Noteholder consent shall be required in connection with effecting the Successor Rate or the Alternative Reference Rate (as applicable), any Adjustment Spread or such other changes, including for the execution of any documents, amendments or other steps by the Issuer;

(f) A Calculation Agent appointed for a Tranche of Notes shall (in the absence of bad faith, gross negligence and wilful misconduct) have no liability whatsoever to the Issuer, the Independent Adviser or Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 10.3; and

(g) the Issuer shall promptly following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread give notice thereof and of any changes pursuant to sub-paragraph (v) above to the Calculation Agent and the Noteholders.

10.4 Minimum and/or the maximum amount of interest

A minimum or a maximum amount or both for the interest mentioned in Condition 10.2 (*Floating reference rate interest*), may be determined in the Final Terms.

10.5 Interest cancellation on the AT1 Notes

Any payment of Interest in respect of the AT1 Notes shall be payable only out of the Issuer's Distributable Items and:

(a) may be cancelled, at any time, in whole or in part, for an unlimited period, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Banking Regulations; or

(b) will be mandatorily cancelled to the extent so required by the Applicable Banking Regulations, including the applicable criteria for AT1 instruments,

and, for the avoidance of doubt, the institution may use such cancelled payments without restriction to meet its obligations as they fall due.

The amount of Interest will not be amended on the basis of the credit standing of the Issuer.

The Issuer shall give notice to the Noteholders in accordance with Condition 24 (*Notices*) of any such cancellation of a payment of Interest, which notice might be given after the date on which the relevant payment of Interest is scheduled to be made. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay Interest as described above.

Following any cancellation of Interest as described above, the right of the Noteholders to receive accrued Interest in respect of any such Interest Period will terminate, and will not accumulate, and the Issuer will have no further obligation to pay such Interest or to pay interest thereon, whether or not payments of Interest in respect of subsequent Interest Periods are made, and such unpaid Interest will not be deemed to have "accrued" or been earned for any purpose.

Interest in respect of the AT1 Notes shall also be deemed to have been automatically cancelled upon the occurrence of a Trigger Event and no interest shall be due and payable, and no Noteholder will have any rights against the Issuer with respect to the payment of interest on any AT1 Notes that have been so Written-Down.

A cancellation of any payment of Interest at any time shall in no event constitute an event of default.

11 Interest period

Interest period means each period of time, for which the interest is calculated. The first interest period begins on the issue date or on any other date as specified in the applicable Final Terms and ends on the following interest payment date specified in the Final Terms. Each following interest period begins on the previous interest payment date and ends on the following interest payment date. Interest accrues for each interest period including the first day of the interest period and excluding the last day of the interest period.

12 The Day Count Fraction

The Day Count Fraction applied to the Notes is defined in the Final Terms and it may be:

(a) "**Actual/Actual (ICMA)**", where the actual days of the interest period are divided by the number which is received by multiplying the actual days of the interest period with the amount of interest periods included in a year (possible irregular interest periods form an exception);

(b) "**Actual/Actual (ISDA)**", where the actual days of the interest period are divided on other years than leap years by 365 and on leap years by 366. If the interest period is only partially extended to a leap year, the interest period is divided into two parts, to which the previously explained principles will be applied and the total amount of interests are combined;

(c) "**Actual/365**", where the actual days of an interest period are divided by 365;

(d) "**Actual/360**" when the actual days of an interest period are divided by 360;

(e) "**30E/360**" or "Eurobond rule", where the interest year is combined of 12 30 day months (however so, that when the last day of the last interest period is the last day of February, February is not changed to a 30 day month), which are divided by 360; or

(f) "**30/360**", where the interest year has 360 days and the interest month has 30 days.

13 Business Day Convention

The Business Day convention is defined in the Final Terms, according to which the interest payment date will be postponed if it is not a Business Day, by choosing one of the following:

(a) "**Following**", where the interest payment date is the nearest following Business Day;

(b) "**Modified Following**", where the interest payment date is the nearest following Business Day, except if the following Business Day is in the next calendar month, then the interest payment date is the previous Business Day; or

(c) "**Preceding**", where the interest payment date is the previous Business Day.

The change of the payment date of the interest of a fixed interest note does not affect the amount of interest to be paid on the share of the note.

The change of the payment date a floating rate interest influences the length of the interest period and, by implication, the amount of the interest to be paid on the share of the note.

14 Payment of interest

Interest is paid on the days which are defined in the Final Terms by applying the relevant Business Day convention mentioned therein. The payment is to be paid according to legislation regarding the book-entry system and book-entry accounts and according to the rules and decisions of Euroclear Finland to the Noteholder, who is entitled to receive the payment according to the book-entry account information.

15 Enforcement events

This Condition 15 applies only to Senior Preferred MREL Eligible Notes and AT1 Notes. For the avoidance of doubt, this Condition 15 does not apply to any Covered Bonds.

In the event that:

(a) the Issuer shall in respect of any Senior Preferred MREL Eligible Notes or AT1 Notes, default for a period of 7 days in the payment of any amount that has become due and payable in accordance with the relevant terms and conditions; or

(b) an order is made or an effective resolution is passed for the liquidation (in Finnish: *selvitystila*) of the Issuer (except for the purpose of a merger, reconstruction or amalgamation under which any continuing entity effectively assumes the entire obligations of the Issuer under the Notes) or the Issuer is otherwise declared bankrupt (in Finnish: *konkurssi*) or put into liquidation (in Finnish. *selvitystila*), in each case, by a court or agency or supervisory authority in Finland or elsewhere having jurisdiction in respect of the same,

then the Noteholder may, to the extent permitted by applicable law:

(i) (in the case of (a) above) institute proceedings for the Issuer to be declared bankrupt (in Finnish: *konkurssi*) or put into liquidation (in Finnish: *selvitystila*) in each case, in Finland and not elsewhere, and prove or claim in the bankruptcy (in Finnish: *konkurssi*) or liquidation (in Finnish: *selvitystila*) of the Issuer; and/or

(ii) (in the case of (b) above) prove or claim in the bankruptcy (in Finnish: *konkurssi*) or liquidation (in Finnish: *selvitystila*) of the Issuer, whether in Finland or elsewhere and instituted by the Issuer itself or by a third party,

but (in either case) the Noteholder may claim payment in respect of the Senior Preferred MREL Eligible Notes or AT1 Notes only in the bankruptcy (in Finnish: *konkurssi*) or liquidation (in Finnish: *selvitystila*) of the Issuer. For the avoidance of doubt, a Noteholder may not claim payment in respect of the Senior Preferred MREL Eligible Notes or AT1 Notes in the resolution or moratorium under the national laws implementing BRRD.

In any of the events or circumstances described in (b) above, the holder of the Senior Preferred MREL Eligible Notes or AT1 Notes may, by notice to the Issuer, declare such the Senior Preferred MREL Eligible Notes or AT1 Notes to be due and payable, and such Senior Preferred MREL Eligible Notes or AT1 Notes shall accordingly become due and payable at its prevailing outstanding amount, but subject to such Noteholder only being able to claim payment in respect of the Senior Preferred MREL Eligible Notes or AT1 Notes in the bankruptcy (in Finnish: *konkurssi*) or liquidation (in Finnish: *selvitystila*) of the Issuer and provided that where any such event occurs after the date on which a Trigger Event occurs but before the relevant Write-Down Date, the holder of any such AT1 Notes may not declare such AT1 Notes to be due and payable.

The holder of any Senior Preferred MREL Eligible Notes or AT1 Notes may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Senior Preferred MREL Eligible Notes or AT1 Notes (other than, without prejudice to the above, any obligation

for the payment of any principal or interest in respect of the Senior Preferred MREL Eligible Notes or AT1 Notes) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, except with the prior approval of the Stability Authority (in the case of Senior Preferred MREL Eligible Notes) or the Competent Authority (in the case of AT1 Notes). No remedy against the Issuer, other than as provided above shall be available to the holders of the Senior Preferred MREL Eligible Notes or AT1 Notes, whether for the recovery of amounts owing in respect of the Senior Preferred MREL Eligible Notes or AT1 Notes or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Senior Preferred MREL Eligible Notes or AT1 Notes. For the avoidance of doubt, the failure to pay any amount that has become due and payable in respect of the Senior Preferred MREL Eligible Notes or AT1 Notes in accordance with the applicable terms and conditions shall not constitute an event of default.

16 Noteholders' Meeting and Procedure in Writing

The Issuer may convene a meeting of Noteholders (hereinafter "**Noteholders' Meeting**") or request a procedure in writing among the Noteholders (a "**Procedure in Writing**") to decide on amendments of these General Terms and Conditions or other matters as specified below. Euroclear Finland must be notified of the Noteholders' Meeting or a Procedure in Writing by the Issuer in accordance with the Euroclear Finland Rules. Any modification or waiver of terms and conditions which affects AT1 Notes or Senior Preferred MREL Eligible Notes will be effected in accordance with Applicable Banking Regulations.

Notice of a Noteholders' Meeting and the initiation of a Procedure in Writing shall be provided to the Noteholders in accordance with Condition 24 *(Notices)* at least ten (10) Business Days prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing, and shall include information on the date, place and agenda of the Noteholders' Meeting or the last day and address for replies in the Procedure in Writing (or if the voting is to be made electronically, instructions for such voting) as well as instructions as to any action required on the part of a Noteholder to attend the Noteholders' Meeting or to participate in the Procedure in Writing.

Only those who, according to the register kept by Euroclear Finland in respect of the Notes, were registered as Noteholders on the fifth (5th) Business Day prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing on the list of Noteholders to be provided by Euroclear Finland in accordance with Condition 24 *(Notices)*, or proxies authorised by such Noteholders, shall, if holding any of the principal amount of the relevant Series of Notes at the time of the Noteholders' Meeting or the last day for replies in the Procedure in Writing, be entitled to vote at the Noteholders' Meeting or in the Procedure in Writing and shall be recorded in the list of the Noteholders present in the Noteholders' Meeting or participating in the Procedure in Writing.

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

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

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

The quorum for an adjourned Noteholders' Meeting or the extended Procedure in Writing will be at least ten (10) per cent of the principal amount of the Series of Notes for the time being outstanding.

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

Voting rights of Noteholders shall be determined according to the principal amount of the Notes held.

The Issuer and any companies belonging to the Group shall not hold voting rights at any Noteholders' Meeting or Procedure in Writing. Resolutions shall be carried by a majority of fifty (50) per cent of the votes cast. In the event of a tied vote, the chair of the Noteholders' Meeting shall have the casting vote. A representative of the Issuer and a person authorised to act for the Issuer may attend and speak at a Noteholders' Meeting.

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

(a) to change the Final Terms, including to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any of the Final Terms or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;

(b) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes;

provided, however, that consent of at least seventy-five (75) per cent of the aggregate principal amount of the Series of Notes for the time being outstanding is required to:

(a) decrease the principal amount of or interest on Series of Notes;

(b) extend the term of Notes;

(c) change any date fixed for payment of principal or interest in respect of the Notes;

(d) alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payments;

(e) change the currency of any payment under the Notes;

(f) amend the requirements for the constitution of a quorum at a Noteholders' Meeting or Procedure in Writing under this Condition 16; or

(g) amend the majority requirements of the Noteholders' Meeting or Procedure in Writing.

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

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

When consent from the Noteholders representing the requisite majority, as applicable, has been received in the Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired, provided that the Noteholders representing such requisite majority are registered as Noteholders on the list of Noteholders provided by Euroclear Finland in accordance with Condition 24 (*Notices*) on the date when such requisite majority is reached.

Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be binding on all Noteholders of the relevant Series of Notes irrespective of whether they have been present at the Noteholders Meeting or participated in the Procedure in Writing. A noteholder is considered to have become aware of a resolution of a Noteholders' Meeting and a Procedure in Writing when a decision has been recorded on the issue account of the Notes. In addition, Noteholders are obligated to inform subsequent transferees of Notes of resolutions made at a Noteholders' Meeting and a Procedure in Writing. A Noteholders' Meeting's resolutions must also be informed to Euroclear Finland in accordance with Euroclear Finland Rules. For the sake of clarity, any resolution at a Noteholders' Meeting or in a Procedure in Writing, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer, shall be subject to the consent of the Issuer.

17 Loss absorption in relation to Senior Preferred MREL Eligible Notes

Notwithstanding and to the exclusion of any other term of the Senior Preferred MREL Eligible Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 17, includes each holder of a beneficial interest in the Senior Preferred MREL Eligible Notes), by its acquisition of any Senior Preferred MREL Eligible Note, each Noteholder acknowledges, accepts and consents that the Senior Preferred MREL Eligible Notes and any liability arising under the Senior Preferred MREL Eligible Notes may be subject to the exercise of Statutory Loss Absorption Powers by the Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

(a) the effect of the exercise of any Statutory Loss Absorption Powers by the 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 Senior Preferred MREL Eligible Notes (which may be a reduction to zero);

(ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Senior Preferred MREL Eligible 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 Senior Preferred MREL Eligible Notes;

(iii) the cancellation of the Senior Preferred MREL Eligible Notes or the Relevant Amounts in respect of the Senior Preferred MREL Eligible Notes; and

(iv) the amendment or alteration of the term of the Senior Preferred MREL Eligible Notes or amendment of the amount of interest payable on the Senior Preferred MREL Eligible 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 Senior Preferred MREL Eligible Notes, as deemed necessary by the Resolution Authority, to give effect to the exercise of any Statutory Loss Absorption Powers by the Resolution Authority.

18 Loss absorption in relation to AT1 Notes

If a Trigger Event occurs at any time, all of the following shall apply:

(a) the Issuer shall immediately inform the Competent Authority of the occurrence of the Trigger Event;

(b) the Issuer shall notify the holders of the AT1 Notes, in an irrevocable manner, that the Trigger Event has occurred ("**Trigger Event Notice**"); and

(c) the Issuer shall without delay irrevocably and mandatorily operate a Write-Down of the AT1 Notes.

The Write-Down of the AT1 Notes shall occur without delay and in any event not later than one month (or such shorter period as the Competent Authority may then require) from the occurrence of the relevant Trigger Event (such date being a "**Write-Down Date**").

To the extent that the Write-Down or conversion of any Loss Absorbing Instruments is not effective for any reason the ineffectiveness of any such write-down or conversion shall not prejudice the requirement to affect a Write-Down of the AT1 Notes.

Any Write-Down of the Notes shall not constitute an event of default or a breach of the Issuer's obligations or duties or a failure to perform by the Issuer in any manner whatsoever and shall not entitle holders to petition for the insolvency or dissolution of the Issuer.

Any failure or delay by the Issuer to comply with its notification obligation under (b) above shall not prejudice a Write-Down of the AT1 Notes.

Without prejudice to the requirement to effect a Write-Down in accordance with this Condition 18 or any other terms and conditions of the Issuer's own funds or eligible liabilities instruments, the AT1 Notes and the Issuer's other AT1 instruments shall be written down prior to or, at the latest, simultaneously with the write down of any Tier 2 Capital Instruments of the Issuer and/or any other instruments of the Issuer specified in sub-paragraph (d) of Condition 3.2 (*Status – AT1 Notes*).

19 Repurchases

The Issuer or any of its subsidiary may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or cancelled. However, Senior Preferred MREL Eligible Notes and AT1 Notes may only be repurchased subject to the Conditions to Redemption set out in Condition 6.7 (*Conditions to Redemption and Repurchase*). If, notwithstanding the preceding sentence, any Noteholder receives payment for any Senior Preferred MREL Eligible Note or AT1 Note by virtue of a repurchase which is not in accordance with the Conditions to Redemption set out in Condition 6.7 (*Conditions to Redemption and Repurchase*), it shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of liquidation (in Finnish: *selvitystila*) or bankruptcy (in Finnish:

konkurssi) of the Issuer, to the liquidator or bankruptcy estate of the Issuer. Any refusal by the Competent Authority or the Stability Authority, as applicable, to grant its approval to a repurchase will not constitute an event of default under the Senior Preferred MREL Eligible Notes or AT1 Notes.

20 Force majeure

Neither the Issuer, the subscription place, the Issuer Agent, the Paying Agent nor the account operator is responsible for any damage arising out of:

(a) an act of an authority, war or threat of war, revolt, civil disturbance, or any act of terror or any pandemic or global disease;

(b) disturbance in postal or telephone traffic, electronic communication, or supply of electricity that is beyond the control of and that has an essential impact on the operations of the Issuer, other subscription place, the Issuer/Paying Agent or the account operator;

(c) interruption or delay of action or measure of the Issuer, other subscription place, the Issuer/Paying Agent or the account operator that is caused by fire of equivalent accident;

(d) strike or other industrial action which has an essential impact to the operations of the Issuer, other subscription place, the Issuer/Paying Agent or the account operator, even when it only concerns a part of the personnel of the above-mentioned entities and irrespective of whether the above-mentioned entities are involved in it or not;

(e) an act of God (such as, but not limited to, fires, explosions, earthquakes, drought, tidal waves and floods); or

(f) other equivalent force majeure or any similar reason that causes unreasonable difficulty for the operations of the Issuer, other subscription place, the Issuer/Paying Agent or the account operator.

21 Statute of limitations

If a payment due and payable has not been demanded to be paid within three (3) years of its due date, the right to receive payment has lapsed.

22 Further issues

The Issuer may from time to time, without the consent of and notice to the Noteholders, create and issue further Tranches of Notes having the same terms and conditions as any of the previous Tranches under the same Series of the outstanding Notes in all respects (or in all respects except for the first payment of interest on them, the issue price and/or the minimum subscription amount thereof) so as to form a single series with such Series.

23 Substitution and variation

This Condition 23 is applicable in relation to Notes specified in the applicable Final Terms as Senior Preferred MREL Eligible Notes or AT1 Notes and references to Notes in this Condition 23 shall be construed accordingly.

If substitution and variation is specified as applicable in the applicable Final Terms, at any time following the occurrence of a Capital Event, an MREL Disqualification Event or a Tax Event, as applicable, or to ensure the effectiveness or enforceability of Condition 17 (*Loss absorption in relation to Senior Preferred MREL Eligible Notes*) or Condition 18 (*Loss absorption in relation to AT1 Notes*), the Issuer may, subject to the Applicable Banking Regulations and (to the extent applicable) it has been granted the permission of the Stability Authority (in the case of the Senior Preferred MREL Eligible Notes) or the Competent Authority (in the case of AT1 Notes) (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 days' notice to the Noteholders in accordance with Condition 24 (*Notices*) (which notice shall be irrevocable), at any time, either:

(a) substitute all (but not some only) of the relevant Notes for new Notes, which are Qualifying Securities, or

(b) vary the terms of the relevant Notes so that they remain or, as appropriate, become, Qualifying Securities,

provided that, in each case, (i) such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities and (ii) such variation or substitution would not itself directly lead to a downgrade in any of the credit ratings (if any) of the relevant Notes as assigned to such Notes by any credit rating agency immediately prior to such variation or substitution (unless any such downgrade is solely attributable to the effectiveness and enforceability of Condition 17 (*Loss absorption in relation to Senior Preferred MREL Eligible Notes*) or Condition 18 (*Loss absorption in relation to AT1 Notes*)) and (iii) such variation or substitution is not materially less favourable to holders (unless any such prejudice is solely attributable to the effectiveness and enforceability of Condition 17 (*Loss absorption in relation to Senior Preferred MREL Eligible Notes*) or Condition 18 (*Loss absorption in relation to AT1 Notes*)). For the avoidance of doubt, any such substitution or variation shall not be deemed to be a modification or amendment for the purposes of Condition 16 (*Noteholders' Meeting and Procedure in Writing*).

Any refusal by the Stability Authority (in the case of Senior Preferred MREL Eligible Notes) or Competent Authority (in the case of AT1 Notes) to grant its approval as described above will not constitute an event of default under the terms and conditions of any Notes.

For the purposes of this Condition 23:

A variation or substitution shall be "**materially less favourable to Noteholders**" if such varied or substituted securities do not:

(a) include a ranking at least equal to that of the relevant Notes pursuant to Condition 3.1 (Status – Senior Preferred MREL Eligible Notes) or Condition 3.2 (Status – AT1 Notes), as applicable;

(b) have the same interest rate and the same interest payment dates as those from time to time applying to the relevant Notes;

(c) have equivalent redemption rights as the relevant Notes;

(d) have the same currency of payment, maturity (in the case of Senior Preferred MREL Eligible Notes), denomination and original aggregate outstanding nominal amount as the relevant Notes prior to such variation or substitution;

(e) preserve any existing rights under the relevant Notes to any accrued interest which has not been paid in respect of the period from (and including) the interest payment date last preceding the date of substitution or variation; or

(f) have a listing on a recognised stock exchange if the relevant Notes were listed immediately prior to such variation or substitution; and

"**Qualifying Securities**" means securities issued directly or indirectly by the Issuer that contain terms which at such time result in such securities being eligible to qualify towards the Issuer's and/or the Group's eligible liabilities available to meet the MREL Requirements of the Issuer (in the case of Senior Preferred MREL Eligible Notes) or Additional Tier 1 Capital (in the case of AT1 Notes), in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations, (in the case of a variation or substitution due to Capital Event, an MREL Disqualification Event or a Tax Event) to at least the same extent as the Notes prior to the relevant Capital Event, MREL Disqualification Event or Tax Event.

24 Notices

Noteholders shall be advised of matters relating to the Notes by a stock-exchange release, a notice published on the official website of the Issuer or a notice published in Helsingin Sanomat or any other major Finnish national daily newspaper selected by the Issuer. The Issuer may deliver notices on the Notes in writing directly to the Noteholders at the address appearing on the list of the Noteholders provided by Euroclear Finland in accordance with Condition 26 (*Right to receive information and consent of the Noteholders*) (or, for example, through EFi's book-entry system or account operators of the book-entry system). Any such notice shall be deemed to have been received by the Noteholders when published in the manner specified in this Condition 24. Any disclosures required by the Market Abuse Regulation (EU) 596/2014 ("**MAR**") shall be made by means of a stock exchange release.

The address for notices to the Issuer is as follows:

S-Bank Plc
Fleminginkatu 34
FI-00510 Helsinki, Finland

25 Other provisions

The Issuer is entitled to, without the consent of a Noteholders' meeting under Condition 16 (*Noteholders' Meeting and Procedure in Writing*) of these General Terms and Conditions, make appropriate changes to the Final Terms if such changes do not weaken the position of the Noteholders. The Issuer must notify the Noteholders of the amendments to the Notes in accordance with Condition 24 *(Notices)* above.

Such changes may be for example:

(a) changes resulting from the development of the book-entry system; or

(b) correcting minor typing errors.

26 Right to receive information and consent of the Noteholders

The Noteholders give their consent to that, notwithstanding any secrecy obligation, the Issuer and the Issuer Agent are entitled to obtain, and Euroclear Finland is entitled to give, at the request of the Issuer or the Issuer Agent, any information on the Noteholders entered in the book-entry system maintained by Euroclear Finland, including the name, contact details and possible Business ID of the Noteholder. Furthermore, the Issuer or the Issuer Agent shall, subject to the Euroclear Finland Rules and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of the Notes. Further, the Issuer may provide the FIN-FSA with the information of the Noteholders, if required by applicable laws.

27 Applicable law and jurisdiction

The Notes and any non-contractual obligations arising out of or in connection herewith, are governed by, and will be construed in accordance with, Finnish law.

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

FORM OF FINAL TERMS

S-BANK PLC
EUR [●] [Senior Preferred MREL Eligible Notes/AT1 Notes/Covered Bonds] Due [●]
under the EUR 1,500,000,000 Programme for the Issuance of Senior Preferred MREL Eligible Notes, AT1 Notes and Covered Bonds

Terms and Conditions

PROHIBITION OF SALES TO EEA 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 ("**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution 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 point e) of Article 2 of Regulation (EU) 2017/1129 (as amended) (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (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.

PROHIBITION OF SALES TO UK 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK 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 [and (iii) the negative target market for the Notes is clients that seek full capital protection or full repayment of the amount invested, are fully risk averse/have no risk tolerance or need a fully guaranteed income or fully predictable return profile]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the Lead Manager(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 Lead Manager(s) target market assessment) and determining appropriate distribution channels.

UK MIFIR 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); or (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**")/distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook 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.

These Final Terms have been drawn in accordance with the Prospectus Regulation (EU) 2017/1129 and they are to be read together with the Base Prospectus regarding programme for the Issuance of Notes by S-Bank Plc (the "**Issuer**")

dated [●] [and the supplement[s] to it dated [●] and [●]] (the "**Base Prospectus**") (the "**Programme**"). Unless otherwise stated in these Final Terms, the General Terms and Conditions of the Programme shall apply.

The complete information regarding the Issuer and the Notes may be found in the Base Prospectus, including documents incorporated into it by reference, and in these Final Terms.

The Base Prospectus [, the supplement[s] dated [●] and [●]] and the Final Terms are available at the web page of [●] and at request from [●] or at the subscription places mentioned in the Final Terms.

EVEN THOUGH THE AMOUNT TO BE REPAID IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE NOTES IS THE NOMINAL VALUE OF THE NOTES, THE INVESTOR MAY LOSE PART OF THE SUBSCRIPTION PRICE, IF THE NOTES ARE SUBSCRIBED ABOVE NOMINAL VALUE AND THE AMOUNT OF THE SUBSCRIPTION FEE, IF APPLICABLE.

Name and number of the Series of Notes:	[●]
Tranche number:	[●] / [Not applicable]
Status:	[Senior Preferred MREL Eligible Notes][AT1 Notes][Covered Bonds]
Date on which the Notes become fungible:	[Not applicable] / [The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of Series/Tranche of Notes] on [insert date/the Issue date.]]
Lead Manager(s):	[Name and Address]
Subscription place(s) of this Series of Notes:	[Name and Address / Not applicable]
Issuer Agent and Paying Agent:	[Name and Address]
Calculation Agent:	[Name and Address] / [The Issuer acts as the calculation agent]
Interests of the Arranger/Lead Manager(s)/other subscription place/other parties taking part in the issue:	[The customary sector connected commercial interest / possible other interest]
Principal and currency of the Notes:	[EUR] [●] / [EUR] [●]. [Final Principal is to be confirmed by the Issuer]
Number of book-entry units:	[●]
Form of the Notes:	Book-entry securities of Euroclear Finland's Infinity book-entry security system
Denomination of book-entry unit:	[●]
The minimum amount of Notes to be offered for subscription:	[●]/ [Not applicable]
Payment of subscription:	[Subscriptions shall be paid for as instructed in connection with the subscription] / [The subscription shall be paid at the time of the subscription] [The fees related to subscription are EUR [●].]

Issue date:	[●]
Issue price:	[The issue price is fixed: [●]] / [The issue price is floating and will not exceed [●]]
Amount and manner of redemption:	The nominal amount of principal of the Note [The Notes will be repaid in one instalment.] [The Notes will be repaid in several instalments [define the amounts of the instalments].]
Issuer Call:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
i) [Optional Redemption Date(s):]	[●]
ii) [Optional Redemption Amount:]	[●]
iii) [If redeemable in part:	
a) Minimum Redemption Amount:	[●]
b) Maximum Redemption Amount:]	[●]
iv) [Notice periods:]	[Minimum period: [●] days Maximum period: [●] days]
Maturity Date:	[●] / [Not applicable]
Extended Final Maturity:	[Applicable/Not applicable]
[Extended Final Maturity Date:]	[Insert Extended Final Maturity Date] [In accordance with Condition 6 (*The term of the Notes, redemption and extension of maturity*), if the Issuer applies for the approval of the FIN-FSA at the latest on the fifth (5th) Business Day before the Maturity Date that the Maturity Date of the Covered Bonds and the date on which the Covered Bonds will be due and repayable should be extended by the FIN-FSA up to but no later than the Extended Final Maturity Date due to the reason that (i) the Issuer is unable to obtain long-term financing from ordinary sources, (ii) the Issuer is unable to meet the liquidity requirement set out in the Covered Bond Act if it makes payments towards the principal and interest of the maturing Covered Bonds and (iii) the extension of maturity of the Covered Bonds does not affect the sequence in which the Issuer's Covered Bonds from the same Cover Asset Pool are maturing, and if the FIN-FSA determines

	that the conditions for extension of the Maturity Date of the Covered Bonds have been fulfilled and it gives its approval to the extension, the resolution of the FIN-FSA shall confirm the extended Maturity Date of the Covered Bonds and the date on which the Covered Bonds will then be due and repayable. In that event, the Issuer may redeem all or any part of the nominal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Final Maturity Date, all in accordance with Condition 6.2 (*Extension of Maturity up to Extended Final Maturity Date*).]
Substitution and variation:	[Applicable/Not applicable]
Interest:	[Define here, if the Notes are so-called zero coupon Notes, or which general note terms, either Condition 10.1 (*Fixed rate interest*) or Condition 10.2 (*Floating reference rate interes*t), is applied and include required details as follows:] [Condition 10.1 (*Fixed rate interest*):] [Interest rate] [●] per annum [The date when the first interest period starts, if not the same as the issue date] [Interest payment date(s): [●] each year commencing on [●] until the Maturity Date] [Condition 10.2 (*Floating reference rate interest*):] EURIBOR of [●] months [Margin] [●] [The date when the first interest period starts, if not the same as the issue date] [Interest payment date(s): [●] each month/quarter/half year/year commencing on [●] until the Maturity Date]
Day Count Fraction	[Actual/Actual (ICMA / ISDA); Actual/365; Actual/360, Eurobond rule or 30/360]
Minimum/maximum amount of interest:	[Applicable / Not applicable. If applicable, define minimum/maximum amount]
Business Day convention:	[Following / Modified Following / Preceding]

Delivery of book-entry securities:	The time when the book-entry securities are recorded in the book-entry security accounts specified by the subscribers is estimated to be [●]
Relevant benchmark[s]:	[The administrator of EURIBOR is the European Money Market Institute (EMMI). EMMI is registered in the register of administrators and benchmarks maintained by European Securities and Market Authority (ESMA) pursuant to Article 36 of the Regulation (EU) no 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the Benchmarks Regulation).] / [Not Applicable]
LEI Code of the Issuer:	743700FTBNXAUN57RH30
ISIN Code of the Series of the Notes:	[●]
Extended Final Maturity Interest Provisions:	[Applicable (from and including) the Maturity Date to (but excluding) the Extended Final Maturity Date / Not Applicable] *(If not applicable, delete the remaining subparagraphs)*
a) Fixed Rate Provisions:	[Applicable / Not Applicable] *(If not applicable, delete the remaining subparagraphs)*
i) [Rate of interest:]	[●]
ii) [Interest Payment Dates:]	[●] day of each month, commencing on [●]
iii) [Day Count Fraction:]	[[Actual/Actual (ICMA / ISDA); Actual/365; Actual/360, Eurobond rule or 30/360]]
iv) [Minimum/maximum amount of interest:]	[Applicable / Not applicable. If applicable, define minimum/maximum amount]
v) [Business Day Convention:]	[Following / Modified Following / Preceding]
b) Floating Rate Provisions:	[Applicable / Not Applicable] *(If not applicable, delete the remaining subparagraphs)*
i) [Rate of interest:]	EURIBOR [of [●] months] [Margin [●]] [ ] [ ]
ii) [Interest Payment Dates:]	[●]
iii) [Day Count Fraction:]	[●]
iv) [Minimum/maximum amount of interest:]	[Applicable / Not applicable. If applicable, define minimum/maximum amount]
v) [Business Day Convention:]	[Following / Modified Following / Preceding]

Other information

This information of the Tranche of the Notes is presented in connection with the issue of each Tranche of Notes.

Decision and authority based on which Notes are issued:	[Based on the authorisation dates [●] of the Issuer's Board of Directors / Based on the resolution of the Issuer's Board of Directors dated on [●]]
Subscription period:	[●]
Condition for executing the issue:	[●] / [Not applicable]
Yield:	The effective interest yield to the investor on the issue date, when the issue price is [100] per cent, is [●] per cent / [zero coupon]
Estimated net amount of the proceeds:	[●] per cent of the principal of the Notes, at maximum.
Credit rating of the Notes:	[●] / [Not applicable] / [The Notes are expected to be rated by S&P]
Listing:	[Shall] / [Shall not] be applied for listing on the Helsinki Stock Exchange
Use of Proceeds:	[Execution of the Issuer's growth strategy and general corporate purposes] [and] [To cover the [MREL]/ [additional tier 1 capital] requirement of the Issuer [and general corporate purposes]] / [●]
Estimated time of listing:	[●]/ [Not applicable]

In Helsinki, on [date]

S-BANK PLC

REGULATORY ENVIRONMENT

The following is a summarised presentation of certain aspects of the banking regulatory environment in which the Group operates:

Single Supervisory Mechanism

The new Single Supervisory Mechanism (the "**SSM**") commenced its operation 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 directly supervises so-called significant credit institutions and has 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. In Finland, the supervision of the less significant credit institutions under SSM is primarily carried out by the 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.

One of the most significant reforms with respect to the regulation of banks is the capital adequacy requirements imposed on European banks. The Capital Requirement Directive and Regulation (CRD IV Directive/CRR) were published in the EU Official Journal on 27 June 2013. These rules and regulations implement the Basel III standards within the EU and 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.

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.

On 16 April 2019 the European Parliament made legislative resolutions on a directive amending the CRD IV (Directive (EU) 2019/878, the "**CRD V**"), a regulation amending the CRR (Regulation (EU) 2019/876, the "**CRR II**"), a regulation amending the regulation (EU) No 806/2014 (the "**SRM Regulation**") and a directive amending the BRRD (the BRRD as amended, the "**BRRD II**", and all proposals together the "**Banking Reform Package**"). The Banking Reform Package includes, for example, a leverage ratio requirement for all institutions, a new market risk framework for reporting purposes and a new moratorium power for the resolution authority. On 14 May 2019, the Council of the European Union published a press release announcing that it had adopted the Banking Reform Package. The Banking Reform Package was published in the Official Journal on 7 June 2019 and it entered into force on 27 June 2019. Most of the new rules have applied since mid-2021. However, certain requirements of the Banking Reform 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 Banking Reform Package may have on the business of credit institutions before it has been fully implemented.

The BRRD (including without limitation as amended by the Creditor Hierarchy Directive and by Directive (EU) 2019/879 of 20 May 2019 of the European Parliament and of the Council amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms) sets out the necessary steps and powers for authorities to ensure that bank failures across the EU are managed in a way which mitigates the risk of financial instability and minimises the impact of an institution's failure on the economy and financial system costs for taxpayers. The directive was implemented into Finnish legislation through the Finnish Act on Recovery and Resolution of Credit

Institutions and Investment Firms (*laki luottolaitosten ja sijoituspalveluyritysten kriisinratkaisusta* 1194/2014, as amended).

The powers granted to the resolution authorities to apply the resolution tools and exercise the resolution powers set forth in the BRRD include the introduction of a statutory 'write-down and conversion power' with respect to capital instruments and a 'bail-in power', which will give the relevant resolution authority the power to cancel all or a portion of the principal amount of, or interest on, certain eligible liabilities (which could include the Notes (however, in the case of Covered Bonds, only to the extent that claims in relation to the Covered Bonds are not met out of the assets comprising the Cover Asset Pool), of a failing financial institution and/or to convert certain debt claims (which could include the Notes (however, in the case of Covered Bonds, only to the extent that claims in relation to the Covered Bonds are not met out of the assets comprising the Cover Asset Pool)) into another security, including ordinary shares of the surviving group entity, if any, which may itself be written down.

In addition to the bail-in power and the statutory write-down and conversion power, the BRRD provides resolution authorities with broader powers to implement other resolution measures with respect to distressed banks, which may include (without limitation): (i) directing the sale of the bank 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) transferring all or part of the business of the bank to a 'bridge institution' (a publicly controlled entity), (iii) transferring all or part of the assets of the bank, including impaired or problem assets, to an asset management vehicle to allow them to be managed and worked out over time, (iv) replacing or substituting the bank as obligor in respect of debt instruments, (v) modifying the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), and/or (vi) discontinuing the listing and admission to trading of financial instruments. The resolution authorities will likely allow the use of financial public support only as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool and/or the statutory write-down and/or conversion powers.

The bail-in power can be used to recapitalise an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. The write-down and conversion power can be used to ensure that tier 1 and tier 2 capital instruments fully absorb losses at the point of non-viability of an institution (or, if applicable, its group) and before any other resolution action is taken. The Finnish Act on Recovery and Resolution of Credit Institutions and Investment Firms implements the BRRD's order in which the bail-in tool should be applied, reflecting the hierarchy of capital instruments under CRD (as defined in the General Terms and Conditions) and otherwise respecting the hierarchy of claims in an ordinary insolvency.

Capital Requirements and Standards

The Banking Reform Package, including the CRR II, introduces binding requirements for a leverage ratio of 3 per cent and a binding requirement for a Net Stable Funding Ratio (NSFR) of 100 per cent. CRR II also includes a new standardised method to compute the exposure value of derivatives exposures, calculations for market risk, exposures to central counterparties, exposures to investment undertakings, large exposures and lending to small and medium sized enterprises (SMEs). The updates to the directive (the CRD V) include updates to supervisory measures and capital conservation measures. Among other changes, it updates the rules governing Pillar 2. Specifically, CRD V introduces a split of Pillar 2 add-ons into Pillar 2 Requirements (P2R) and Pillar 2 Guidance (P2G), where the P2R will increase the MDA level (maximum distributable amount) while the P2G does not affect the MDA level. Both the CRR II and the CRD V entered into force on 27 June 2019. The CRR II has generally applied as of 28 June 2021, and the CRD V as of 28 December 2020. The Finnish parliament adopted extensive changes to the Finnish national legislation by implementing the changes relating to the EU's second banking package on 26 March 2021. The main amendments further specify the grounds for setting various capital requirements; lay down provisions concerning the setting on an equity ratio basis of certain capital requirements or asset distribution restrictions; impose a licensing requirement on financial sector holding companies and extend certain aspects of the regulation and monitoring of credit institution activities to cover these holding companies; lay down provisions on a new calculation model for assessing the interest risks of financial accounts; lighten the regulation of credit institutions' remuneration; and partially expand the circle of people covered by the regulation of related party lending. As for resolution, the main amendments supplement the regulation concerning the minimum requirement for own funds and eligible liabilities and lay down provisions on new powers for the resolution authority to restrict the distribution of assets by institutions and suspend the implementation of agreements.

On 27 October 2021, the European Commission adopted a review of EU banking rules, i.e. the European Commission's Banking Package (CRR III, CRD VI and BRRD) by which the final elements of the Basel III framework (Basel IV) will be implemented into EU law. The review consists of the following legislative elements: a legislative proposal to amend the CRD, a legislative proposal to amend the CRR, and a separate legislative proposal to amend the CRR in the area of

resolution (the so-called “daisy chain” proposal). These new rules will ensure that EU banks become more resilient to potential future economic shocks, while contributing to Europe's recovery from the COVID-19 pandemic and the transition to climate neutrality. The package implements the international Basel III agreement, while taking into account the specific features of the EU's banking sector, for example when it comes to low-risk mortgages. The Basel IV package will be implemented in 2022 at the earliest and includes revisions to capital requirements calculation of credit risk, operational risk, credit valuation adjustment (CVA) risk. The Basel IV package sets a minimum leverage ratio buffer for large and systemically important institutions and introduces a new output floor for banks using internal models. In addition, revisions to market risk (so called Fundamental Review of the Trading Book) were initially agreed in 2016 (a revision was published on 14 January 2019) and were implemented together with the CRR II on 28 June 2021. The EU announcement indicates an application date of 1 January 2025, with transitional arrangements applying over a further five-year period.

The scope of CRR III and CRD VI incorporates changes to the standardised approach for credit risk, the internal ratings-based (IRB) approach for credit risk, the calculation of credit valuation adjustment (CVA), the operational risk framework as well as an output floor, limiting the capital benefit from risk models. The European Commission has also incorporated amendments to the market risk framework (FRTB), initially implemented in CRR II. Besides the Basel generated changes, the European Commission has incorporated a number of other developments into the revised rules (CRR) and directive (CRD), among which are amendments to CRR and CRD to incorporate ESG requirements, and a new framework for regulating and supervising third-country branches (TCBs) in the EU, adjustments to Pillar 2 Requirement (P2R) and the Systemic Risk Buffer (SyRB) accompanying the introduction of the output floor. Moreover, the changes will bring enhanced definitions of entities to be included in the scope of prudential consolidation, capturing FinTech ownership and engagement in financial activities, and the EBA is given authority to centralize the publication of annual, semi-annual and quarterly institutional prudential information for the largest institutions in the EU. The new banking package will also set forth provisions regarding independence of competent authorities and addressing conflicts of interest as well as expansion of supervisory powers to competent authorities in the EU to create a common standard, implementation into law of a requirement to conduct fit and proper assessments of directors to a common standard, and clarification of the interplay between the failing or likely to fail declaration. Furthermore, the package introduces an amendment to the approach of supervisory benchmarking of expected credit risk losses for purposes of calculating own funds requirements. Finally, the so called “daisy chain” proposal concerning the CRR relates to the internal total loss absorbing capacity (TLAC) deduction regime recommended in the EBA draft regulatory technical standard (RTS) and addresses some other resolution-related issues concerning the regulatory treatment of G-SII groups with a multiple point of entry (MPE) resolution strategy. Both the current updates to the CRR and the CRD as well as the Basel VI package could affect the Group’s capital relations negatively.

As of 1 January 2018, the international accounting regulation IAS 39, “Financial instruments: Recognition and Measurement” was replaced by IFRS 9, “Financial Instruments”. Under IFRS 9, banks are required, inter alia, to apply a forward-looking approach to impairments by estimating expected credit losses based on each bank’s view of the market. Banks may employ statistical methods to calculate loan loss provisions in respect of essentially all credit risk-bearing assets, thus also including loans that have not yet defaulted. This approach will lead to an increase in provision amounts, which may affect the banks’ capital adequacy ratios. For banks that apply IRB and have a substantial surplus of regulatory expected losses to loan loss provisions, the effect on the capital base is limited since the surplus has already been subtracted from the capital base today. The EU has provided an optional 5-year phase-in of the effect of IFRS 9 on the capital base, with a gradually declining recovery to the capital base. During 2018, 95 per cent, during 2019 85 per cent and during 2020 70 per cent of expected impairment losses may be restored to common equity Tier 1 capital in the capital adequacy assessment.

The FIN-FSA established buffer requirements related to Pillar 2 capital adequacy regulations totalling 1.50 per cent of the Group’s risk exposure amount starting in 30 September 2021. Three fourth of the requirement must be covered by Tier 1 capital, of which three fourth by common equity Tier 1 capital. Any updates to the Pillar 2 capital requirement by the FIN-FSA could affect the Group’s capital position negatively.

On 16 December 2021, the FIN-FSA announced that the board of the FIN-FSA decided to keep the countercyclical capital buffer (CCyB) requirement, referred to in Chapter 10, Section 4 of the Credit Institutions Act, at the level of 0.0 per cent. The aim of the FIN-FSA’s decision was to continue to mitigate the negative effects of the Coronavirus pandemic on the stability of financial markets and on credit institutions’ ability to finance the economy.

Resolution Laws

The European Union Bank Recovery and Resolution Directive (EU) 2014/59 entered into force on 2 July 2014 and it was implemented in Finland with effect as of 1 January 2015 by the Act on Procedure for the Resolution of Credit Institutions

and Investment Firms (*laki luottolaitosten ja sijoituspalveluyritysten kriisinratkaisusta* 1197/2014, as amended, the "**Resolution Act**"), the Act on the Financial Stability Authority (*laki rahoitusvakausviranomaisesta* 1198/2014, as amended, the "**Authority Act**") and by amending the Credit Institutions Act (jointly, the "**Resolution Laws**"). The Authority Act deals with the operation and powers of the Finnish Financial Stability Authority (the "**Stability Authority**"), being the national resolution authority having counterparts in all EU member states and established for the purposes of the enforcement of the Resolution Act and other regulation relating to recovery and resolution of financial institutions. The Banking Reform Package included a legislative resolution on a directive amending the BRRD which has been implemented into national legislation.

Pursuant to the Resolution Act, the Stability Authority shall draw up and adopt a resolution plan for the institutions subject to its powers. 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, including write-down of debts or conversion of debts into equity (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 is a precondition for any support from the resolution fund administered by the Stability Authority.

The aim of the 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 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. This obligation will be specified through the European Banking Authority (EBA) Guideline 01/2022, which will come into force on 1 January 2024. Financial institutions shall carry out preparatory measures in 2022 and 2023. In the event of a distress of a financial institution, the regime allows competent authorities, being in Finland the FIN-FSA, to intervene and take early intervention measures with respect to any financial institution that the FIN-FSA considers is unlikely to 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, legal or administrative structure.

The Stability Authority is vested with the power to implement resolution measures with respect to a financial institution that the Stability Authority considers as 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 resolution measures is necessary to protect significant public interest.

An institution will be considered as failing or likely to fail 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 its group companies have been classified by the FIN-FSA as a systematically important institution domestically or globally or as otherwise significant credit institution to the financial system in Finland.

The measures available in respect of a financial institution subject to resolution procedures (in Finnish: *kriisihallinto*) include the power and obligation on the resolution authority, to write-down or convert capital instruments (shares or other equity) in the institution in order to cover losses of the distressed financial institution. The resolution instruments (in Finnish: *kriisinratkaisuvälineet*) available to the Stability Authority under the Resolution Laws include the powers to:

- enforce bail-in - the resolution authority has the power to write-down certain claims of unsecured creditors of the distressed financial institution and to convert certain unsecured debt claims to equity (the general bail-in tool, in Finnish: *velkojen arvonalentaminen ja muuntaminen*). Such equity could also be subject to any future write-down. Relevant claims for the purposes of the bail-in tool would include the claims of the holders in respect of any Notes issued under the Programme, although in the case of Covered Bonds, this would only be the case if

and to the extent that the amounts payable in respect of the Covered Bonds would exceed the value of the cover pool collateral against which payment of those amounts is secured;

- enforce the sale of the business (assets or shares) of the financial institution as a whole or part on commercial terms without requiring the consent of its shareholders (or holders of other equity instruments) (in Finnish: *liiketoiminnan luovuttaminen*);
- redemption of shares and transfer of shares or assets to another institution – the Stability Authority may transfer all or part of the business of the institution to a "bridge institution" (in Finnish: *väliaikainen laitos*) which is an entity created for this purpose by the resolution authority); and
- transfer all or part of the assets in the distressed financial institution to one or more asset management vehicles (in Finnish: *omaisuudenhoitoyhtiö*) to allow them to be managed with the intention of maximising their value through eventual sale or orderly wind-down.

The following is a brief summary of the regulation that concerns benchmarks:

Benchmark Regulation

The 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, such as the Benchmarks Regulation, 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.

The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and it 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). EURIBOR has been authorised under the Benchmarks Regulation and added to the benchmark register maintained by the ESMA in July 2019.

The Market Abuse Regulation

The 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 European Union and to enhance investor protection and confidence in those markets. In its capacity as a provider of investment services, the Issuer is already subject to the MAR and obligations to prevent and counter market manipulation and abuse. MAR imposes a range of regulatory requirements that will be new for the Issuer in its capacity as an issuer of listed financial instruments 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.

FINNISH COVERED BOND ACT

*The following is a brief summary of certain features of the act (the "**Covered Bond Act**") (Laki kiinnitysluottopankeista ja katetuista joukkolainoista 151/2022), through which the Covered Bond Directive (EU) 2019/2162 is implemented. The Covered Bond Act repealed the Finnish Act on Mortgage Credit Bank Activity (Laki kiinnitysluottopankkitoiminnasta 688/2010) on 8 July 2022. In addition, the summary does not purport to be, and is not, a complete description of all aspects of the Finnish legislative and regulatory framework for covered notes under the Covered Bond Act. Please also refer to the "Risk Factors". The terms defined in this section apply in the context of this section only.*

Background

In November 2019, the European Parliament and the Council adopted the Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 (the "**Covered Bond Directive**") and the Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019. The Covered Bond Directive and the aforementioned regulation came into effect on 7 January 2020. The Covered Bond Directive aims to provide for a common definition of covered bonds in the EU, defining the structural features of the instrument and identifying those high quality assets that can be considered eligible in the pool backing the debt obligations. The Covered Bond Directive also aims to establish a sound special public supervision for covered bonds and sets out the rules allowing the use of the 'European Covered Bonds' label.

In Finland, the Covered Bond Act came into force on 8 July 2022, repealing the Finnish Act on Mortgage Credit Bank Activity.

The Covered Bond Act enables the issue of covered notes (in Finnish: *katetut joukkolainat*) which are debt instruments secured by a cover pool of qualifying assets (the "**Cover Asset Pool**"). The Covered Bond Act regulates which assets can be used as collateral for the covered notes and the quality of such assets. They are issued by credit institutions (such as the Issuer) which are authorised to engage in mortgage banking activity (in Finnish: *kiinnitysluottopankkitoiminta*) (each an **issuer**).

Supervision

The FIN-FSA is responsible for supervising each issuer's compliance with the Covered Bond Act and may issue regulations for risk management and internal control in respect of mortgage credit business operations. If an issuer does not comply with the provisions of the Covered Bond Act or the conditions of the licence granted by the FIN-FSA, the FIN-FSA shall lay down a period in which the issuer must fulfil any requirements set by the FIN-FSA. If such requirements are not fulfilled within the set period, the FIN-FSA may cancel the issuer's authorisation to engage in mortgage credit business.

Authorisation under the Covered Bond Act

The issuing of covered notes under the Covered Bond Act requires that the issuer has a separate licence for mortgage banking activity which is applied from the FIN-FSA. Mortgage credit business is a line of banking business which involves the issuing of covered notes on the basis of loans secured by residential property, shares in Finnish housing companies (apartments), commercial real estate or shares in real estate companies as well as the acquisition of claims against public-sector bodies. A credit institution must fulfil certain requirements prescribed in the Covered Bond Act in order to be able to obtain authorisation from the FIN-FSA to engage in mortgage credit business. The FIN-FSA shall grant the authorisation, if, based on the evidence obtained from the credit institution, it can be assured of, among other things, that the business plan presented by the issuer is sufficiently comprehensive, that the credit institution has in place suitable procedures and instruments for managing the risk entailed in holding the assets in the Cover Asset Pool(s), that mortgage banking activity is being conducted in accordance with the Covered Bond Act and the regulations given by virtue of it, and that the activity of the credit institution is stable and that its economic position and operational capability are sufficient to secure the repayment of covered notes. Moreover, the FIN-FSA shall be assured that the register of covered notes of the issuer fulfils the statutory requirements, and the issuer must have principles and policies for valuation of collateral and the expertise and professional skill required by mortgage banking activity. Additionally, the FIN-FSA may grant the authorisation only if it is not aware of anything, pursuant to which the liquidity, solvency, or the economic position otherwise or the risk management of the issuer or the debtor of an intermediary loan would be jeopardised. In addition to credit institutions authorised separately to engage in mortgage credit business, also mortgage credit banks whose activities are exclusively restricted to carrying out mortgage credit business are entitled to issue covered notes after receiving the authorisation referred to in Section 8 of the Covered Bond Act.

Register of covered notes

The Covered Bond Act requires the issuer to maintain a register (the "**Register"**) for the covered notes and the collateral which forms the assets in the Cover Asset Pool for the Covered Bonds. Any intermediary loan shall also be entered in the Register. The actual entry of the covered notes and relevant derivative contracts in the Register is necessary to confer the preferential right in the Cover Asset Pool. Further, only assets entered into the Register form part of the Cover Asset Pool.

The Register must list, amongst other things, the covered notes issued by the issuer and the assets in the Cover Asset Pool and Derivative Transactions relating thereto along with any Bankruptcy Liquidity Loans entered into on behalf of the issuer. Furthermore, as the issuer is, pursuant to Section 29 of the Covered Bond Act, entitled to use different Cover Asset Pools for different covered notes, the Register must also specify which Cover Asset Pools constitute collateral for which covered notes. In other words, the collateral shall be entered in the Register as collateral for specified covered notes. Only the issuer or the credit institution being the debtor of an intermediary loan is entitled to provide security to a covered note. Moreover, after the commencement of a bankruptcy or a liquidation of the issuer or the debtor of an intermediary loan, the funds accrued on the collateral shall be separated from other assets of the credit institution having given the collateral in question, and they shall be entered into the Register.

The FIN-FSA monitors the management of the Register, including the due and proper recording of assets. The information in the Register must be submitted to the FIN-FSA regularly.

Eligible cover pool assets

The covered notes shall be covered at all times by a specific pool of qualifying assets. Eligible assets which are permitted as collateral for covered notes consist of Mortgage Loans, Public-Sector Loans and Substitute Collateral, each as defined in the Covered Bond Act as follows:

Mortgage Loans are Housing Loans or Commercial Real Estate Loans.

Housing Loans are, provided that the requirements set out in Article 129 of the CRR are met, loans secured by (i) mortgageable property for primarily residential purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code; or (ii) shares in a housing company referred to in Chapter 1, Section 2 of the Finnish Act on Housing Companies or shares comparable thereto, participations and rights of occupancy; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area.

Commercial Real Estate Loans are, provided that the requirements set out in Article 129 of the CRR are met, loans secured by (i) mortgageable real estate for commercial or office purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code; or (ii) shares of a housing company or a real estate company referred to in Chapter 28, Section 2 of the Finnish Act on Housing Companies entitling the holder to occupancy of the commercial or office premises; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area.

Public-Sector Loans are loans (i) which have been granted to a state, municipality, central bank or other public-sector entity provided that such fulfils the requirements prescribed in Article 129, Paragraph 1, Subparagraph (a) or (b) of CRR or (ii) fully collateralised by a guarantee as for its own debt by a public-sector entity referred to in point (i).

At most 10 per cent of the total nominal amount of collateral in a Cover Asset Pool may consist of Commercial Real Estate Loans (unless otherwise agreed in the terms and conditions of the notes) and at most 20 per cent of the total nominal amount of collateral in a Cover Asset Pool may consist of Substitute Collateral. The FIN-FSA may grant an exemption from the requirement in respect of Substitute Collateral.

Substitute Collateral may only be used for fulfilling the liquidity requirement and as collateral for covered notes on a temporary basis and in the circumstances set out in the Covered Bond Act (see *"Substitute Collateral"* below).

Derivative Transactions concluded for hedging against risks related to covered notes must be registered in the Register and therefore constitute part of the assets in the Cover Asset Pool.

Quality of the cover pool assets

Mortgage lending limit and valuation

It is not possible to directly record collateral for an individual covered note. Pursuant to the Covered Bond Act, collateral shall be included in a Cover Asset Pool and each covered note can simultaneously only belong to one Cover Asset Pool. However, an issuer is entitled to cover several covered notes with one Cover Asset Pool.

A Mortgage Loan entered into the Cover Asset Pool as collateral for a covered note may not exceed the current value of the shares, housing property or commercial real estate standing as collateral at the time of recording the asset into the Cover Asset Pool. The **current value** shall be calculated using good property evaluation practice applicable to credit institutions in accordance with provisions on the management of capital adequacy and credit risk of credit institutions issued by the FIN-FSA. Pursuant to Section 16 of the CBA, the Issuer must also make sure that the risks of damages related to the mortgage loans included in the Cover Asset Pool are properly insured. The insurance cover is used in the Cover Asset Pool for the Covered Bonds ("**Insurance Compensation**"). The issuer is not obliged to remove a Mortgage Loan from the Cover Asset Pool of a specific covered note due to the collateral's future performance under the Covered Bond Act. Pursuant to the preparatory works of the Covered Bond Act, if the issuer technically executes the evaluation of the whole Cover Asset Pool on a regular basis, the decisive point of time is considered to be the moment when the collateral was first technically recorded in the Cover Asset Pool.

Requirements for matching cover

The Covered Bond Act seeks to protect covered noteholders by requiring that the outstanding principal amount and net present value of the covered notes must be covered at all times by matching assets in the Cover Asset Pool. This is achieved by Section 24 of the Covered Bond Act which provides that (a) the total value of Cover Asset Pool must always exceed the liabilities under the covered notes and (b) the net present value of Cover Asset Pool must always be at least 2 per cent above the net present value of the liabilities under the covered notes. Moreover, if the requirements prescribed in Article 129, Paragraph 3 a, Subparagraph 3 of CRR are not fulfilled, the net present value of Cover Asset Pool must be at least 5 per cent above the net present value of the liabilities. The net present value shall also cover the estimated costs in relation winding-down of the covered notes. In calculating the total value of the Cover Asset Pool, the following limitations apply:

1) the unpaid capital amount of any Housing Loan not exceeding 80 per cent of the current value of the shares or housing property placed as collateral for any Housing Loan;
2) an amount not exceeding 60 per cent of the current value of real estate for commercial or office purposes placed as collateral for any Commercial Real Estate Loan; and
3) the principal of the Substitute Collateral

may be taken into account.

Requirements relating to liquidity

Under Section 31 of the Covered Bond Act, the issuer shall ensure that the Cover Asset Pool continuously includes such amount of Substitute Collateral that covers the maximum net outflow connected to covered notes during the upcoming 180-day period (liquidity requirement). In calculating the net outflow connected to the covered notes, the issuer may take into account the extension of the maturity of any covered notes in accordance with Section 32 of the Covered Bond Act up to the final maturity date. Before the commencement of liquidation or bankruptcy proceedings against the issuer or a debtor of an intermediary loan, a mortgage credit bank may, in respect of collateral granted by a debtor of an intermediary loan, treat the interest payments on the intermediary loans as being the interest accrued from such collateral.

Determination of requirements under Sections 23 and 31 of the Covered Bond Act

To determine the **value** of the Cover Asset Pool in order to provide the matching cover required by Sections 23 and 31 of the Covered Bond Act, the issuer shall only take into account:

(1) the unpaid capital amount of any Housing Loan not exceeding 80 per cent of the current value of the shares or housing property placed as collateral for any Housing Loan;
(2) an amount not exceeding 60 per cent of the current value of real estate for commercial or office purposes placed as collateral for any Commercial Real Estate Loan; and
(3) the principal of the Substitute Collateral.

Derivative Transactions concluded in order to hedge the covered notes and any assets provided as collateral for the Derivative Transaction shall be taken into account for the purposes of Sections 23 and 31 of the Covered Bond Act.

Substitute Collateral

Up to 20 per cent of the aggregate amount of all assets constituting the statutory security for the covered notes conferred by the Covered Bond Act may temporarily consist of Substitute Collateral. However, in case Substitute Collateral is used to fulfil the liquidity requirement, the limit of 20 per cent of Substitute Collateral does not apply pursuant to Section 22 of the Covered Bond Act. Substitute Collateral may include: (a) assets qualifying as level 1, level 2A or level 2B assets pursuant to the applicable delegated regulation adopted pursuant to Article 460 of CRR; and (b) short-term exposures to credit institutions that qualify for credit quality step 1 or 2, or short-term deposits to credit institutions that qualify for credit quality step 1, 2 or 3, in accordance with point (c) of Article 129(1) of CRR. However, Substitute Collateral may not include assets that are issued by the credit institution issuing the covered bonds itself, its parent undertaking, other than a public sector entity that is not a credit institution, its subsidiary or another subsidiary of its parent undertaking or by a securitisation special purpose entity with which the credit institution has close links. The use of Substitute Collateral is regarded as temporary provided that (i) Mortgage Loans or Public-Sector Loans have not yet been granted or registered as collateral for the covered notes; or (ii) the total amount of collateral does not fulfil the requirements set out in Chapter 4 of the Covered Bond Act. The instruments included in Substitute Collateral shall fulfil the requirements prescribed in Article 129 of CRR both individually and as a whole, among other limitations set on the aggregated amount of credit institution and public sector counterparty risks.

Extension of maturity (*soft bullet*)

Pursuant to Section 32 of the Covered Bond Act, the terms and conditions of a covered note may include a provision that enables the issuer to extend the maturity of a covered note subject to certain conditions, including the approval of the FIN-FSA. In addition, the conditions for extension of maturity include, among others, that the issuer is unable to obtain long-term financing from ordinary sources, the issuer is unable to meet the liquidity requirement set out in the Covered Bond Act if it makes payments towards the principal and interest of the maturing covered note and that the extension of maturity does not affect the sequence in which the issuer's covered notes from the same Cover Asset Pool are maturing. If the FIN-FSA determines that the conditions for extension have been fulfilled and it gives its approval to the extension, its resolution shall confirm the extended maturity date of such covered notes applied for by the Issuer, which shall be a date on or before the final extended maturity date specified in the terms and conditions.

Derivatives

The issuer may enter into Derivative Transactions to hedge against the risks relating to covered notes or their underlying collateral. Details of any such derivatives must be entered in the Register.

Set-off

A creditor of the issuer may not set-off its claim against a Mortgage Loan or a Public-Sector Loan entered in the Register if it is within the scope of the priority of payment of the holders of covered notes as provided for in Section 35 of the Covered Bond Act nor against an intermediary loan.

Prohibition on transfers, pledges, execution and precautionary measures

The issuer or the debtor under an intermediary loan may not, without the permission of the FIN-FSA, assign or pledge Mortgage Loans or Public-Sector Loans which are included in the Cover Asset Pool. A mortgage credit bank may not assign or pledge any intermediary loan without the permission of the FIN-FSA. An assignment or pledge violating such prohibition shall be void.

A Mortgage Loan, a Public-Sector Loan or any Substitute Collateral entered in the Register as collateral for a covered note or an intermediary loan may not be taken in execution for a debt of an issuer, a deposit bank or a credit institution nor may precautionary measures be directed at it.

Preferential right in the event of liquidation or bankruptcy

Under Finnish law, *"selvitystila"* (or **liquidation** in English) means either a voluntary winding up of a company or a winding up pursuant to specific provisions of Finnish law and *"konkurssi"* (or **bankruptcy** in English) means the mandatory winding up of a company in the event of its insolvency.

Under Sections 20 and 39 of the Covered Bond Act, notwithstanding the liquidation or bankruptcy of the issuer, a covered note shall be paid until its maturity in accordance with the terms and conditions of the covered note from the funds accruing on the Cover Asset Pool of the covered note before other claims. The same applies to Derivatives Transactions. The funds accruing from collateral for covered notes after the commencement of liquidation or bankruptcy proceedings against the issuer shall be entered in the Register as collateral for such covered notes. In bankruptcy proceedings the bankruptcy administrator must ensure due maintenance of the Register. Under Section 43 of the Covered Bond Act, the bankruptcy administrator in bankruptcy or the liquidator in liquidation have the right, upon demand or approval of the supervisor (defined below), to seek for permission to extend the maturity of the Covered Bond if the terms and conditions provide the possibility for extension of maturity in accordance with Section 32 explained above.

Collateral entered in the Register in accordance with the Covered Bond Act may not be recovered pursuant to the Finnish Act on Recovery of Assets to a Bankruptcy Estate (*Laki takaisinsaannista konkurssipesään* 758/1991, as amended).

Pursuant to Section 20 of the Covered Bond Act, Mortgage Loans are included in the Cover Asset Pool for a covered note for their total value.

What is set out above in respect of Section 20 of the Covered Bond Act applies *mutatis mutandis* to the counterparties of the Derivative Transactions entered in the Cover Asset Pool and to the providers of any loan securing liquidity for the issuer in liquidation or bankruptcy (each such loan being a "**Bankruptcy Liquidity Loan**"). These parties have a right to receive payment after the funds specified in Section 20 of the CBA.

The bankruptcy administrator may, upon the demand or with the consent of the supervisor appointed by the FIN-FSA (see "*Management of Cover Pool Assets during the liquidation or bankruptcy of the issuer"*), transfer collateral entered in the Cover Asset Pool of the relevant covered notes to the issuer's general bankruptcy estate, if the value and the net present value of the Cover Asset Pool, as provided for in Section 45 of the Covered Bond Act, considerably exceed the total amount of the covered notes and it is apparent that the collateral to be transferred shall not be necessary to fulfil the obligations in respect of the covered notes, Derivative Transactions and Bankruptcy Liquidity Loans.

Management of Cover Pool Assets during the liquidation or bankruptcy of the issuer

When the issuer has entered into liquidation or bankruptcy proceedings, the FIN-FSA shall, without delay, appoint a supervisor in accordance with Section 29 of the Finnish Act on the Financial Supervisory Authority (*Laki finanssivalvonnasta* 878/2008, as amended) to protect the interests of creditors of covered notes and creditor entities comparable to such and to enforce their right to be heard (a supervisor). The supervisor shall, in particular, supervise the management of the collateral for the covered notes and their conversion into cash as well as the contractual payments to be made to the holders of the covered notes. The person to be appointed as a supervisor shall have sufficient knowledge of financing and legal issues with regard to the nature and scope of the duties. The remuneration of the supervisor shall be decided by the FIN-FSA, and the issuer is responsible for the payment of the remuneration. The payment of the remuneration is secured by the Cover Asset Pool(s). Should the FIN-FSA pay the remuneration on behalf of the issuer, the right to claim payment of the remuneration would be transferred to the FIN-FSA and the corresponding priority in respect of the Cover Asset Pool would be preserved. The FIN-FSA shall always take steps to appoint an administrator when the issuer has entered into liquidation or bankruptcy proceedings.

In bankruptcy proceedings the courts will by operation of law appoint a bankruptcy administrator to administer the bankruptcy estate. The Cover Asset Pool will be run by the bankruptcy administrator, but the supervisor will supervise the bankruptcy administrator, acting in the interest of the noteholders. Under Section 44 of the Covered Bond Act, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, conclude Derivative Transactions necessary for hedging against risks relating to covered notes and the relevant collateral as well as, where necessary, sell a sufficient amount of collateral for the covered note in order to fulfil the obligations relating to the covered note. In addition, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, have a right to conclude contractual arrangements to secure liquidity or take out Bankruptcy Liquidity Loans.

Funds which accrue on the collateral of covered notes after the commencement of liquidation or bankruptcy of the issuer and the bank accounts related to the collateral and its income shall be entered in the Register under the relevant Cover Asset Pool. Correspondingly, a Bankruptcy Liquidity Loan taken under Section 44 of the Covered Bond Act and each bank account into which any such funds are deposited shall be entered in the Register.

If the matching cover requirements of the collateral of a covered note cannot be fulfilled due to the issuer or the debtor of an intermediary loan being in bankruptcy or liquidation, the bankruptcy administrator and the liquidator in liquidation shall, on the demand or approval of the supervisor, accelerate the covered notes and the intermediary loans connected thereto as well as sell the funds being collateral for each covered note for their payment. The bankruptcy administrator or the liquidator in liquidation is entitled, upon demand or approval by the supervisor, to apply from the FIN-FSA for a

permission to extend the maturity of a covered note, if the covered note includes a condition referred to in Section 32 of the Covered Bond Act, pursuant to which the issuer can, on the permission granted by the FIN-FSA, extend the maturity of the covered note upon fulfilment of the conditions included in Section 32 of the Covered Bond Act.

A bankruptcy administrator has the right to terminate or transfer a Derivative Transaction to a third party on the demand or with the consent of the supervisor, provided that the collateral is transferred or converted into cash, or a right to transfer collateral to the counterparty in the Derivative Transaction when the interests of the holder of the covered notes demands such and it is reasonable from the perspective of risk management.

If the requirements for the Cover Asset Pool of the covered notes, as provided for in Sections 23 and 31 of the Covered Bond Act, cannot be fulfilled, the bankruptcy administrator must, upon the request or approval of the supervisor, accelerate the covered notes and sell the Cover Asset Pool assets in order to pay the covered notes.

CHARACTERISTICS OF THE COVER ASSET POOL

The Issuer must ensure that the Cover Asset Pool comprises only of Housing Loans and Substitute Collateral within the limits set by the CBA (as summarised under "*Finnish Covered Bond Act*") and the terms and conditions of the Covered Bonds. The Issuer will substitute assets that are no longer eligible to be included in the Cover Asset Pool in accordance with the requirements of the CBA and such terms and conditions and supplement the Cover Asset Pool with new Housing Loans or Substitute Collateral upon the existing Housing Loans or Substitute Collateral in the Cover Asset Pool being repaid by the relevant borrower in respect of such assets. The Issuer continuously monitors that the current value of the Cover Asset Pool exceeds the combined payment obligations resulting from the Covered Bonds by at least five per cent. Over-collateralisation must have a value of at least two per cent. If the requirements set out in Article 129, Paragraph 3 a, Subparagraph 3 of the CRR are not met, over-collateralisation must have a value of at least five per cent. In addition, the Issuer assesses the adequacy of the value and the quality of the Cover Asset Pool by regular stress tests.

The criteria that the Issuer applies in the selection of assets for the Cover Asset Pool and the policies for granting loans are summarised below.

Origination Criteria for the Housing Loans and the Cover Asset Pool

All Housing Loans included in the Cover Asset Pool are originated by the Issuer in Finland in accordance with the applicable lending criteria, which include, but are not limited to the following:

- verifying the identity of the borrower;
- verifying the borrower has legal capacity;
- assessing the creditworthiness of the borrower;
- assessing the borrower has sufficient repayment capability;
- verifying public payment defaults in Suomen Asiakastieto Oy's credit information register; and
- checking the borrowers previous loan payment behaviour in the Issuer's internal register.

The Issuer identifies the Housing Loans that are eligible for inclusion in the Cover Asset Pool according to criteria set by the CBA and the Issuer. These criteria, in summary, include but are not limited to the following:

- the borrower is identified by a Finnish social security number or a Finnish business identity number;
- the principal amount of the Housing Loan must not exceed the fair value of the collateral securing the Housing Loan, that is, the loan-to-value ratio must be 100 per cent or lower; and
- the Housing Loan must be secured by eligible assets located in Finland and must be denominated in euro.
- The Issuer does not grant Commercial Real Estate Loans that would be part of the Cover Asset Pool.

All of the abovementioned origination criteria for the Housing Loans, including the applicable lending criteria, and for the Cover Asset Pool have been set out as of the date of this Base Prospectus and might change over time. The composition and characteristics of the Cover Asset Pool will change over time. The Issuer will maintain a separate register for the Cover Asset Pool in accordance with the CBA and inform the Noteholders of the composition of the Cover Asset Pool on its website at s-pankki.fi/investors on a quarterly basis in connection with the issuance of its financial statements and interim financial statements.

DERIVATIVE TRANSACTIONS RELATED TO THE COVERED BONDS

Permitted Derivative Transactions

The Issuer may from time to time enter into one or more Derivative Transactions in order to hedge against risks relating to Covered Bonds and/or a Series of Covered Bonds or the assets in the Cover Asset Pool. Such Derivative Transactions will be entered into the Register for the Cover Asset Pool.

The Issuer may enter into one or more interest rate swap transactions to hedge the interest rate exposure arising as a result of Mortgages and other assets in the Cover Asset Pool that carry floating rates of interest covering the relevant Covered Bonds that carry a fixed rate payment obligation for the Issuer. The Issuer may also enter into one or more interest rate swap transactions to hedge the interest rate exposure arising as a result of Mortgages and other assets in the Cover Pool that carry fixed rates of interest covering the relevant Covered Bonds that carry a floating rate payment obligation for the Issuer.

Documentation

The Issuer currently anticipates that Derivative Transactions entered into between the Issuer and a swap counterparty will be evidenced by a confirmation and such confirmation will supplement, form part of and be subject to an agreement between the Issuer and such swap counterparty in the form of an ISDA 2002 Master Agreement, as amended and supplemented from time to time, each as published by the International Swaps and Derivatives Association Inc. (ISDA) (each such agreement a Swap Agreement). All such Derivative Transactions will be terminable by a party if an Event of Default (as defined in the relevant Swap Agreement) occurs in respect of the other party or all or a group of Derivative Transactions will be terminable by one or both of the parties if a Termination Event (as defined in the relevant Swap Agreement) occurs.

Upon the early termination of one or more Derivative Transactions, the Issuer or the relevant swap counterparty may be liable to make a payment to the other party reflecting the value of the terminated Derivative Transaction(s).

The Issuer may also at its discretion use other types of instruments and transactions for the purposes described in this section "*Derivative Transactions related to the Covered Bonds*".

Bankruptcy or Liquidation of the Issuer

Under the CBA, obligations arising under a Derivative Transaction entered into the Register for the Cover Asset Pool shall continue to be fulfilled towards the Issuer in accordance with its terms notwithstanding a bankruptcy or liquidation of the Issuer unless otherwise provided in the terms of the Derivative Transaction. Counterparties to such Derivative Transactions (along with holders of the Covered Bonds) are given a statutory priority in the liquidation or bankruptcy of the Issuer to the assets in the Cover Asset Pool. Accordingly, such counterparties (and holders of the Covered Bonds) have the statutory right to receive payment from the assets in the Cover Asset Pool before all other holders of claims and this right remains for so long as the Covered Bonds remain outstanding. Pursuant to Section 44 of the CBA, providers of liquidity loans and Bankruptcy Liquidity Loans have a right to receive payment after the funds specified in Section 20 of the CBA.

Under the CBA, the bankruptcy administrator is, upon the request of the supervisor appointed by the FIN-FSA, entitled to terminate a Derivative Transaction or to transfer a Derivative Transaction and security to a third party if it is deemed to be in the interest of the holders of the Covered Bonds.

INFORMATION ON S-BANK

Overview

S-Bank's business operations were established in 2007 in Helsinki. The Issuer was registered in the trade register on 1 May 2014 and the corporate form of the Issuer was changed from a limited liability company to a public limited company on 19 November 2020. The Issuer's registration number in the Finnish Patent and Registration Office is 2557308-3 and its domicile is in Helsinki and therefore, Finnish legislation applies to the Issuer. The Issuer's accounting period is one calendar year. The Issuer's registered address is Fleminginkatu 34, 00510 Helsinki, Finland and its telephone number is +358 010768011. The Issuer's legal entity identifier (LEI) code is 743700FTBNXAUN57RH30. According to Article 2 of its articles of association, the Issuer engages in business operations of a deposit bank as set out 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 (*sijoituspalvelulaki* 747/2012, as amended).

S-Bank is a Finnish bank that provides its customers with banking and wealth management services. S-Bank is wholly owned by the S Group ("**S Group**"). S Group's ownership of the Issuer's shares is divided between SOK Corporation and the regional cooperatives of S Group. S Group is a Finnish retailing cooperative organisation, and the bank was established on the basis of strong co-operative values (see section "*Additional information on S Group*"). At the end of the nine-month period ended on 30 September 2022, the Group employed a total of 754 people (30 September 2021: 678). Of this number 595 (30 September 2021: 532) worked for S-Bank Plc, 37 (30 September 2021: 65) at the subsidiaries of the Wealth Management business and 122 (30 September 2021: 81) at S-Asiakaspalvelu Oy. The salaries and remunerations paid to personnel at the Group totalled EUR 33.8 million (30 September 2021: EUR 29,3 million).

The FIN-FSA supervises the Issuer's activities in accordance with Finnish law. 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 Institutions Act and Council Regulation (EU) No 1024/2013, the Issuer is currently classified as a high impact 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. On 30 June 2022, the FIN-FSA authorised the Issuer to engage in mortgage banking activities in accordance with the CBA.

History and Development of the Issuer

S-Bank began its operations in October 2007. The bank was founded by S Group, a customer-owned Finnish network of companies in the retail and service sectors, with more than 1,900 outlets in Finland.

The business was launched by converting the savings of S Group's customer-owners into bank deposits. In its first full year in 2008, S-Bank introduced payment cards and consumer credit to its customers.

In 2009, S-Bank signed an agreement, according to which Citibank International PLC's credit portfolio designed for private customers would be transferred to S-Bank. As a result, S-Bank's consumer credit business received a boost in 2010. In 2013, S-Bank acquired a majority stake in FIM, an independent asset manager, and started to expand into mutual funds and other wealth management services operations.

In 2014, S-Bank and LocalTapiola Bank Plc merged. After the merger, the ownership of S-Bank was divided between S Group (75 per cent), LocalTapiola (23.5 per cent) and Elo (1.5 per cent) (see "*Share Capital and Ownership*"). Between 2014–2017, S-Bank invested in integration and developed digital services such as the "S-mobiili" mobile application ("**S-mobiili**") that currently serves approximately one million customers in their daily banking needs.

In 2017, the Group's SME and agriculture business was divested to Oma Saving Bank Plc and the Group's focus was shifted to the core retail business and improving the efficiency of the business.

S-Bank became a leading player in impact investing in the Nordic region according to the management's view after S-Bank Private Equity Funds Ltd acquired the entire share capital of S-Bank Impact Investments Ltd (formerly Epiqus Oy) in January 2019.

The decision to expand S-Bank's operations into mortgage credit bank activity was made in late 2019, and in 2020 the bank obtained a mortgage banking licence from the FIN-FSA. S-Bank has acquired a credit rating from S&P. Initial credit rating BBB rating for long term-funding and A-2 for short term funding with negative outlook was assigned 31.7.2020.

Outlook was raised to stable in January 2021 which was in line with the rest of the Finnish banking sector. The same credit rating of BBB for long-term borrowing and A-2 for short-term borrowing with a stable outlook was sustained in the report published by S&P on 22 September 2022.

S-Bank's Wealth Management business expanded and became a leading provider of real estate investment services in Finland in 2020 according to the management's view when S-Bank acquired the operations of Fennia Asset Management Ltd and Fennia Properties Ltd. During the first half of the year, S-Bank completed its project to integrate the asset management and real estate investment services acquired from Fennia insurance company. The integration project was completed by 31.3.2021.

In autumn 2021, S-Bank renewed its brand, while simultaneously starting to use the S-Bank brand in wealth management in place of the FIM brand. S-Bank has informed its customers of the intra-group business transfer in relation to the discretionary asset management business from S-Bank Fund Management Ltd to the Issuer as of 1 October 2021.

On 30 June 2021, S-Bank announced that SOK Group and S Group's regional cooperatives are purchasing all of LocalTapiola Group's and Elo Mutual Pension Insurance Company's shares in the Issuer subject to the authorities' approval (the "**Share Purchase**"). The sellers in the Share Purchase hold 25 per cent of all of the shares in the Issuer. The agreement in respect of the Share Purchase also gives a right, subject to the transaction closing and certain other conditions, to the Issuer to call subscriptions from certain LocalTapiola Group entities (including qualifying funds managed by such entities) for a debenture in the minimum amount of approximately EUR 57.5 million to be issued by the Issuer. The Issuer made the call and corresponding changes to the Issuer's debenture programme during 2021, subject to realization of the conditions. To the Issuer's knowledge, the completion of the Share Purchase did not result in a change of control of the Issuer.

On 5 October 2021, the owners of S-Bank – the S Group, the LocalTapiola Group and Elo – concluded the corporate transaction, through which SOK Corporation and the regional cooperatives of the S Group acquired the shares held by LocalTapiola General, LocalTapiola Life, the LocalTapiola regional companies and the Elo Mutual Pension Insurance Company in S-Bank Plc, the parent company of the S-Bank Group. As a result of the transaction, the S Group now owns all of S-Bank's shares.

S-Bank and LocalTapiola Group have ended cooperation on funds. In the second half of 2021, the management of 28 LocalTapiola funds amounting to approximately EUR 4 billion in assets under management were transferred from S-Bank Fund Management Ltd which is part of the S-Bank, to Seligson & Co Fund Management Company Plc which is owned by LocalTapiola Group. There were no changes in the operations of S-Bank's own funds.

S-Bank continued to develop its Wealth Management business by merging S-Bank Private Equity Funds Ltd into S-Bank Fund Management Ltd. The merger was completed on 30 September 2022.

Description of Operations

General

S-Bank Plc focuses on offering products and services to household customers, while also offering targeted services to companies. S-Bank provides services for daily banking, saving and investment, and for the financing of purchases. S-Bank also offers private banking services and services for institutional investors.

The regional cooperatives of the S Group, i.e., Prisma supermarkets and S Markets, act as S-Bank's agents, offering its banking services at their business locations. S-Bank's services are primarily offered to the co-op members of the S Group and their households, and they receive basic banking services free-of-charge. Altogether, S-Bank has approximately 3.1 million retail customers, representing the majority of the Finnish population. The aim is to maintain the prices of other services at a reasonable level and all services are priced transparently. The cash benefits paid to co-op members, such as bonuses earned from shopping and payment-method benefits, are paid into the customers' accounts in S-Bank.

S-Bank's earnings model is mainly based on accepting customer deposits, granting loans and engaging in investment activities. Net interest income, the bank's largest source of income, is the difference between interest income received and interest expenses paid. Interest income is mainly earned from credits and loans granted to customers. The amount of interest expenses depends on the interest paid on deposits and the interest paid on funds obtained from other funding sources.

S-Bank's second largest source of income is net fee and commission income, i.e., the difference between fee & commission income and fee & commission expenses. Commissions and fees are derived from lending-related services, payment transactions, card-related services and asset management, among others. Expenses include returns of management fees charged to the funds and service fees paid to service providers on card payments. In the banking business, the amount of net fee and commission income is dependent on the degree and extent of the use of banking services. In the wealth management business, net fee and commission income is mainly dependent on the amount of assets under management and how it is distributed between different products. The amount of these assets is influenced by net sales and the general performance of the securities markets and how well the Group's investment products perform against the market. Since the management fees for investment funds are calculated as percentages of the funds' net asset value, market performance is directly reflected in the amount of fees received.

Operating expenses mainly consist of personnel expenses, IT expenses and other administrative expenses, including agency fees paid to the cooperative societies. In addition, as customer's insolvency risks increase, the bank records credit loss provisions and, in the event of insolvency, the bank records credit losses.

For business operations to be profitable the bank must manage its balance sheet, risks and expenses effectively. The bank's duty is to ensure sufficient capital adequacy and liquidity under all conditions. The Group's business is subject to a licence, widely regulated and supervised by the authorities.

The operations of S-Bank are regulated by the European Union's regulations, national legislation and regulations issued by the authorities. The Credit Institutions Act, the Limited Liability Companies Act (*osakeyhtiölaki* 624/2006, as amended). In addition, S-Bank complies with standards of good banking practice as well as legislation and the Group's corporate governance policies and other internal guidelines, and its articles of association.

Business overview

The operating segments of the Group are Banking and Wealth Management.

Banking

Banking is responsible for providing and developing the household and corporate customer banking services of the Group. The products and services offered by the business include those for daily banking and financing. Banking also includes the Group treasury.

Customer segments

S-Bank's Banking segment focuses on providing products and services to retail customers, while also providing targeted services to corporations. S-Bank provides its products and services to its customers via digital service channels, telephone service, and customer service points located in the S Group's business locations. In retail banking, S-Bank emphasises digital services and channels. S-Bank provides modern and user-friendly digital services for its customers to carry out daily banking activities. S-Bank provides features to easily manage accounts, payments, cards, funds, and loans anywhere and anytime, utilising S-Bank's online bank and S-mobiili.

Accounts and payments

S-Bank provides banking accounts and payment services for approximately 3.1 million retail customers and for corporate customers on a selective basis. S-Bank provides its retail and corporate customers current accounts, savings accounts and investment accounts. S-Bank also provides ASP-accounts for its retail customers. The vast majority of S-Bank's total deposits are held at retail customers' current and savings accounts and they form the core funding source of S-Bank's lending and investing activities. Monthly bonus payments from S Group bonus program are also paid exclusively to S-Bank's retail customers' current accounts.

S-Bank offers user-friendly digital platforms (online bank and S-mobiili) for its customers to execute payment transactions by themselves. Customers are also serviced by bank service desks where customers are offered payment and cash services. S-Bank's payment services include e-invoicing, direct payment services and domestic and cross border transfers. For corporate customers S-Bank offers corporate accounts with tailored payment services.

Card business

S-Bank provides payment card services to retail customers and acts as an issuer of Visa cards as well as an acquiring bank of S-Bank's own Visa transactions. S-Bank has issued more than 2.7 million Visa payment cards.

S-Bank payment cards enable chip & pin and contactless payments in stores, online payments, withdrawal of cash in Finland and abroad, and S Group bonus card reward features. S-Bank payment cards also enable withdrawal of cash in S Group grocery store counters and service desks. When paying in, among others, S Group's grocery stores, restaurants and hotels, customer-owners gain an extra bonus on their S Group bonus cash backs by paying with S-Etukortti-Visa payment cards. S-Bank has integrated micro saving and card purchases. S-Bank offers an application called "Säästäjä" that enables customers to set a fixed amount of money that will be automatically transferred from customers' deposits to their funds at each card purchase.

Loans and credit

S-Bank offers a range of loan and credit products and services for varying needs of its retail customers. S-Bank's main focus is on retail customer loans, but it also selectively grants corporate loans. For retail customers S-Bank provides, among other, mortgage loans, renovation loans, car loans, secured investment loans, student loans, credit card loans and other secured and unsecured consumer loans for different needs of customer lifecycle. With the exception of credit cards, unsecured consumer loans and student loans, household portfolio is for the most part secured by residential immovable property collateral. The residential properties used as collateral are located in Finland. The geographical distribution is in-line with S-Bank's Credit Risk Strategy. Three quarters of the portfolio is situated in Helsinki metropolitan region and other similar vibrant residential areas. Cooperation partners of S-Bank provide retail loan customers with certain insurances. In corporate lending, S-Bank is focused on secured housing association loans. The collateral portfolio for housing association loans consists mainly of residential properties in Helsinki metropolitan region and other similar vibrant residential areas.

Treasury

The Treasury unit is responsible for managing liquidity and interest rate risk and the Treasury acts as the Group's internal bank and internal hedging counterparty for business operations. The Treasury is also responsible for long term funding operations and managing the Group's liquidity and investment portfolio. The Treasury's strategic goals are set in the Group's risk strategy and risk appetite, then integrated into Treasury's annual investment plan.

Wealth Management

Wealth Management is responsible for producing the Group's asset management services, customer relationships and business development. The business offers saving and investing services to household customers. S-Bank also offers private banking services, as well as services for institutional investors. From September 2021 all clients are served under the S-Bank brand.

Customer segments

Key customer segments of Wealth Management are retail customers, Private Banking customers, and institutional investors. Additional distribution outside the key segments is done via external distributors in Finland and abroad.

Retail customers include private persons who are served primarily through digital channels complemented with traditional sales and customer service activities. Private Banking customers include wealthy individuals and families, including legal entities related to the customers' investing activities. Private Banking operates with an advisor-based omnichannel model and is characterised by a high level of customer service and wide service offering. Private Banking customers are served through offices in Helsinki, Turku, Tampere and Oulu. Institutional investors include pension funds, non-profit organisations, large corporations, and other large professional investors, and are serviced by a specialist team based in Helsinki.

Investment products and services

Wealth Management provides a comprehensive range of equity, fixed income, and alternative investment funds and products to all customer segments. On 30 September 2022, there were approximately 360,000 unit holders in S-Bank funds. Open-ended funds include UCITS and non-UCITS funds in a wide range of equity and fixed income markets. Furthermore, open-ended funds include a wide range of real estate funds. S-Bank pays special attention to ESG in all investment funds, including passive and real estate funds.

The fund offering is complemented with closed-end investment products with a focus on real estate investment. Closed-end products are targeted to Private Banking customers and institutional investors. Together with open-end and closed-end products, Wealth Management offers a comprehensive portfolio of real estate related investment solutions to cater all key customer segments.

S-Bank's *Säästäjä* application is a service that enables customers to manage their funds and money transfers between their deposits and funds. *Säästäjä* includes features that enable micro saving, for example, the customers can define that their bonuses and a fixed amount of their deposits at each card purchase are automatically directed into funds.

Discretionary asset management services are offered to Private Banking customers, institutional investors, and selected external distributors. Discretionary asset management is a service where the asset manager makes investment decisions based on investment strategy agreed with the customer. Wealth planning services are offered to high-net-worth Private Banking customers to complement discretionary asset management services with tax, real estate, and legal related planning.

According to the management's view, S-Bank is a market leader of social impact funds in Finland. In a social impact funds, there are several parties involved. S-Bank acts as the administrator, the external commissioner defines payable outcomes and pays for achieved outcomes and investors fund services that promote well-being and assume the risks associated with the provision of these services. Repayment to investors is contingent upon specified outcomes being achieved. Social impact bonds are mainly offered to institutional investors.

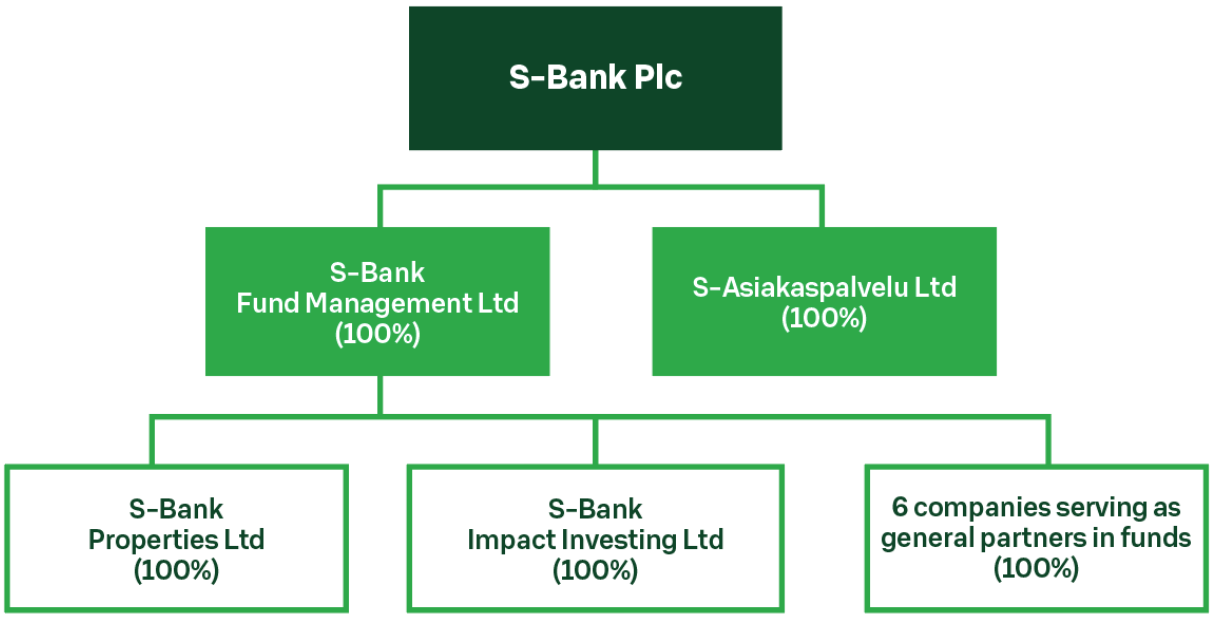
Structured products are savings or investment products where the return is linked to an underlying asset with pre-defined features. Structured products are mainly offered to Private Banking customers.

Investment-linked insurance products are provided to Private Banking customers in partnership with several life insurance companies.

S-Bank Properties Ltd provides property portfolio management, property development and administration of real estate joint ventures to institutional customers. These services are not regulated by the FIN-FSA.

Organisational Structure

The following group chart presents the Group's structure at the date of this Base Prospectus:



The Issuer's consolidated result is dependent on the results of each member of the Group. The result of the Issuer is not dependent upon any other entity within the S Group.

S-Bank Fund Management Ltd – known as *FIM Asset Management Ltd* until 30 September 2021 – manages the investment funds of S-Bank and provides portfolio management services for the entire Group. The Issuer owns 100 per cent of S-

Bank Fund Management Ltd's share capital. In the financial year 2021, the operating profit of S-Bank Fund Management Ltd amounted to EUR 7.1 million (2020: 4.6 million). S-Bank Private Equity Funds Ltd merged into S-Bank Fund Management Ltd on 30 September 2022.

S-Asiakaspalvelu Oy is a wholly owned subsidiary of the Issuer. It provides data processing and other services related to a credit institution's core operations, in its capacity as a service company as provided for by the Credit Institutions Act. During the financial year 2021, S-Asiakaspalvelu Oy's revenue totalled EUR 6.0 million (2020: 5.9 million), of which intra-group revenue accounted for EUR 4.4 million (2020: 4.2 million). The remaining revenue derived from telephone services offered to the cooperatives for the benefit of members of the co-operative. Its expenses mostly consist of personnel expenses. In the financial year 2021, S-Asiakaspalvelu Oy's operating profit was EUR 0.0 million (2020: 0.2 million).

S-Bank Impact Investing Ltd (formerly Epiqus Oy) was acquired in January 2019 and is a wholly-owned subsidiary of S-Bank Fund Management Ltd. The company offers impact investment services and manages two impact investment funds and is their general partner. S-Bank Impact Investing Ltd's operating profit for the financial year 2021 was EUR 0.0 million.

S-Bank Properties Ltd is a wholly owned subsidiary of S-Bank Fund Management Ltd. It specialises in property portfolio management, property development and administration of joint ventures in the field real estate.

There are six companies that serve as general partners in funds managed by S-Bank Fund Management Ltd. These companies have no other business activities and are wholly owned subsidiaries of S-Bank Fund Management Ltd. The six companies who serving as general partners are *FIM Real Estate Ltd, FIM Infrastructure Fund GP Oy, FIM Infrastructure Mezzanine Debt Fund III GP Oy, FIM Private Debt Fund I GP Oy, FIM SIB Oy and S-Pankki Vaikuttavuus I GP Oy.*

Growth Strategy

Position and sources of growth

According to the management's view, the Group has a unique position in the Finnish market with clearly differentiated customer benefits to members of the co-operative consisting of, among others, selected daily banking services free-of-charge, access to S Group rewards, easy-to-use mobile app shared with S Group retailers (for example store locations and discount coupons), a unique distribution model with a local presence across Finland, and a leading brand in fairness and sustainability. The Group has been successful in attracting more business from its customers and increasing its market share in the past years, for example, in mortgage lending.

The Group's growth in the retail segment is driven by the increasing use of daily services, as well as the sale of additional banking and wealth management products and services to the Group's existing base of 3,2 million retail customers. This is enabled by efficient, data-driven sales and marketing, coupled with frequent access to retail customers via various physical and digital touchpoints within the S Group.

Additional business growth and diversification are sought by expanding the Group's Wealth Management business in Private Banking and institutional segments, with emphasis on ESG and real estate investment services. Non-core businesses (for example, SME banking and capital markets services) have been divested or discontinued in order to focus on developing the core offering. The Group's organisation has remained moderately sized and easy to manage.

The Group has accelerated its growth and strengthened its offering through mergers and acquisitions.

Path forward

The Group aims to maintain and strengthen its competitive advantages in order to sustain clearly above-market growth rates, utilising the potential of its large customer base. This will require continuously adapting to changing customer expectations and competitive pressures across the business. In particular, the Group will continue developing its customer service model, including both digital services and physical distribution, increasing sustainability and ESG related activities, and ensuring a favourable price position in the retail offering. The management expects continuous growth, together with investments in system and process capacity and efficiency, to enable material scale benefits and profitability increase in the future. The Group also sees further potential in market consolidation and is open to new M&A opportunities in Finland.

So far, 2022 has followed the previous years in the exceptional level of uncertainty across geographies and industries, including the banking and wealth management sectors in Finland. The Group has adapted its operations accordingly, and practices such as scenario-based planning, agile development and short-term crisis management are used to respond quickly to any unpredictable changes in the environment or internal performance. The Group's competitive advantages are robust, providing a basis for sustained market share growth in a wide range of external conditions, and the Group is well positioned to take advantage of any positive developments in the market.

Additional Information on S Group

S Group is a customer-owned Finnish network of companies in the retail and service sectors, with more than 1,800 outlets in Finland. In 2021, S Group had 39,900 active employees, total sales in the amount of EUR 12.3 billion and non-consolidated result before abbreviations and taxes (EBT) in the amount of EUR 302 million. In 2021, S Group had 46.1 per cent market share in the Finnish grocery trade making it the clear market leader, followed by K Group with its 36.6 per cent market share and Lidl Suomi with its 9.6 per cent market share[2]. S Group consists of cooperatives and Suomen Osuuskauppojen Keskuskunta ("**SOK**") with its subsidiaries, which engage in the travel and hospitality business in Finland and Estonia, among other operations. S Group's offering focuses on grocery trade, department store and speciality store trade, service station store and fuel sales, travel and hospitality business and hardware trade. Some of the cooperatives have car dealerships and agricultural outlets in their regions. Until 29 June 2022, S Group was engaged in business in Russia. Following the war in Ukraine, S Group announced on 4 March 2022 that it will withdraw from Russia and will divest all of its business operations in Russia, which consisted of 16 Prisma supermarkets and three Sokos hotels in the St. Petersburg region. Before the announcement, S Group had approximately 1,000 employees in Russia. All the Prisma supermarkets in Russia were closed by 31 March 2022. Later in June 2022 S Group announced the sale of its supermarket business and hotel business in Russia. The sale of the supermarket business in Russia was completed on 27 June 2022 and the sale of the hotel business was completed on 29 June 2022.

S Group consists of 19 independent regional cooperatives and SOK, which is owned by the cooperatives. Their owners are also their customers, or members of the co-operative. In addition, S Group includes six local cooperatives. S Group's network extends throughout Finland, with a strong regional focus. Cooperatives are enterprises operating in accordance with the principles of cooperative activities.

SOK, which is owned by the cooperatives, serves as the central company for the cooperatives and provides them with procurement, expert and support services. SOK is also responsible for the strategic guidance of S Group and the development of the various chains. SOK's business operations supplement S Group's offering in Finland and the neighbouring regions.

Management of the Issuer

The Issuer's highest decision-making authority rests with 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 formed by election in the General Meeting.

The activities of the Issuer comply with the provisions of current legislation, including but not limited to the Finnish Limited Liability 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, and its articles of association. The Issuer also complies with the rules, including the insider guidelines, issued by Nasdaq Helsinki Ltd.

Board of Directors of the Issuer

The Board of Directors is responsible for the appropriate and reliable organisation of the governance and operations of the Issuer. 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 or to the Issuer's articles of association, are not the domain of the General Meeting, or the Chief Executive Officer (CEO). The Board of Directors decides on the Issuer's strategy and main business objectives and also confirms the management structure and policies.

At the date of this Base Prospectus, the Chair, Deputy Chair and members of the Board of Directors of the Issuer are:

[2] Source: Päivittäistavaramarkkinat | Päivittäistavarakauppa ry (pty.fi)

Name	Position	Elected to the Board of Directors
Jari Annala	Chair	2007
Jorma Vehviläinen	Deputy Chair	2020
Veli-Matti Liimatainen	Member	2018
Heli Arantola	Member	2014
Olli Vormisto	Member	2017
Hillevi Mannonen	Member	2021

Jari Annala (born 1964) has been a Chair of the Issuer's Board of Directors since 2007. Mr. Annala has been a Chair of the Issuer's Risk and Audit Committee since 2014 and a Deputy Chair of the Issuer's Remuneration and Nomination Committee since 2022. Mr. Annala has served as a CEO at Sokotel Oy since 2021. He also serves as a Chair of the Board of Directors at Sokotel Oy, SOK Retail Int. Oy and SOK Real Estate Int. Oy, and as a member of the Board of Directors at Suomen Luotto-Osuuskunta. In addition, Mr. Annala acts as a member of the supervisory board of AS Prisma Peremarket and AS Sokotel. Mr. Annala has served as a Business Area Director at SOK since 2019. Between 2007–2018 he served as a CFO and a member of the management group at SOK. He has previously held several positions in the finance department of SOK. Mr. Annala is a Finnish citizen and holds a Master of Science in Economics.

Jorma Vehviläinen (born 1967) has been a Deputy Chair of the Issuer's Board of Directors since 2022 and a member of the Issuer's Board of Directors since 2020. Mr. Vehviläinen has been a Deputy Chair of Risk and Audit Committee since 2020. Mr. Vehviläinen has served as a CFO at SOK since 2019. Mr. Vehviläinen serves also as a Chair of the Board of Directors of Gigawatti Oy, S-Voima Oy, Reila Palvelut Oy, S-Business Oy, S-ryhmän logistiikkakeskukset Oy. In addition, he acts as a member of the supervisory board of Varma Mutual Pension Insurance Company. Mr. Vehviläinen acts as a member of the Board of Directors at SOK Real Estate Int. Oy and North European Oil Trade Oy. Previously, Mr. Vehviläinen has served as a Director at SOK and CEO at SOK Liiketoiminta Oy in 2014–2018, Osuuskauppa Maakunta in 2011–2013, Inex Partners and Intrade Partners Oy in 2007-2011. In 2005–2007, Mr. Vehviläinen acted as a CFO at Inex Partners Oy. Previously, Mr. Vehviläinen served at SOK as a Finance Manager in 1997–2005 and a Cash Manager in 1993–1997. Mr. Vehviläinen is a Finnish citizen and holds a Master of Science in Economics.

Veli-Matti Liimatainen (born 1969) has been a member of the Issuer's Board of Directors since 2018 and a Chair of the Issuer's Remuneration and Nomination Committee since 2022. Mr. Liimatainen has served as a CEO at Helsingin Osuuskauppa Elanto since 2018 and a Deputy CEO in 2012–2017. Mr. Liimatainen also serves as a Chair of the Board of Directors at Helsingin Osuuskauppa Elanto and Deputy Chair of the Board of Directors at HOK-Elanto Liiketoiminta Oy. He also serves as a member of the supervisory board at LähiTapiola Pääkaupunkiseutu Keskinäinen Vakuutusyhtiö and Ilmarinen Mutual Pension Insurance Company. He is member of delegation in Keskuskauppakamari ry and Helsingin Seudun kauppakamari - Helsingforsregionens handelskammare ry. Mr. Liimatainen acts as a member of the Board of Directors at Suomen Osuuskauppojen Keskuskunta, S-ryhmän Logistiikkakiinteistöt Oy, S-Business Oy, S-Voima Oy and Gigawatti Oy. In 2005–2011, he has acted as a Business Area Manager at HOK-Elanto Liiketoiminta Oy. Previously, Mr. Liimatainen served as a Chain Director at HOK-Elanto Liiketoiminta Oy and HOK Liiketoiminta Oy in 1997–2005. Mr. Liimatainen is a Finnish citizen and holds a Master of Science in Economics.

Heli Arantola (born 1969) has been a member of the Issuer's Board of Directors since 2014 and a member of the Remuneration and Nomination Committee since 2014. Ms. Arantola has served as the Managing Director of A-lehdet Oy since 2022 and serves as a member of the Board of Directors at Tobii AB and Midsona AB. Previously, Ms. Arantola has served as the Managing Director of Leipurin Plc in 2020–2022, a Director and a member of management group in HKScan Corporation in 2017–2019, CEO at Fazer Mills and SVP at Strategy and renewal at Fazer Group In 2012–2016. She has also acted as a Director of Marketing and Brands at Fazer Group in 2010–2012 and Partner and Consultant at Vectia Oy in 2000–2010. Additionally, Ms. Arantola has performed development and marketing related duties at Sonera Oyj in 1990–1999. Ms. Arantola is a Finnish citizen and holds a Doctor of Science in Economic Sciences.

Olli Vormisto (born 1967) has been a member of the Issuer's Board of Directors since 2017 and a member of Risk and Audit Committee since 2022. He also serves as a Chair of the Board of Directors at Osuuskauppa Hämeenmaa and Hämeen kauppakamari ry and Deputy Chair of the Board of Directors at SOK and Lahti Region. Mr. Vormisto also acts as a member of the Board of Directors at Lahden Teollisuusseura ry. Mr. Vormisto has served as a CEO at Osuuskauppa Hämeenmaa since 2014. Previously, Mr. Vormisto served as a CEO at Etelä-Karjalan osuuskauppa in 2012–2014. He acted as a Business Area Manager in 2003–2012 and CFO in 2001–2003 at Osuuskauppa Hämeenmaa. Mr. Vormisto acted as an Administration Manager in 2000–2001 and Controller in 1999–2000 at SOK. Previously he worked at Oy Sokos Ab as Finance Manager in 1999 and Operational Calculations' Chief in 1998–1999. Mr. Vormisto is a Finnish citizen and holds a Master of Science in Economics.

Hillevi Mannonen (born 1958) has been a member of the Issuer's Board of Directors and a member of Risk and Audit Committee since November 2021. She also serves as a member of the Board of Directors at Helen Ltd as well as the Chair of its Audit Committee. Ms. Mannonen has served in several roles as a Chief Actuary and a Chief Risk Officer at Ilmarinen Mutual Pension Insurance Company (1997–2019). Before that she has served at the Insurance Department of the Ministry of Social Affairs and Health (1991–1997) and at the Finnish Centre for Pension (1981–1991). Ms. Mannonen is a Finnish citizen, holds a Master of Science in Mathematics and is a certified actuary.

The business address of each of the members of the Issuer's Board of Directors and the Issuer is Fleminginkatu 34, FI-00510 Helsinki, Finland.

The Board of Directors of the Issuer is assisted in its work by the Risk and Audit Committee and the Remuneration & Nomination Committee, neither of which have independent decision-making power. Both committees are composed of members of the Board of Directors.

Risk and Audit Committee of the Issuer

The Board of Directors of the Issuer has appointed a Risk and Audit Committee among the Board of Directors. The Risk and Audit Committee reports regularly on its work to the Board of Directors.

The Risk and Audit Committee's duty is to supervise the financial reporting executed by the management, and to monitor the financial statement and interim reporting process.

Remuneration and Nomination Committee of the Issuer

The Board of Directors of the Issuer has appointed a Remuneration and Nomination Committee among the Board of Directors. The Remuneration and Nomination Committee reports regularly on its work to the Board of Directors.

CEO of the Issuer

The Board of Directors appoints the CEO of the Issuer. The duty of the CEO is to administer the Issuer's day-to-day administration in accordance with the rules and regulations set by the Board of Directors.

The acting CEO as of 31 May 2022 is Interim CEO Hanna Porkka. In October 2022, the Board of Directors appointed Riikka Laine-Tolonen as the new CEO as of April 2023. Riikka Laine-Tolonen (1966) is a Finnish citizen and holds a Master of Science in Economics. Ms. Laine-Tolonen has previously worked as Head of Personal Customers at Danske Bank A/S Finland branch and in diverse executive positions at Nordea Bank Oyj.

The business address of the acting CEO is Fleminginkatu 34, FI-00510 Helsinki, Finland.

Management Group of the Issuer

At the date of this Base Prospectus, the members of the Management Group of S-Bank are the following:

Name	Position	Appointed
Erkka Viljakainen	SVP, Group Services	2016
Hanna Porkka	Interim CEO, EVP, Wealth Management	2018
Iikka Kuosa	SVP, Products & IT	2019
Merja Reinilä	SVP, Human Resources	2014
Jussi Sokka	SVP, Legal & Governance	2014
Mika Heikkilä	CFO, Group Finance, Treasury & Corporate customers	2017
Petri Viertiö	CRO, Risk & Compliance	2019
Markus Lahtinen	SVP, Sales	2021

Erkka Viljakainen (born 1969) has been a member of the Management Group of S-Bank since 2014. He has served as Director of Digital Services, Marketing and Communications of the Issuer since 2016. Mr. Viljakainen is a Finnish citizen and holds a Bachelor of Sciences in Business Administration, Marketing.

Hanna Porkka (born 1970) has been a member of the Management Group of S-Bank since 2018. She has served as the Interim CEO of the Issuer since 2 February 2021 and as EVP of Wealth Management of the Issuer since 2018. Ms. Porkka is a Finnish citizen and holds a Master of Science in Economics and a CEFA.

Iikka Kuosa (born 1976) has been a member of the Management Group of S-Bank since 2011. He has served as Director of Strategy, Development and IT of the Issuer since 2019. Mr. Kuosa is a Finnish citizen and holds a Master of Science in Economics.

Merja Reinilä (born 1977) has been a member of the Management Group of S-Bank since 2016. She has served as Director of Human Resources of the Issuer since 2014. Ms. Reinilä is a Finnish citizen and holds a Master of Science in Economics.

Jussi Sokka (born 1972) has been a member of the Management Group of S-Bank since 2014. He has served as Director of Legal of the Issuer since 2014. Mr. Sokka is a Finnish citizen and holds a Master of Laws.

Mika Heikkilä (born 1961) has been a member of the Management Group of S-Bank since 2017. He has served as the Chief Financial Officer of the Issuer since 2017. Mr. Heikkilä is a Finnish citizen and holds a Master of Science in Economics.

Petri Viertiö (born 1962) has been a member of the Management Group of S-Bank since 2019. He has served as Director of Compliance and Risk Management of the Issuer since 2019. Mr. Viertiö is a Finnish citizen and holds a Master of Science in Technology.

Markus Lahtinen (born 1976) has been a member of the Management Group of S-Bank since 2021. He has served as SVP of Sales of the Issuer since 2021. Mr. Lahtinen is a Finnish citizen and holds a Bachelor of Engineering.

Conflicts of Interests

There are no conflicts of interest between the duties of the members of the Issuer's Board of Directors, the CEO and the Interim CEO to S-Bank and their other duties and private interests.

Auditors

The consolidated financial statements of the Issuer for the financial years ended 31 December 2021 and 31 December 2020 incorporated in this Base Prospectus by reference have been audited by Authorised Public Accountants KPMG Oy Ab, with Marcus Tötterman, Authorised Public Accountant, as the auditor with principal responsibility in 2020, and Petri Kettunen, Authorised Public Accountant, as the auditor with principal responsibility in 2021. The business address of the Issuer's auditor is Töölönlahdenkatu 3 A, 00100 Helsinki. Marcus Tötterman and Petri Kettunen are registered in the auditor register in accordance with Chapter 6 Section 9 of the Finnish Auditing Act (1141/2015, as amended).

Material Contracts

There are no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in S-Bank being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders.

Legal Proceedings

As a regulated entity, the Issuer is subject to continuous supervision by the FIN-FSA and other authorities and this includes correspondence with the authorities on various subjects. As described in "*Risk factors – E. Risks associated with legal and regulatory environment - Risks associated with abuse of the financial system*", in December 2019, the FIN-FSA imposed a penalty payment on the Issuer and issued a public warning to FIM Asset Management Ltd for omissions in customer due diligence.

On 13 September 2021, the FIN-FSA imposed a penalty payment of EUR 1.65 million on the Issuer for omissions in the processes of detection of suspicious transactions under Article 16(2) of MAR and reporting the same to the FIN-FSA in relation to the Issuer's past brokerage business between July 2016 and November 2018. The referred brokerage business was under a closing up procedure prior to initiation of the FIN-FSA's related inquiry in September 2018, has since been closed up, and the Issuer does not conduct brokerage business on the date of the Base Prospectus.

On 10 November 2021 the FIN-FSA sent a letter to the Issuer in relation to certain customer groups of the Issuer claiming that the Issuer should justify the treatment of the customers as independent not connected clients under Article 4(1)(39) of the CRR and related EBA Guidelines (EBA/GL/2017/15), failing which, the FIN-FSA would order that the customers are treated as connected clients. On 6 July 2022, the FIN-FSA made a decision regarding the Issuer concerning the

formation of certain client groups. According to the FIN-FSA, the Issuer has not fully complied with the regulations on establishing interconnectedness based on economic dependency. The FIN-FSA required the Issuer to form certain groups of connected clients in accordance with applicable legislation by 31 October 2022. The Issuer has taken actions to comply with the requirements within the time limit set by the FIN-FSA.

On 18 March 2022 the Issuer received a supervisory letter from the FIN-FSA. In the letter, the FIN-FSA suspected that the Issuer has neglected its obligation under Article 9(1) of the European Market Infrastructure Regulation (EU) No 648/2012 (the "**EMIR**") to verify that all derivative contracts the Issuer has entered into have been reported to a trade repository. On 25 August 2022 the FIN-FSA imposed an administrative fine of EUR 60,000 on the Issuer. According to the FIN-FSA, the Issuer did not verify the performance of its reporting related to its derivatives contracts with adequate care. The inadequacies in reporting did not affect the Issuer or its customers, and the decision taken by FIN-FSA does not require any action on the part of the customers.

During the period from 20 April to 5 August 2022 a rare system malfunction affected authentication with online banking IDs. This problem was exploited by a very small group of individuals logging into the online bank as another customer, making unauthorised payments and logging into third-party online services. A few hundred customers were affected, and the malfunction was corrected as soon as it was detected. S-Bank has requested the police to investigate the incident.

The Issuer considers that there are no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the previous 12 months which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

No Significant Changes

The most recent audited annual report of the Group concerns the financial year that ended on 31 December 2021. Since that date the financial performance of the Issuer has not changed significantly and there has not been any material adverse change regarding the prospects of the Issuer, other than as explained below under "*Recent Events*".

Since 31 December 2021, there has been no significant change in the financial position of the Group, other than as explained below under "*Recent Events*". Further, other than as described in S-Bank's unaudited consolidated interim report as at and for the nine-months period ended on 30 September 2022 and in section "*Recent Events*", no significant changes have occurred in the outlook or financial position of the Group.

Recent Events

On 8 July 2022, the Issuer announced its decision to issue an increase of EUR 50 million (tap issue) in the original amount of its EUR 170 million senior preferred MREL eligible bond issued on 4 October 2021 and maturing on 4 April 2025. The tap issue was combined with the Senior Preferred MREL Eligible Notes 1/2021 and after the tap issue the capital of the bond is EUR 220 million.

On 30 June 2022, On 30 June 2022, the FIN-FSA authorised S-Bank to engage in mortgage banking activities in accordance with the new Covered Bonds Act. S-Bank had also been authorised to carry out mortgage banking activities under the previous legislation.

Russia's attack against Ukraine on 24 February 2022 affects the general economic and financial situation, the banking sector in its entirety and the Group and its customers. The sanctions imposed on Russia following the attack have an adverse effect on the Group's services. Money transfers to and from sanctioned Russian banks may be prevented entirely, and there may be disturbances in day-to-day banking services offered in Finland. Due to the sanctions and payment restrictions, S-Bank has interrupted payment transmissions with Russian and Belarusian banks for the time being.

The Board of Directors of the Issuer is not aware of any other factors which would significantly influence the financial position of the Group after the latest financial year that ended on 31 December 2021.

S-Bank continued to develop its Wealth Management business by merging S-Bank Private Equity Funds Ltd into S-Bank Fund Management Ltd. The merger was completed on 30 September 2022.

On 14 December 2022, S-Bank announced that the Board of Directors has approved a new dividend policy and that the Board of Directors shall propose to the General Meeting that a dividend be paid on the basis of the approved balance sheet for the year 2022.

The Interests of the Arranger, Lead Manager(s) and Possible Other Subscription Places

Customary business interests in the financial market.

Total Expenses

The total expenses of the Programme depend among other things on the number of final issuances under the Programme. The total expenses of the Programme as at the date of this Base Prospectus are approximately EUR 50,000.

Credit Rating of the Issuer and the Notes

As at the date of this Base Prospectus, the Issuer has long- and short-term issuer credit ratings 'BBB/A-2' by S&P. The outlook is stable.

Under the S&P's rating definitions for long-term issuer credit ratings, an obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. Respectively, for a short-term issuer credit rating, an obligor rated 'A-2' has adequate capacity to meet its financial obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

S&P, a division of S&P Global, is established in the EEA and are registered under the CRA Regulation, and is, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the ESMA on its website (www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation.

Notes to be issued under the Programme may be rated or unrated. Where an issue of Notes is rated, the applicable rating will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Notes already issued (if applicable). Whether or not a credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the EEA and registered under the CRA Regulation will be disclosed in the Final Terms.

ESMA is obliged to maintain on its website, www.esma.europa.eu/page/list-registered-and-certified-CRAs, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

At the date of this Base Prospectus the Issuer has issued Tier 2 debenture instruments outside of the Programme for EUR 108.33 million and these instruments rank higher in relation to the AT1 Notes in accordance with the CRR and Chapter 1, Section 4a of the Credit Institutions Act.

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 CRR concerning the requirements to be set for credit institutions' own funds.

Pursuant to the CRR, 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 and a systemic risk buffer of 1 per cent has been imposed on the Issuer.

However, due to the outbreak of the Coronavirus pandemic, the FIN-FSA made a decision on 6 April 2020 to remove the systemic risk buffer from certain credit institutions, including the Issuer, in order to support credit institutions' ability to provide credit and ease the funding conditions for households and businesses during the pandemic.

Management and reporting of liquidity risk are based on S-Bank's capital and liquidity management framework. The said framework includes periodical assessment of the existing and future mandatory requirements relating to the LCR and the NSFR. Both requirements have been introduced by the Basel Committee on Banking Supervision. The LCR ratio is used to monitor the Group's liquid assets and manage medium-term liquidity risk. The NSFR, a longer-term liquidity indicator, is used to measure the structural liquidity risk in the banking business and on the balance sheet. The Group's minimum requirement of the LCR is at the date of this Base Prospectus 100 per cent and the minimum requirement of the NSFR is 100 per cent starting from 28 June 2021. At the end of the nine-month period ended on 30 September 2022, the Group's LCR ratio was 161 per cent compared to 150 per cent on 31 December 2021. The LCR liquidity buffer was EUR 1.67 billion on 30 September 2022 compared to EUR 1.65 billion on 31 December 2021 and the net outflows during the nine-month period ended on 30 September 2022 were EUR 1.04 billion compared to EUR 1.10 billion on 31 December 2021. The NSFR ratio was 154 per cent at the end of the nine-month period ended on 30 September 2022 compared to 151 per cent on 31 December 2021.

Accounting Policies

The audited consolidated financial statements of the Issuer for the financial years ended 31 December 2021 and 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the EU and the related interpretations (IFRIC). The applicable Finnish accounting and corporate legislation and regulatory requirements have also been taken into account when preparing the notes to the financial statements.

SHARE CAPITAL AND OWNERSHIP

At the date of this Base Prospectus, the Issuer's share capital is EUR 82,880,200 and the total number of shares issued is 6,680,180. At the date of this Base Prospectus, the Issuer does not own any of the Issuer's own shares.

S Group's ownership of the Issuer's shares is divided between SOK Corporation and the regional cooperatives of the S Group. As far it is known to it, the Issuer is not controlled by any single party and the Issuer is not aware of any arrangements that may result in a change of control of the Issuer.

The following table sets forth the ten largest shareholders of the Issuer at the date of this Base Prospectus:

Name	**Number of Shares**	**% of Shares**	**% of Votes**
SOK Corporation	3,340,080	49.99	49.99
Helsinki Cooperative Society Elanto	668,618	10.01	10.01
Cooperative Society Hämeenmaa, Lahti	337,518	5.05	5.05
Pirkanmaa Cooperative Society, Tampere	240,144	3.59	3.59
Cooperative Society Arina, Oulu	235,879	3.53	3.53
Cooperative Society Keskimaa, Jyväskylä	222,209	3.33	3.33
Cooperative Society KPO	190,322	2.85	2.85
Kymi Region Cooperative Society	173,102	2.59	2.59
Southern Ostrobothnia Cooperative Society	160,428	2.40	2.40
Suur-Seutu Cooperative (SSO)	150,464	2.25	2.25
Total	**5,718,764**	**85.59**	**85.59**

OTHER INFORMATION TO SUBSCRIBERS

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has 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;
- has 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;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. 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 advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Restriction on marketing and sales to retail investors

The AT1 Notes discussed in this Base Prospectus are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the AT1 Notes to retail investors.

For example, MiFID II sets out various obligations in relation to (i) the manufacturing and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write-down or convertible securities. Potential investors should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the AT1 Notes (or any beneficial interests therein).

Secondary Market of Notes

If the Final Terms indicate that a Series of Notes will be listed, the application for stock listing shall be delivered to the Helsinki Stock Exchange provided that the subscribed amount of the Notes in such Series of Notes is EUR 200,000 at minimum. Additional issues of a listed Series of Notes shall be notified as amendments to the amount of the previously issued listed Notes.

Effective Yield of the Notes

The effective interest yield percentage of the Notes shall be notified in the Final Terms. The effective yield of the Notes depends on the current issue rate and the interest paid on the Notes, increasing when the issue rate is decreased and decreasing when the issue rate is increased. The effective yield has been calculated by using the current value method, widely in use in the securities market.

The completion of transactions relating to the Notes is dependent on Euroclear Finland Oy's operations and systems

Notes issued and incorporated into the book-entry system of Euroclear Finland Oy ("**Euroclear Finland**") are in non-certificated form. The Noteholders are dependent on procedures of Euroclear Finland, or as applicable, on procedures of

Clearstream or another clearing house taking responsibility for the settlement of the Notes, regarding transfers, payments and information sharing with the Issuer.

The evidence of the Notes issued under the programme are only account statements provided by Euroclear Finland or its account manager, and no promissory Notes or other documents evidencing ownership are given. Therefore, the ownership of the Notes and any changes in the same appear only in the registers of the book-entry system held by Euroclear Finland or its account managers.

Prohibition of Sales to EEA Retail Investors

Each Lead Manager appointed for each issuance will be required to represent 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 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) MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution 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) if the Notes have a denomination of less than EUR 100,000 (or its equivalent in another currency), not a qualified investor as defined in Prospectus Regulation; 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.

Notice to Prospective Investors in the United States, Australia, Canada, Japan, Hong Kong, Singapore, South Africa and Certain Other Jurisdictions

No offering will be made to persons who are residents of the United States, Australia, Canada, Japan, Hong Kong, South Africa, Singapore or in any jurisdiction in which such offering would be unlawful.

Prohibition of sales to UK Retail Investors

Each lead Manager appointed for each issuance will be required to represent 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 subject of offering contemplated by this Base Prospectus, as completed by the Final Terms in relation thereto, to any retail investor in the UK. 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA;

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA; 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 for the Notes.

Notice regarding forward-looking statements

Some statements in this Base Prospectus may be deemed to be forward looking statements. Forward-looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*" and "*Information on S-Bank*" and other sections of this Base Prospectus. The Issuer has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as of the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Base Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

Any forward-looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

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 Commission Delegated Directive (EU) 2017/593 (the "**MiFID Product Governance Rules**"), any dealer purchasing 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.

UK MiFIR Product Governance / Target Market

The Final Terms in respect of any Notes will include a legend entitled "UK MiFIR 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 distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") 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 Commission Delegated Directive (EU) 2017/593 (the "**MiFID Product Governance Rules**"), any Lead Manager subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Lead Manager(s) nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules. The Arranger is acting exclusively for the Issuer as the arranger of the Programme and will not be responsible to anyone other than the Issuer for providing the protections afforded to their respective clients nor giving investment or other advice in relation to the Programme or the Notes.

A determination will be made in relation to each issue about whether, for the purpose of the 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.

TAXATION IN FINLAND

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, and prospective subscribers of Notes should consult their own tax advisers as to the tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes under the individual circumstances and laws applicable to each subscriber. This summary is based upon the law and/or established tax practice as in effect on the date of this Base Prospectus and is subject to any change in law that may take place also retroactively.

The Issuer shall withhold the Finnish taxes imposed on the interest paid, to the extent required by the relevant tax laws, practices and tax authorities' regulations and instructions in force from time to time.

Finnish Resident Individuals and Estates

Unless otherwise indicated in the following paragraph, a tax at source, in accordance with the Act on Tax at Source of Interest Income (1341/1990, as amended), has to be withheld from the interest paid to natural persons resident in Finland for tax purposes and Finnish estates of deceased persons. The tax at source is currently 30 per cent of the amount of interest paid.

The Act on Tax at Source of Interest Income is not applicable, *inter alia*, if a prospectus does not have to be prepared with respect to the notes due to (1) the notes being offered for a consideration of in the minimum EUR 100,000 per investor and for each separate offer or in the denomination of in the minimum of EUR 100,000 per book-entry unit; (2) the offer being addressed solely to qualified investors (as defined in the Finnish Securities Markets Act (746/2012, as amended)); or (3) the offer being addressed in each country belonging to the European Economic Area to a maximum number of under 150 investors who are not qualified investors as defined in the Finnish Securities Markets Act. When the Act on Tax at Source of Interest Income is not applicable, a tax withholding at the current rate of 30 per cent is operated from the interest paid to natural persons resident in Finland for tax purposes and Finnish estates of deceased persons in accordance with the Act on Tax Withholding (1118/1996, as amended). Interests are subject to final taxation as capital income in accordance with the Income Tax Act (1535/1992, as amended). The tax rate applicable to taxable capital income of up to EUR 30,000 is 30 per cent and for the amount exceeding this threshold, 34 per cent.

Possible capital gains received from disposal of the Notes are subject to final taxation as capital income in accordance with the Income Tax Act. Capital gains are exempted from tax if the total amount of the sales prices of all assets disposed by a taxpayer does not exceed EUR 1,000 in a tax year (excluding tax-exempt disposals and disposals of ordinary household effects or other corresponding assets utilised for the personal use). The possible capital loss is deductible from other capital income the year during which the sale took place and during five subsequent tax years. Capital losses are however not tax deductible if the total amount of the acquisition prices (excluding tax-exempt disposals and disposals of ordinary household effects or other corresponding assets utilised for the personal use) does not exceed EUR 1,000 in a tax year.

Taxable capital gains and losses are calculated as the difference between the sales proceeds and the aggregate of the actual acquisition cost and the sales related expenses. When calculating capital gains, Finnish resident individuals and estates may choose to apply the so-called presumptive acquisition cost instead of the actual acquisition cost. The presumptive acquisition cost is 20 per cent of the sales proceeds, or 40 per cent if the Notes have been held by the Finnish resident individual or estate for a period of at least ten years. If the presumptive acquisition cost is applied, sales related expenses are not deductible.

Should Notes be sold prior to maturity, any accrued and unpaid interest (secondary market compensation, in Finnish: "*jälkimarkkinahyvitys"*) is taxable as capital income in accordance with the Income Tax Act. The Issuer or paying agent shall withhold the tax from the secondary market compensation received in accordance with the Act on Tax Withholding as described above concerning interests.

When purchasing notes in the secondary market, the secondary market compensation paid is a deductible item in capital income taxation and, if the deductions exceed the amount of capital income, in earned income taxation to the limited extent allowed in the Income Tax Act.

The Issuer or paying agent reports the secondary market compensation paid to the Finnish tax authorities. Inter alia, credit institutions, investment service companies and account holders generally report to the Finnish tax authorities also the information regarding the sale and other transfers of notes. Information on secondary market compensation received by an investor and information on possible capital gains or losses stated on the investor's pre-completed tax return must be verified and, when necessary, corrected.

Finnish Resident Corporate Bodies

Interest is generally taxable income to corporate bodies and subject to final taxation as corporate income in accordance with the Business Income Tax Act (360/1968, as amended) or the Income Tax Act. The current rate of corporate income tax is 20 per cent.

Capital gains and possible secondary market compensation are also subject to final taxation as corporate income in accordance with the Business Income Tax Act or the Income Tax Act, at the corporate income tax rate of 20 per cent.

The deductibility of capital losses derived from the disposal of the Notes depends on whether they are taxed under the Business Income Tax Act or the Income Tax Act. Generally, limited liability companies are taxed in accordance with the Business Income Tax Act. Capital losses taxable under the Business Income Tax Act are generally deductible from a corporate body's income taxable under the Business Income Tax Act in the same tax year and the ten subsequent tax years, whereas capital losses taxable under the Income Tax Act are only deductible from capital gains taxable under the Income Tax Act on the tax year of the sale and during five subsequent tax years.

Non-residents

Payments made by or on behalf of the Issuer to persons 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 are not taxable in Finland, and may be made without tax withholding, provided that the recipient provides the Issuer with clarification on the recipient's limited tax liability status.

Transfer Tax

Generally, a transfer tax amounting 1.6 per cent is payable on transfers of securities. However, the Notes should not be classified as securities within the meaning of Finnish Transfer Tax Act (931/1996, as amended) (the Finnish Transfer Tax Act) and thus, transfer tax should not be payable, provided that the yield of Notes is not determined by the profit of the Issuer or by the amount of dividend or is not otherwise deemed to entitle to the share of annual profit or surplus of the Issuer.

No transfer tax is generally payable in Finland on transfers or sales of the securities admitted to trading on the regulated market or other multi-lateral trading facility.

INFORMATION INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Base Prospectus. They are available at the Issuer's website at s-pankki.fi/investors and upon request from the Issuer.

Document	Referred information
Interim Report 1 January – 30 September 2022	Unaudited Interim Report 1 January – 30 September 2022.
Annual Report 2021	Financial statements including audited consolidated and parent company's financial statements 1 January – 31 December 2021 on pages 37 – 159.
Annual Report 2021	Auditor's Report, on pages 160–163.
Capital and Risk Management Report 2021	Unaudited Capital and Risk Management Report 2021, based on the audited figures of the Annual Report 2021.
Capital and Risk Management Report 2020	Unaudited Capital and Risk Management Report 2020, based on the audited figures of the Annual Report 2020.
Annual Report 2020	Financial statements including audited consolidated and parent company's financial statements 1 January – 31 December 2020 on pages 34 – 154.
Annual Report 2020	Auditor's Report on pages 155–158.

DOCUMENTS AVAILABLE

In addition to the documents incorporated by reference, this Base Prospectus, the FIN-FSA decision of approval of the Base Prospectus, the Issuer's Articles of Association and Extract from the Finnish Trade Register concerning the Issuer are available for viewing at the head office of the Issuer, address Fleminginkatu 34, 00510 Helsinki, Finland during the period of validity of the Base Prospectus.

GLOSSARY OF DEFINED TERMS

The following glossary contains certain defined key terms in relation to the Covered Bonds, which are not defined in the General Terms and Conditions.

Commercial Real Estate Loan	A loan secured by (i) mortgageable property for commercial or office purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (*maakaari* 540/1995, as amended); or (ii) shares of a housing company or a real estate company entitling the holder to occupancy of the commercial or office premises; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area.
Cover Asset Pool	The Mortgage Loans, Insurance Compensation, Public-Sector Loans, Substitute Collateral, Derivative Transactions and funds covering the liquidity requirement entered into the Register as statutory security for the Covered Bonds under the CBA.
CBA	The Finnish Covered Bond Act (*laki kiinnitysluottopankeista ja katetuista joukkolainoista 151/2022*)
Housing Loan	A loan secured by (i) mortgageable property for primarily residential purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (*maakaari* 540/1995, as amended); or (ii) shares in a housing company referred to in Chapter 1, Section 2 of the Finnish Act on Housing Companies (*asunto-osakeyhtiölaki* 1599/2009, as amended) or shares comparable thereto, participations and rights of occupancy; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area.
Public-Sector Loan	A loan which has been granted to the Republic of Finland, a Finnish municipality or other public-sector entity which may, when calculating prudential requirements set out in Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) 648/2012, be considered equivalent to the Finnish State or Finnish municipality or a credit which is fully collateralised by a guarantee granted by a public-sector entity or a claim on such entity.
Register	The register of Covered Bonds and the collateral which forms the assets in the Cover Asset Pool for the Covered Bonds, including the Derivative Transactions and Bankruptcy Liquidity Loans, which the Issuer is required to maintain pursuant to Chapter 5 of the CBA.
Substitute Collateral	(a) bonds and other debt obligations issued by a central government, a municipality or another public-sector entity or a credit institution (other than one

belonging to the same consolidated group as the Issuer);

(b) guarantees granted by a public-sector entity or a credit institution referred to in paragraph (a);

(c) credit insurance given by an insurance company other than one belonging to the same group, as defined in the Finnish Act on Supervision of Finance and Insurance Groups (*laki rahoitus- ja vakuutusryhmittymien valvonnasta* 699/2004, as amended), as the Issuer; or

(d) assets of the Issuer deposited in the Bank of Finland or a deposit bank; if the Issuer is a deposit bank the deposit may not be in a deposit bank belonging to the same consolidated group as the Issuer.

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