BASE PROSPECTUS **21 December 2020**

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 and Covered Bonds

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**") and covered bonds under the Finnish Act on Mortgage Credit Bank Activity (*laki kiinnitysluottopankkitoiminnasta* 688/2010, as amended) (the "**MCBA**") ("**Covered Bonds**"), as defined in the General Terms and Conditions of the Notes (Senior Preferred MREL Eligible Notes and Covered Bonds together the "**Notes**"). 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in the event of any significant new factor, material mistake or inaccuracy does not apply when the Base Prospectus is no longer valid.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 AND 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 European Economic Area (the "**EEA**") or in the United Kingdom (the "**UK**"). 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation. The provisions set out in the Prospectus Regulation and referred to in this section apply in respect of the UK until 31 December 2020 in accordance with the agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (2019/C 384 I/01) unless otherwise agreed between the EU and the UK.

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.

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.

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.

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.

This Base Prospectus has been prepared in accordance with the Prospectus Regulation (EU) 2017/1129 (as amended), the Commission Delegated Regulation (EU) 2019/979, the Commission Delegated Regulation (EU) 2019/980, 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 2020 (journal number FIVA 60/02.05.04/2020). 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 must 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 are required to make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Notes.

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 press 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:	A minimum of one year.
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**").
Priority of the Senior Preferred MREL Eligible Notes:	The Senior Preferred MREL Eligible Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other senior unsecured obligations (other than subordinated obligations, if any) 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**").
Priority of the Covered Bonds:	The Covered Bonds will be covered in accordance with the MCBA and will therefore benefit from the Cover Asset Pool. The Covered Bonds rank *pari passu* among themselves and with all other obligations of the Issuer in respect of mortgage-backed notes covered in accordance with the MCBA (including pursuant to sections 25 and 26 of the MCBA) as well as all Derivative Transactions and Bankruptcy Liquidity Loans entered into the Register. In calculating the total value of the Cover Asset Pool, the following limitations apply: 1) at most 70 per cent of the underlying value of the shares or the real estate securing each Housing Loan; and 2) the book value of the Substitute Collateral. In respect of the priority of the holders of the Covered Bonds, under Section 25 of the MCBA, the priority is limited among other things to 70 per cent in respect of Housing Loans of the current value, as at the date of the liquidation or bankruptcy of the Issuer, of the properties or the shares in the property owning companies which stand as collateral for such Housing Loans. To the extent that claims of the Noteholders in relation to the Covered Bonds are not fully met out of the assets of the Issuer that are covered in accordance with the MCBA, the residual claims of the holders of Covered Bonds will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer. See also "*Finnish Act on Mortgage Credit Bank Activity*".
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.
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.
Denomination of Notes:	The minimum denomination of each Note will be EUR 100,000.
Applicable law:	Finnish law.
Authorisation:	The establishment of the Programme was authorised by a duly convened meeting of the Board of Directors of the Issuer passed/given on 9 December 2020. 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 negative. 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 seven categories based on their nature. These categories are:

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

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.

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

A. Risks associated with the Group's operations

The Group may be exposed to increased credit risk due to the Coronavirus pandemic

Credit risk refers to the probability of a counterparty failing to meet its contractual payment obligations, thus causing a credit loss to the Group. Credit risk is the most significant risk type for the Group and the COVID-19-pandemic (the "**Coronavirus pandemic**") together with the prevailing market circumstances makes it difficult to estimate the current size of credit risk and future loan losses that the Group is exposed to. However, the Coronavirus pandemic's consequences have already negatively affected the Group's development of fee income and expected credit loss ("**ECL**"). The most significant change in ECL is visible in household customers' ECL provision, which increased by EUR 3.0 million in the six-month period ended on 30 June 2020. The change is due to an increase in credit risk exposures, which is caused by, among other things, the increase in non-performing loans. ECL amounted to EUR 20.2 million at the end of the six-month period ended on 30 June 2020 compared to EUR 17.1 million on 31 December 2019.

Credit risk constituted 90 per cent (EUR 2.7 billion) of the Group's total risk exposure amounts ("**REA**") on 30 June 2020. Respectively, on 31 December 2019, the comparable amount was also 90 per cent (EUR 2.6 billion). The most substantial items requiring capital include mortgages secured by immovable property, retail and corporate exposures.

Estimating the potential write-downs in the Group's loan portfolio is difficult and depends on many factors, including general economic conditions, credit rating migration of customers and counterparties, management of credits by customers or changes in their ability to repay loans, the realisation value of collateral positions, structural and technological changes within industries and other external factors such as legal and regulatory requirements. The receivables written off as credit and guarantee losses totalled EUR 11.6 million in the six-month period ended on 30 June 2020 compared to EUR 7.8 million in the six-month period ended on 30 June 2019. Credit risk may especially arise if changes occur in the customer's financial position or in the value of the collateral pledged by the customer over the lifetime of the credit. Credit risk may also arise from off-balance sheet commitments, such as unused credit facilities and overdraft limits and guarantees. In addition, credit and counterparty risk arises in the investment operations when the counterparties are unable to meet their payment obligations and in wealth management operations when the customers are unable to pay their fees.

The Group has provided flexibility to its customers in respect of repayment of loans as a response to the difficulties posed by the Coronavirus pandemic, in accordance with market practice. If the problems caused by the Coronavirus pandemic worsen and customers' liquidity problems become increasingly long-term, providing flexibility and relief to repayment schedules may increase the Group's credit risk.

In July 2020, S&P assigned its 'BBB/A-2' long- and short-term issuer credit ratings to the Issuer. S&P estimates the outlook as negative because of the deteriorating economic environment related to the Coronavirus pandemic and its potential effect on the Issuer's asset quality and profitability over the next two years. It is possible that the Issuer's credit risk is higher than anticipated.

When realised, the credit risk is ultimately seen as impairment losses, which may have an adverse effect on the Group's financial condition. Any failure in the Group's credit risk management could result in substantial losses and 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 may be exposed to risk relating to the outflow of deposits and availability of funding

On 30 June 2020, deposits accounted for EUR 6,473.5 million and 93.2 per cent (EUR 5,948.1 million and 92.6 per cent on 31 December 2019) of the Group's total funding. The Group's funding totalled EUR 6,944.0 million as on 30 June 2020 (EUR 6,420.3 million on 31 December 2019). 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 lending, 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. 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 six-month period ended on 30 June 2020, the Group's LCR ratio was 137 per cent compared to 142 per cent on 31 December 2019. The LCR liquidity buffer was EUR 1.31 billion on 30 June 2020 compared to EUR 1.11 billion on 31 December 2019 and the net outflows during the six-month period ended on 30 June 2020 were EUR 958.9 million compared to EUR 780.9 million on 31 December 2019. The NSFR ratio was 150 per cent at the end of the six-month period ended on 30 June 2020 compared to 145 per cent on 31 December 2019.

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) 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 June 2020 was EUR 8,387.5 million (EUR 9,053.6 million on 31 December 2019). This consisted of fund capital which accounted for EUR 6,346.4 million (compared to EUR 6,825.4 million on 31 December 2019) and of wealth management capital which accounted for EUR 2,041.1 million (EUR 2,228.2 million on 31 December 2019). The net subscriptions of the Group and FIM funds in the six-month period ended on 30 June 2020 were EUR -41.0 million compared to EUR 223.7 million in the six-month period ended on 30 June 2019. 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 the reputation risk and secure disturbance-free operations in both the short and long terms.

During 2019, the main tasks of risk management included monitoring and implementing regulatory changes and overseeing compliance with the risk appetite limits set by the board of directors of the Issuer as well as other internal guidelines supporting the Group's risk management. Regular monitoring involved, for example, development of credit risk exposure, adequacy of liquidity and funding, performance of risk modelling and management methods, processes related to Know Your Customer (KYC), compliance with regulatory requirements (for example, Markets in Financial Instruments Directive II and Market Abuse Regulation), continuous operative Anti-Money Laundering (AML) monitoring, as well as new operating models, distribution channels, IT systems and products. In 2019, the Group developed automation related to credit processes in order to enhance process efficiency, improve customer experience and to systematize credit risk control processes. In December 2019, the FIN-FSA imposed a penalty payment on S-Bank and issued a public warning to FIM Asset Management Ltd for omissions in the arrangement of risk management systems. See also "*Risks associated with abuse of the financial system*". There can be no certainty that the Group's measures would be adequate to manage risks and the new models and processes developed and utilised in the Group could turn out to be deficient in the future.

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 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

On 3 August 2020, the Issuer announced that the Issuer and Fennia Mutual Insurance Company have completed a transaction where the Issuer acquired Fennia Asset Management Ltd and Fennia Properties Ltd, comprising the asset management and real estate investment management services. The acquisition was approved by the FIN-FSA and the Finnish Competition and Consumer Authority (the "**FCCA**") in July 2020. The Group may also carry out acquisitions in the future by purchasing majority or minority shares in target companies.

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, such as the acquisition described above, 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 related to the availability of additional capital 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 and other receivables and assets, as well market and operational risks.

Negative changes in the Group's capital adequacy position, such as a decrease in equity or an increase in risk exposure amounts, could have an adverse effect 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, such as, unclear or inadequate processes 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 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 six-month period ended on 30 June 2020 (10 per cent on 31 December 2019).

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 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 are 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 provides services under two brands. The S-Bank brand is used to offer services for daily banking, saving, investment, and financing. Under the FIM brand, the bank offers private banking services as well as services for institutional investors. In 2020, the Finns chose S-Bank as the most responsible bank for the eight consecutive year in the Sustainable Brand Index survey.

Possible future decisions by the Group concerning its operations and the selection of services and products it offers may have a negative effect on the Group's brand. 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).

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.

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 Ltd, 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.

B. Risks associated with the Group's operating environment

The Coronavirus pandemic and uncertain global economic and financial market conditions could adversely affect the Group

Global, regional and national economic and financial conditions affect the Group's operating environment. Key external factors affecting the operating environment are the economic and financial markets' circumstances in Finland (including the domestic housing and real estate markets), the international political situation and the global economic and financial market outlook, which may affect the price levels of financial assets, cause interest rate fluctuations and affect market confidence.

The Coronavirus pandemic that erupted in March 2020 affects the general economic and financial situation, the banking sector in its entirety and the Group and its customers. The spread of the Coronavirus pandemic has led to restrictions, recommendations and other precautionary measures imposed by the authorities and private sector in Finland and elsewhere in the world to curb the spread of the Coronavirus pandemic. Such measures have included physical distancing measures, travel bans, business restrictions and cancellations of events. These measures caused a serious shock to the Finnish and global economy, and many of these measures have affected and still continue to affect the Group's business. The direct and indirect effects of the Coronavirus pandemic may expose the Group to risks related to its lending, liquidity maintenance, investment activities and business processes. The duration of the crisis will determine the extent to which unemployment, the amount of bankruptcies and the likelihood of credit losses will increase.

The Coronavirus pandemic is likely to lead to a significant contraction of the world economy and the Finnish economy in 2020. It is considered to be likely that the global economy will fall back into a recession, which could be deeper and last longer than the one experienced during the financial crisis of 2008 and 2009. Demand for labour has also declined due to declining global demand and various restrictive measures. The number of bankruptcies is also expected to increase significantly at the end of 2020 and in the first half of 2021, as it is widely expected that the Coronavirus pandemic remains an issue for some time to come. The challenges of public finances remain high and the government's measures to advance structural reforms have remained modest. The weakening of the economic dependency ratio is increasing the pressure for reform. Adverse changes in employment prospects, consumer confidence, the general economic outlook or regulatory restrictions may adversely affect the demand for housing and thus the demand for mortgages.

In addition to the Coronavirus pandemic, the global economic and financial market conditions have repeatedly experienced significant uncertainty in recent times due to, among other factors, the ongoing sovereign debt issues in certain European countries, particularly certain eurozone Member States, the decision of the United Kingdom to withdraw from the European Union (commonly referred to as Brexit) and the continuous trade tensions between the United States and China with regard to trade tariffs. Uncertainty has also been increased by the tense trade relationship between the EU and the US. Negative news about the manufacturing process and timing of a vaccine against the Coronavirus pandemic could also significantly increase uncertainty in the economic and financial markets.

Potential negative growth in economies and financial markets may reduce demand for certain banking and financial services. As all of the Group’s key customer groups consist of Finnish customers, the Group’s business, results of operations and financial condition could be also adversely affected by this geographical risk concentration in Finland. S-Bank concentrates on household customers lending, for example, credit cards, consumption and housing loans. The majority of the Group’s corporate loans portfolio focuses on financing housing companies’ apartment buildings, backed up by collateral. Deterioration in the general economic situation due to the Coronavirus pandemic, high unemployment and financial uncertainty may increase defaults, credit losses and impairments and may adversely affect demand for the loans and products offered by the Group, which may adversely affect the Group's results and increase the Group's financing costs. In addition, the consequences of the above uncertainties and restrictions will consequently weaken the Issuer's credit risk outlook (for more information on the credit risk, see “*The Group may be exposed to increased credit risk due to the Coronavirus pandemic*”).

At the date of this Base Prospectus, the duration of the Coronavirus pandemic or its overall effects on the Finnish economy are not known, and the overall situation is generally unstable and the outlook uncertain. It is difficult to predict the spread of the Coronavirus pandemic and the duration or possible expansion of restrictions, recommendations and precautions. The Coronavirus pandemic may affect banks with a delay as customers' financial difficulties prolong. The changes in the economic cycle and operating environment described above may have a material adverse effect on the Group’s business, its financial condition and thereby on the Issuer’s ability to fulfil its obligations under the Notes.

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

The Group’s total lending on 30 June 2020 was EUR 5,142.2 million (EUR 4,780.6 million on 31 December 2019). 84 per cent (82 per cent on 31 December 2019) 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 declines, for example, as a result of the Coronavirus pandemic, 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 Coronavirus pandemic 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 historically low interest rates, which tightens the competitive situation between banks, and the restrictive measures related to the Coronavirus pandemic and the subsequent contraction in economic activity are not expected to ease the current competitive situation. The Coronavirus pandemic has also benefited new operators that utilize 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 the consequences of the Coronavirus pandemic have increased chances that acute liquidity or other financial problems arise in some part of the financial system.

C. 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 real estate risks, and in the amount of revenues generated from assets under management. It is possible that negative news in respect of a vaccine against the Coronavirus pandemic may cause significant effects on the money and capital markets and pose 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 Coronavirus pandemic, the related vaccine, 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.

As a result of the monetary policy of the ECB, the EURIBOR-rates, which are central reference rates used for mortgages, are at historically low levels. In case the EURIBOR-rates or other relevant reference rates further decrease, it might have an adverse effect on the Issuer's and the Group's banking segment's financial position if the interest payments received on issued consumer loans are further reduced due to increasingly lower reference rates. Accordingly, historically low interest rates and failure to manage this risk 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.

D. 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. 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 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 Capital Requirement Directive and Regulation (CRD IV Directive/CRR) (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 (Directive (EU) 2019/879, the "**BRRD II**", and all laws 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 will start applying in mid-2021. However, the BRRD II must be implemented into national legislation by 28 December 2020. The implementation of the Banking Reform Package to national legislation has not completed at the date of this Base Prospectus and there is no certainty to the interpretations of the rules once implemented. The application and interpretations of the referred rules may have a material adverse effect on the business of the Group, results of operations and financial condition.

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 brings increased regulation

The Issuer has not listed any of its financial instruments or its stock on any stock exchange at the date of this Base Prospectus and the stock exchange listing of the Notes brings with it increased regulation and oversight of the Group's business operations, such as increased requirements concerning the obligation to provide regular and on-going information.

The Market Abuse Regulation (EU) No 596/2014 (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.

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. Any breach of the rules that aim to prevent the illegal exploitation of the financial system or even the suspicion of such infringements could have grave legal consequences for the Group and its reputation, which, in turn, could have a significant adverse effect on the Group's business operations, its performance or its financial position.

In December 2019, the FIN-FSA imposed a penalty payment on S-Bank and issued a public warning to FIM Asset Management Ltd for omissions in customer due diligence. The shortcomings on customer due diligence processes and the Group's risk-based approach occurred in 2014-2017. If S-Bank and FIM Asset Management Ltd are unable to improve compliance with the tightened anti-money laundering requirements, it could have a material adverse effect on the Group's brand, business operations and financial results as well as on the value of the Notes. There can be no assurance that measures taken at the Group have been sufficient or that S-Bank also in the future complies with all applicable rules and regulations.

E. Risks related to the Notes generally

Adverse change in 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".

F. 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 considered to be at risk of failing, and if the Issuer becomes subject to recovery and resolution actions by the Stability Authority, the Senior Preferred MREL Eligible Notes may be subject to write-down on any application of the general bail-in tool, which may result in Noteholders losing some or all of their investment

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 BRRD was implemented in Finland through, inter alia, the Act on Resolution of Credit Institutions and Investment Firms (*laki luottolaitosten ja sijoituspalveluyritysten kriisinratkaisusta* 1197/2014, as amended) (the "**Resolution Act**") and the Act on Financial Stability Authority (*laki rahoitusvakausviranomaisesta* 1198/2014, as amended), together the "**Finnish Resolution Laws**". Both acts entered into force on 1 January 2015. The latter regulates the Finnish Financial Stability Authority (the "**Stability Authority**"), being the national resolution authority having counterparts in all EU member states. The Resolution Act vests the Stability Authority with resolution powers and tools as provided in the BRRD.

Pursuant to the Resolution Act, a failing financial institution could be subject to a number of resolution tools that has been granted to the Stability Authority. The Stability Authority has the right to mandatory write-down the nominal value of liabilities and convert liabilities into regulatory capital instruments (bail-in) (which could include the Senior Preferred MREL Eligible Notes), 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.

The exercise of any resolution power or any suggestion of any such exercise could have a material adverse effect on the value of the Senior Preferred MREL Eligible Notes and could lead to holders of the Senior Preferred MREL Eligible Notes losing some or all of the value of their investment in the Senior Preferred MREL Eligible Notes. In particular, the exercise of the bail-in tool in respect of the Issuer and/or the Senior Preferred MREL Eligible Notes or any suggestion of any such exercise could materially adversely affect the rights of the holders of the Senior Preferred MREL Eligible Notes, the price or value of their investment in the Senior Preferred MREL Eligible Notes and/or the ability of the Issuer to satisfy its obligations under the Senior Preferred MREL Eligible Notes and could lead to the holders of the Senior Preferred MREL Eligible Notes losing some or all of the value of their investment in the Senior Preferred MREL Eligible Notes. The actual effect on holders of the Senior Preferred MREL Eligible Notes depends, among other things, on the nature and severity of the crisis. For more information on the Finnish Resolution Laws, see "*Regulatory Environment – Resolution Laws*".

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 IV), 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. According to the Stability Authority's memorandum on the application of MREL requirement published on 29 April 2019, the Senior Preferred MREL Eligible Notes to be issued under the Programme are likely to qualify as Eligible Liabilities.

The Stability Authority revised its decision on the Group's MREL requirement on 21 April 2020. According to the revised decision, the requirement must be met gradually so that the requirement of 8.7 per cent of total liabilities and own funds must be met from 30 June 2021 and the full requirement of 9.9 per cent from 30 June 2022. During 2021, the FIN-FSA will issue an MREL requirement to the Group in accordance with the updated MREL policy. The updated MREL policy is based on the Banking Reform Package, which amended the provisions of the BRRD and the SRM Regulation. The updated requirement of the Issuer on the amount of additional MREL eligible liabilities may increase and 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, Tax Event or Tax Withholding Event*") requiring the Issuer to utilise other instruments, such as senior non-preferred notes, to fulfil its MREL requirement.

The Senior Preferred MREL Eligible Notes may be redeemed prior to maturity due to an MREL Disqualification Event, Tax Event or Tax Withholding Event

Senior Preferred MREL Eligible Notes may contain provisions entitling the Issuer to redeem the Senior Preferred MREL Eligible Notes at any time if an MREL Disqualification Event (as defined in Condition 4.4), Tax Withholding Event (as defined in Condition 4.5) or Tax Event (as defined in Condition 4.6) occurs. To exercise any such call option, the Issuer must obtain the prior consent 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 early 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.

Early 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 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.

Events of Default in relation to Senior Preferred MREL Eligible Notes

The only Events of Default in relation to the Senior Preferred MREL Eligible Notes are set out in Condition 13 of the General Terms and Conditions. If an Event of Default in relation to a Senior Preferred MREL Eligible Note has occurred under Condition 13, 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 declared bankrupt or put into liquidation but not otherwise and, consequently, if an Event of Default in relation to Senior Preferred MREL Eligible Notes occurs pursuant to Condition 13, 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.

G. Risks related to the Covered Bonds

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

The Covered Bonds are issued as covered notes (in Finnish: *katetut joukkolainat*) and covered in accordance with the MCBA.

Under the MCBA, 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 pursuant to Chapter 5 of the MCBA as collateral in respect of the Covered Bonds (the "**Register**"). In calculating the total value of the Cover Asset Pool, the following limitations apply under Section 16 of the MCBA: 1) at most 70 per cent of the underlying value of the shares or the real estate securing each housing loan; 2) at most 60 per cent of the underlying value of the shares or the real estate securing each commercial real estate loans; and 3) the book value of the Substitute Collateral.

Under Section 25 of the MCBA, the Noteholder's priority is limited to 70 per cent in respect of housing loans (in Finnish: *asuntoluotto*, as defined in the MCBA) of the current value of such residential property which stands as collateral for such housing loans. The corresponding limit for commercial property which stands as collateral for such commercial real estate loans (in Finnish: *liikekiinteistöluotto,* as defined in the MCBA) is 60 per cent. Accordingly, 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 up to the prioritised portion of the Cover Asset Pool. 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 Register as collateral in respect of the Covered Bonds. Given the pari passu ranking of the Covered Bonds under the MCBA, in the event of the Issuer's liquidation or bankruptcy, the amount available to be paid to Noteholders out of the Cover Asset Pool on a prioritised basis may be affected by the amounts payable at the relevant time to counterparties of any Derivative Transactions registered in the Cover Asset Pool entered into by the Issuer and the providers of Bankruptcy Liquidity Loans entered into by the bankruptcy administrator of the Issuer to secure liquidity or take out liquidity credit in accordance with Section 25 of the MCBA.

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, under the MCBA, entered into the register 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 MCBA 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.

The national implementation of the new covered bonds directive causes uncertainties

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 "**CBD**") and the Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019. The CBD and the aforementioned regulation came into effect on 7 January 2020.

The CBD has to be implemented in national regulation by 8 July 2021 and the implementing regulations shall be applied, at the latest, from 8 July 2022. The CBD establishes an amended common framework for the issue of covered bonds for EU regulatory purposes. However, the member states have considerable discretion in implementing the CBD through national laws. Due to the new regulatory base-line and the considerable discretion that the member states have, the implementation of the CBD and its precise effects to the Issuer and the Covered Bonds are at the date of this Base Prospectus unknown. The implementation of the CBD could affect the Covered Bonds as well as the Issuer as an issuer of covered bonds and thereby, adversely affect the Issuer's financial condition and ability to obtain further financing at competitive terms.

The MCBA was enacted in 2010 and there is limited practical experience in relation to the operation of the MCBA

The MCBA came into effect on 1 August 2010. It contains several amendments to the earlier legislation governing Finnish covered bonds and their preferential rights in an issuer's liquidation or bankruptcy. The protection afforded to the holders of Covered Bonds by means of a preference on the qualifying assets is based only on the MCBA. Although the MCBA regulates the mortgage credit bank operations of credit institutions that issue mortgage loans as well as mortgage credit

banks (in Finnish: *kiinnitysluottopankki*), there is only limited practical experience in relation to the operation of the MCBA. The application and interpretations of the referred rules may have a material adverse effect on the value of the Covered Bonds. For a summary of the MCBA, see *"Finnish Act on Mortgage Credit Bank Activity"* below.

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 MCBA to comply with certain matching requirements as long as there is any Covered Bond outstanding. Under the MCBA, if the assets in the Cover Asset Pool do not fulfil the requirements provided for in the MCBA, the FIN-FSA may set a time limit within which the Issuer shall place more collateral in compliance with the MCBA and the conditions of the relevant Covered Bonds. If these requirements are not complied with, the Issuer's license 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 16 and 17 of the MCBA 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. 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 per cent, the FIN-FSA may withdraw the Issuer's license 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 MCBA.

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 license to issue covered bonds or to a foreign mortgage credit bank which is subject to supervision corresponding to that of the MCBA 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 Act on Mortgage Credit Bank Activity—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 MCBA, 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**"). Counterparties in such transactions will rank *pari passu* with holders of the relevant Covered Bonds and counterparties in existing Derivative Transactions entered into the Register of the Cover Asset Pool. 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 license 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 MCBA. 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 MCBA and the FIN-FSA may set a time limit within which the Issuer shall place more collateral in compliance with the MCBA and the conditions of the relevant Covered Bonds. If these requirements are not complied with, the Issuer's license 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 MCBA 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 19 of the MCBA. 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 MCBA 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 (as defined below) applies to a Series of Covered Bonds.

If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the Issuer notifies the Issuer Agent at the latest on the fifth Business Day before the Maturity Date that it will not redeem the relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter), the maturity of the nominal amount outstanding of the Covered Bonds not redeemed will automatically extend to a date not later than 12 months from the Maturity Date, subject as otherwise provided for in the applicable Final Terms (the "**Extended Final Maturity Date**"). In that event, the Issuer may redeem all or 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 Covered Bonds will also then bear interest on the nominal amount outstanding of the Covered Bonds in accordance with 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.

Furthermore, 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.

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 https://www.s-pankki.fi/investors. However, the contents of S-Bank's website (excluding the Base Prospectus, any supplement thereto 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 and, in case of Senior Preferred MREL Eligible Notes, to cover the Issuer's MREL requirement unless otherwise specified in the relevant Final Terms.

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. Notes and their form

The notes (the "**Notes**") 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 (the "**General Terms and Conditions**" and each clause a "**Condition**") and a document containing the specific terms and conditions of such Tranche of Notes ("**Final Terms**").

Notes may be issued as:

(a) senior unsecured notes that rank *pari passu* without any preference among themselves and at least pari passu with the Issuer's other unsecured commitments (the "**Senior Preferred MREL Eligible Notes**"); or

(b) covered notes (in Finnish: *katetut joukkolainat*) (the "**Covered Bonds**"), covered in accordance with the Finnish Act on Mortgage Credit Bank Activity (*laki kiinnitysluottopankkitoiminnasta* 688/2010, as amended) (the "**MCBA**"). The Covered Bonds are direct, unconditional and unsubordinated obligations of the Issuer and rank pari passu among themselves and with all other obligations of the Issuer in respect of mortgage-backed notes covered in accordance with the MCBA (including pursuant to Sections 25 and 26 of the MCBA) as well as all Derivative Transactions and Bankruptcy Liquidity Loans.

The form of the Notes and their priority is specified in the 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.

No Noteholder shall be entitled to exercise any right of set-off 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. No Noteholder shall in the liquidation or bankruptcy of the Issuer be entitled to exercise any right of set-off or counterclaim against moneys owed under assets that are subject to the priority set out in Section 25 of the MCBA in respect of any Covered Bond.

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.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes.

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.

2. Nominal value

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

3. 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.

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 https://www.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.

4. The term of the Notes, redemption and extension of maturity

4.1 The term of the Notes and redemption

The term of the Notes is at least one (1) year. The principal of the Notes is to be repaid on the Maturity Date as defined in the Final Terms or 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 Notes has been extended in accordance with Condition 4.2 (*Extension of Maturity up to Extended Final Maturity Date*). The principal of the Notes is to be repaid in instalments if so defined in the Final Terms. The business day convention defined in Final Terms is applicable to the Maturity Date and the Extended Final Maturity Date. The redemption amount is the nominal amount of the principal.

4.2 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 applicable Final Terms and the Issuer notifies the Issuer Agent at the latest on the fifth Business Day before the Maturity Date that it will not redeem the relevant Covered Bonds in full on the Maturity Date or within two Business Days thereafter, the maturity of the relevant Covered Bonds and the date on which the relevant Covered Bonds will be due and repayable for the purposes of these General Terms and Conditions will be automatically extended up to but no later than the Extended Final Maturity Date, subject as otherwise provided in the applicable Final Terms and provided that the maturity of any Covered Bond may not be extended beyond the date falling 12 months after the Maturity Date. In that event, the Issuer may redeem all or any part of the nominal amount outstanding of the relevant 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 20 *(Notices)*) of (a) any decision to extend the maturity of a Series of Covered Bonds, in whole or in part, as soon as practicable after any such decision is 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 20 *(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 4.2, 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 4.2 shall be irrevocable. Where this Condition 4.2 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 4.2 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 4.2, 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 4.2, subject 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 4.2.

This Condition 4.2 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).

4.3 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, 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 20 (which notice shall 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*. The Senior Preferred MREL Eligible Notes may only be redeemed subject to Conditions 4.4 (*Early Redemption of Senior Preferred MREL Eligible Notes as a result of an MREL Disqualification Event*), 4.5 (*Early Redemption*

of Senior Preferred MREL Eligible Notes as a result of Withholding Tax Event) or 4.6 (*Early Redemption of Senior Preferred MREL Eligible Notes as a result of Tax Event*) below.

4.4 Early Redemption of Senior Preferred MREL Eligible Notes as a result of an MREL Disqualification Event

Upon the occurrence of an MREL Disqualification Event and subject to approval by the Finnish Stability Authority (in Finnish: *Rahoitusvakausvirasto*) (the "**Stability Authority**"), the Issuer may, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 20 (*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.

"**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.

"**MREL Requirements**" means 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**") and/or any other EU laws or regulations implemented in Finnish laws as applied by the competent authorities.

4.5 Early Redemption of Senior Preferred MREL Eligible Notes as a result of Withholding Tax Event

If:

(a) on the occasion of the next payment due under the Senior Preferred MREL Eligible Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 4.6 (*Early Redemption of Senior Preferred MREL Eligible Notes as a result of Tax Event*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 4.6) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the issue date of the Senior Preferred MREL Eligible Notes (a "**Withholding Tax Event**"); and

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

the Issuer may, subject to approval by the Stability Authority, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 20 (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.

4.6 Early Redemption of Senior Preferred MREL Eligible Notes as a result of Tax Event

Upon the occurrence of a Tax Event and subject to approval by the Stability Authority, the Issuer may, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 20 (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.

"**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:

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

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

(iii) 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:

(A) 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 is not, or will not be, entitled to claim a deduction in respect of payments in respect of the Senior Preferred MREL Eligible Notes in computing its taxation liabilities (or the value of such deduction would be materially reduced); or

(B) the treatment of any of the Issuer's items of income or expense with respect to the Senior Preferred MREL Eligible 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.

4.7 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 purchased and cancelled shall be forwarded to the Agent and cannot be reissued or resold.

5. Subscription of Notes

5.1 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.

5.2 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 https://www.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.

5.3 Issue price

The issue price of the Notes is fixed or floating and is determined in the Final Terms.

5.4 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, 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, has the right, according to Article 23 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 or the update. However, 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 6 *(Delivery of Notes)*. The supplemented Base Prospectus or a completely updated prospectus 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 https://www.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 https://www.s-pankki.fi/investors.

6. 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.

7. Security or guarantee

No security has been granted for the Senior Preferred MREL Eligible 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 MCBA.

No guarantee has been granted for any Notes.

8. 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.

8.1 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.

8.2 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.

8.3 Benchmark replacement

Notwithstanding Condition 8.2 (*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:

(i) 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 8.3);

(ii) 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 8.3; *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);

(iii) 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 the floating reference rate interest for all future interest periods (subject to the subsequent operation of this Condition 8.3);

(iv) 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;

(v) 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 8.3). An Independent Adviser appointed pursuant to this Condition 8.3 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 8.3. 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;

(vi) 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 8.3; and

(vii) 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. For the purposes of this Condition 8.3:

"**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.

"**Benchmark Event**" means: the Reference Rate

(i) 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).

"**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.

"**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 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.

"**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.

8.4 Minimum and/or the maximum amount of interest

A minimum or a maximum amount or both for the interest mentioned in Condition 8.2 (*Floating reference rate interest*), may be determined in the Final Terms.

9. 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.

10. 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.

11. 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.

"**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.

12. 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.

13. Event of Default

This Condition 13 applies only to Senior Preferred MREL Eligible Notes. For the avoidance of doubt, this Condition 13 does not apply to any Covered Bonds.

Each of the following events shall constitute an Event of Default in relation to any relevant Series of Notes of Senior Preferred MREL Eligible Notes:

(a) **Non-Payment**: Any amount of interest on or principal of a Series of Notes has not been paid within ten (10) Business Days from the relevant due date, unless the failure to pay is caused by a reason referred to in Condition 17 (*Force Majeure*).

(b) **Winding-up**: An order is made or an effective resolution is passed for the winding up or liquidation of the Issuer or the Issuer is otherwise declared bankrupt or put into liquidation, in each case by a court or agency or supervisory authority in the Republic of Finland having jurisdiction in respect of the same.

If any Event of Default shall occur in relation to any Series of Notes of Senior Preferred MREL Eligible Notes, any holder of a Senior Preferred MREL Eligible Note may, to the extent permitted by applicable law:

(A) in the case of Non-Payment which is continuing, institute such steps, including the obtaining of a judgment against the Issuer for any amount due in respect of the relevant Senior Preferred MREL Eligible Notes, as it thinks desirable with a view to having the Issuer declared bankrupt or put into liquidation, in each case in the Republic of Finland and not elsewhere, and prove or claim in the bankruptcy or liquidation of the Issuer; and/or

(B) in the case of Winding-up, prove or claim in the bankruptcy or liquidation of the Issuer, whether in the Republic of Finland or elsewhere and instituted by the Issuer itself or by a third party,

but (in either case) any holder of a Senior Preferred MREL Eligible Note may claim payment in respect of the Senior Preferred MREL Eligible Note only in the bankruptcy or liquidation of the Issuer.

The Noteholder of any Senior Preferred MREL Eligible Note 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 (other than, without prejudice to paragraphs (A) and (B) above, any obligation for the payment of any principal or interest in respect of the Senior Preferred MREL Eligible 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. Any refusal by the Stability Authority to grant its approval as described above will not constitute an Event of Default under the relevant Senior Preferred MREL Eligible Notes.

14. 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.

Notice of a Noteholders' Meeting and the initiation of a Procedure in Writing shall be provided to the Noteholders in accordance with Condition 20 *(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 20 *(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 chairman 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 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 chairman 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 14; 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 20 (*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.

15. Acknowledgement of Loss Absorption Powers

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 15, 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:

(i) 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:

(A) 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);

(B) 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;

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

(D) 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

(ii) 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.

"**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 Directive (EU) 2014/59 as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period).

"**Relevant Amounts**" means the outstanding principal amount of the 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.

"**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.

16. 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 may only be repurchased subject to applicable banking regulations and after receiving an approval from the Stability Authority. Any refusal by the Stability Authority to grant its approval will not constitute an event of default under the Senior Preferred MREL Eligible Notes.

17. 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.

18. 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.

19. 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) by increasing the principal amount of such Series of Notes or otherwise.

20. 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 22 (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 20. 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

P.O. Box 77, 00088 Helsinki, Finland

21. Other provisions

The Issuer is entitled to, without the consent of a Noteholders' meeting under Condition 14 (*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 20 *(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.

22. 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.

23. 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/Covered Bonds] Due [●]
under the EUR 1,500,000,000 Programme for the Issuance of Senior Preferred MREL Eligible Notes and Covered Bonds

Terms and Conditions

PROHIBITION OF SALES TO EEA AND 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 European Economic Area (the "**EEA**") or in the United Kingdom (the "**UK**"). 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation. [The provisions set out in the Prospectus Regulation and referred to in this section apply in respect of the UK until 31 December 2020 in accordance with the agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (2019/C 384 I/01) unless otherwise agreed between the EU and the UK.]

[**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.]

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**"). The General Terms and Conditions of the Programme shall apply to these Final Terms.

The complete information regarding the Issuer and the Notes can 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 S-Bank Plc at https://www.s-pankki.fi/investors and at request from S-Bank Plc 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.]

Name and number of the Series of Notes:	[●]
Notes and their form:	[Senior Preferred MREL Eligible Notes][Covered Bonds]
Tranche number:	[●] / [Not applicable]
Date on which the Notes become fungible:	[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:	[●]
Priority of the Notes:	[Same as with other unsecured liabilities of the Issuer] / [Same as with all other obligations of the Issuer in respect of mortgage-backed notes covered in accordance with the MCBA (including pursuant to Sections 25 and 26 of the MCBA) as well as all Derivative Transactions and Bankruptcy Liquidity Loans].
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]
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:	[●]
Extended Final Maturity:	[Applicable/Not applicable]
[Extended Final Maturity Date:]	[Insert Extended Final Maturity Date] [In accordance with Condition 4, if the Issuer notifies the Issuer Agent that it will not redeem the Notes in full on the Maturity Date [or within two Business Days thereafter,] the maturity of the nominal amount outstanding of the Covered Bonds will be extended automatically to the Extended Final Maturity Date. In that event, the interest rate payable on, and the Interest Periods and Interest Payment Dates, in respect of the Covered Bonds, will change from those that applied up to the Maturity Date and the Issuer may redeem all or part of the nominal amount outstanding of those Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Final Maturity Date, all in accordance with Condition 4.2.]
Interest:	[Define here, if the Notes are so-called zero coupon Notes, or which general note terms, either Condition 8.1 (Fixed interest rate) or Condition 8.2 (Floating reference interest rate), is applied and include required details as follows:] [Condition 8.1 (Fixed interest rate):] [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 8.2 (Floating reference interest rate):] 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] / [Not applicable]
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] / [Not applicable]]
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 [●]]
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 requirement of the Issuer [and general corporate purposes]] / [●]
Estimated time of listing: In Helsinki, on [date] S-BANK PLC	[●]/ [Not applicable]

REGULATORY ENVIRONMENT

The following is a summarized 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 (Directive (EU) 2019/879, the "**BRRD II**", and all laws 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 will start applying in mid-2021.

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 will generally apply as of 28 June 2021, and the CRD V as of 28 December 2020.

In December 2017, the finalised Basel III framework (the **Basel IV** package), was published by the Basel committee. 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) was initially agreed in 2016 (a revision was published on 14 January 2019) and will be implemented together with the Basel IV package in 2022. On credit risk, the package includes revisions to both the IRB approach, where restrictions to the use of IRB for certain exposures are implemented, as well as to the standardised approach. The output floor is to be set to 72.5 per cent of the standardised approaches on an aggregate level, meaning that the capital requirement under the floor will be 72.5 per cent of the total Pillar 1 risk exposure amount calculated with the standardised approaches for credit, market and operational risk. The output floor generally leads to higher capital requirements for banks using IRB approaches, especially for Nordic banks. Both the current updates to the CRR and the CRD as well as the Basel IV 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.

In 2017, the FIN-FSA announced a macro prudential supervisory decision to introduce a 15 per cent risk weight floor for home mortgage loans. This minimum level applies to banks that use IRB models in their capital requirement calculations for mortgage loans. The requirement went into effect on 1 January 2018. The FIN-FSA announced on 30 September 2020 that it discontinues the risk weight floor for home mortgage loans and the requirement expires on 1 January 2021.

The FIN-FSA has established buffer requirements related to Pillar 2 capital adequacy regulations totalling 2.25 per cent of the Group's risk exposure amount starting in 30 September 2018. This requirement comprises credit concentration risk and interest rate risk in the balance sheet. The requirement must be covered 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 6 April 2020, the FIN-FSA announced that the board of the FIN-FSA 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). Previously the additional capital requirement of the Issuer was 1.0 per cent. The decision entered into force immediately. The aim of the FIN-FSA's decision is 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 (*laki luottolaitostoiminnasta* 2014/610, as amended) (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 to be implemented into national legislation by 28 December 2020. There

is no certainty to the regulatory changes and interpretations that the Banking Reform Package will ultimately effect and such changes are considered likely to have an effect on the matters summarised in this section (see "*Risk Factors*").

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. 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.

FINNISH ACT ON MORTGAGE CREDIT BANK ACTIVITY

*The following is a brief summary of certain features of the Finnish Act on Mortgage Credit Bank Activity (laki kiinnitysluottopankkitoiminnasta 688/2010, the "**MCBA**") as of the date of this Base Prospectus. 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. Please also refer to the Risk Factors section on pages 7 to 23 above.*

General

The MCBA entered into force on 1 August 2010. It 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 MCBA 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 credit bank activity (in Finnish: *kiinnitysluottopankkitoiminta*) (each an issuer).

Supervision

The FIN-FSA is responsible for supervising each issuer's compliance with the MCBA 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 MCBA or the conditions of the license 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 bank activity.

Authorisation

Mortgage credit bank activity 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 MCBA in order to obtain authorisation from the FIN-FSA to engage in mortgage credit bank activity. The credit institution must, among other things, have in place suitable procedures and instruments for managing the risk entailed in holding the assets in the Cover Asset Pool and in issuing covered notes and also prove that it intends to engage in mortgage credit bank activity on a regular and sustained basis. The issuer must have put the appropriate organisational structure and resources into place. In addition to credit institutions authorised separately to engage in mortgage credit bank activity, also mortgage credit banks whose activities are exclusively restricted to carrying out mortgage credit bank activities are entitled to issue covered notes.

Register of covered notes

The MCBA 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. 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. All assets entered in the Register shall rank equally as collateral for the covered notes, unless the collateral has been entered in the Register as collateral for specified covered notes. If a Mortgage Loan, a Public-Sector or any Substitute Collateral (all as defined below) is placed on the Register as collateral for a particular covered note, the Register must specify the covered note which this collateral covers. Section 22 of the MCBA requires that the information shall be entered in the Register no later than on the first business day following the issue of the covered note and information on the granting or acquisition of a Mortgage Loan or Public-Sector Loan or a Substitute Collateral (see Substitute Collateral below) which is placed as collateral for the covered notes shall be entered in the Register no later than one day after granting or acquiring such collateral. Any changes in such information shall be entered in the Register without delay. A Mortgage Loan or a Public-Sector Loan shall be removed from the Register when it has been fully repaid by the relevant borrower. A loan shall also be removed from the Register if it can no longer be deemed to be an eligible asset. A Mortgage Loan, a Public-Sector Loan or any Substitute Collateral may also be removed from the Register, if, after its removal, the remaining Mortgage Loans, Public-Sector Loans and Substitute Collateral entered in the Register are sufficient to meet the requirements prescribed in the MCBA. Accordingly, the Cover Asset Pool is dynamic in the sense that an issuer may supplement or substitute assets in the Cover Asset Pool.

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 MCBA as follows:

Mortgage Loans are Housing Loans or Commercial Real Estate Loans.

Housing Loans are 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 (*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.

Commercial Real Estate Loans are 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 (*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. For the avoidance of doubt, S-Bank does not grant Commercial Real Estate Loans that would be part of the Cover Asset Pool.

Public-Sector Loans are loans which have 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.

At least 90 per cent of the total amount of collateral shall be Housing Loans or Public-Sector Loans or Substitute Collateral unless otherwise provided for in the terms and conditions of a covered note.

Substitute Collateral may only be used as collateral for covered notes on a temporary basis and in the circumstances set out in the MCBA (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

A Mortgage Loan entered in the Register as collateral for a covered note may not exceed the current value of the shares, housing property or commercial real estate standing as collateral. 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. The issuer shall regularly monitor the value of the shares, housing property or commercial real estate entered as collateral for the covered notes and revise the value of the collateral in accordance with provisions on the management of capital adequacy of credit institutions issued by the FIN-FSA.

Requirements for matching cover

The MCBA 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 16 of the MCBA which provides that (a) the total value of Cover Asset Pool must always exceed the aggregate outstanding principal amount of 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.

According to the preparatory works of the MCBA (HE 42/2010), the net present value means, in respect of (a) covered notes and (b) Mortgage Loans, Public-Sector Loans and Substitute Collateral, the total value of the future discounted cashflows applying the market rate of interest, prevailing from time to time.

Requirements relating to liquidity

Under Section 17 of the MCBA, the issuer shall ensure that the average maturity date of the covered notes does not exceed the average maturity date of the loans entered in the Register. Further, the issuer shall ensure that the total amount of interest accrued from the Cover Asset Pool, during any 12-month period, is sufficient to cover the total amount payable to the holders of covered notes as interest and to the counterparties of Derivative Transactions as payments under such Derivative Transactions.

Determination of requirements under Sections 16 and 17 of the MCBA

To determine the **value** of the Cover Asset Pool in order to provide the matching cover required by Sections 16 and 17 of the MCBA, the issuer shall only take into account:

(1) an amount not exceeding 70 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 book value of any Public-Sector Loans and Substitute Collateral.

Loans that have been entered in the Register and which must be booked as non-performing loans at the time of review of such loans in accordance with the regulations issued by the FIN-FSA, shall no longer be included as Cover Asset Pool in calculating the matching cover.

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 16 and 17 of the MCBA.

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 MCBA may temporarily consist of Substitute Collateral, provided that receivables from credit institutions shall not exceed 15 per cent (or such larger amount as may be approved by the FIN-FSA on the application of the issuer for a specific reason and for a specified period of time), of the total amount of collateral. Substitute Collateral may include: (i) 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); (ii) guarantees granted by a public-sector entity or a credit institution referred to in (i) above; (iii) 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 (iv) 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. Substitute Collateral may temporarily be used in situations where (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 provisions provided for in Sections 16 and 17 of the MCBA.

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 25 of the MCBA 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 Section 25 of the MCBA, 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 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.

Collateral entered in the Register in accordance with the MCBA may not be recovered pursuant to Section 14 of the Finnish Act on Recovery of Assets to a Bankruptcy Estate (*laki takaisinsaannista konkurssipesään* 758/1991, as amended).

In respect of each Mortgage Loan included in the Cover Asset Pool for a covered note, the priority of payment right in accordance with Section 25 is limited to a maximum amount which corresponds to 70 per cent in respect of Housing Loans and to 60 per cent in respect of Commercial Real Estate Loans of the current value of respective collateral for the loan as entered in the Register at the time of commencement of liquidation or bankruptcy proceedings against the issuer. The bankruptcy administrator shall assign the share of payments out of any Mortgage Loan exceeding the preferential right to the general bankruptcy estate. According to the preparatory works of the MCBA, payments deriving from loans to be booked as non-performing and proceeds from disposal of loans or enforcement of collateral shall, nonetheless, firstly be used for payment of covered notes up to their preferential portion.

What is set out above in respect of Section 25 of the MCBA applies mutatis mutandis to the counterparties of the Derivative Transactions entered in the Register 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 an equal right with the holders of the covered notes to payment from the funds, entered in the Register as collateral for the covered notes, and from the payments relating to them, and accordingly, such Derivative Transactions and Bankruptcy Liquidity Loans rank pari passu with the covered notes with respect to such assets in the Cover Asset Pool.

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 Register of 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 16 of the MCBA, 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 Bonds, Derivative Transactions and Bankruptcy Liquidity Loans.

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

When an 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.

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 26 of the MCBA, 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. Correspondingly, a Bankruptcy Liquidity Loan taken under Section 26 of the MCBA and each bank account into which any such funds are deposited shall be entered in the Register.

The bankruptcy administrator may, with the permission of the FIN-FSA, transfer the liability for a covered note and the corresponding collateral to another mortgage credit bank, deposit bank or credit institution that has acquired a licence to issue covered notes or to a foreign mortgage credit bank which is subject to supervision corresponding to that of the MCBA unless the terms of the covered note provide otherwise.

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 16 and 17 of the MCBA, 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.

Covered Bonds Directive

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 "**CBD**"). The CBD came into effect on 7 January 2020 and it has to be implemented in national regulation by 8 July 2021 and the implementing regulations shall be applied, at the latest, from 8 July 2022. The CBD establishes an amended common framework for the issue of covered bonds for EU regulatory purposes. However, the member states have considerable discretion in implementing the CBD through national laws. At the date of this Base Prospectus, it is considered likely that the CBD requires significant amendments to the provisions of the MCBA and, accordingly, to the features described in this section (see "*Risk Factors*").

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 MCBA (as summarised under "*Finnish Act on Mortgage Credit Bank Activity*") 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 MCBA 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 two 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 MCBA 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 MCBA and inform the Noteholders of the composition of the Cover Asset Pool on its website at https://www.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 MCBA, 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 and providers of Bankruptcy Liquidity Loans) 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 and providers of liquidity loans) 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.

Under the MCBA, 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 Plc was established on 1 May 2007 in Helsinki. 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 connected to the S Group, 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 six-month period ended on 30 June 2020, the Group employed a total of 658 people (30 June 2019: 620). Of this number, 525 (30 June 2019: 498) worked for S-Bank Plc, 29 (30 June 2019: 26) for FIM Asset Management Ltd, 16 (30 June 2019: 12) for FIM Private Equity Funds Ltd and 88 (30 June 2019: 84) for S-Asiakaspalvelu Ltd. The salaries and remunerations paid to personnel at the Group totalled EUR 15.8 million (30 June 2019: 18.5 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 less significant credit institution and, therefore, the supervision of the Issuer under the SSM is primarily carried out by the FIN-FSA. However, under the SSM, the ECB can decide to supervise any one of the less significant credit institutions directly to ensure that high supervisory standards are applied consistently. The Issuer's existing authorisation as a credit institution has been extended to include mortgage credit bank activity in accordance with Section 10 of the MCBA.

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 1,800 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 has been divided between S Group (75%), LocalTapiola (23.5%) and Elo (1.5%) (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 FIM Private Equity Funds Ltd acquired the entire share capital of FIM 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 license from the FIN-FSA. In 2020, S-Bank also acquired a credit rating from S&P. S&P assigned the Group a BBB rating for long-term funding and A-2 for short-term funding.

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. The transaction was completed on 31 July 2020.

Description of operations

General

The Group focuses on offering products and services in Finland to household customers, while also offering targeted services to corporations. S-Bank serves its customers at customer service points situated in the S Group's business locations and also through its telephone service, online bank, S-mobiili and various social media channels. S-Bankers serve customers, mainly in matters related to housing loans, in 10 towns and cities, while FIM's private bankers offer their services in four cities.

The regional cooperatives of the S Group act as S-Bank's agents, offering its banking services at their business locations. S-Bank's services are primarily targeted to the members of the co-operative, each one of whom becomes an S-Bank customer upon joining one of the regional cooperatives. Altogether, S-Bank has approximately 3 million retail customers, representing the majority of the Finnish population. The customers who are members of the co-operatives receive selected daily banking services free-of-charge, while S-Bank aims to maintain prices of other services at a reasonable level with publicly available price lists. Cash benefits paid to members of the co-operative, such as bonuses earned from monthly spend in S Group shops and services, are paid into each member's account in S-Bank.

S-Bank's subsidiary FIM Asset Management Ltd provides the fund and wealth management services of the Group. S-Bank became a leading player in impact investing in the Nordic region according to the management's view after FIM Private Equity Funds Ltd acquired the entire share capital of FIM Impact Investments Ltd (formerly Epiqus Oy) in January 2019.

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 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 all S Group's customer-owners with an address inside the EU/EEA. S-Bank's debit and/or credit account and payment features are attached to more than 2.5 million S Group customer-owners' bonus cards (S-Etukortti-Visa) including almost 550,000 cards with a credit account and payment features attached. S-Bank acts as an issuer of Visa cards. S-Bank acts as an acquiring bank of Visa transactions in S Group payment transactions.

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 comprehensive 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 under the S-Bank brand. Under the FIM brand, the bank offers private banking services, as well as services for institutional investors.

Customer segments

Key customer segments of Wealth Management are retail customers, Private Banking customers, and institutional investors. Wealth management services are provided under two brands, S-Bank and FIM. The S-Bank brand is used in services for retail customers, while the FIM brand is used in services for Private Banking 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. 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.

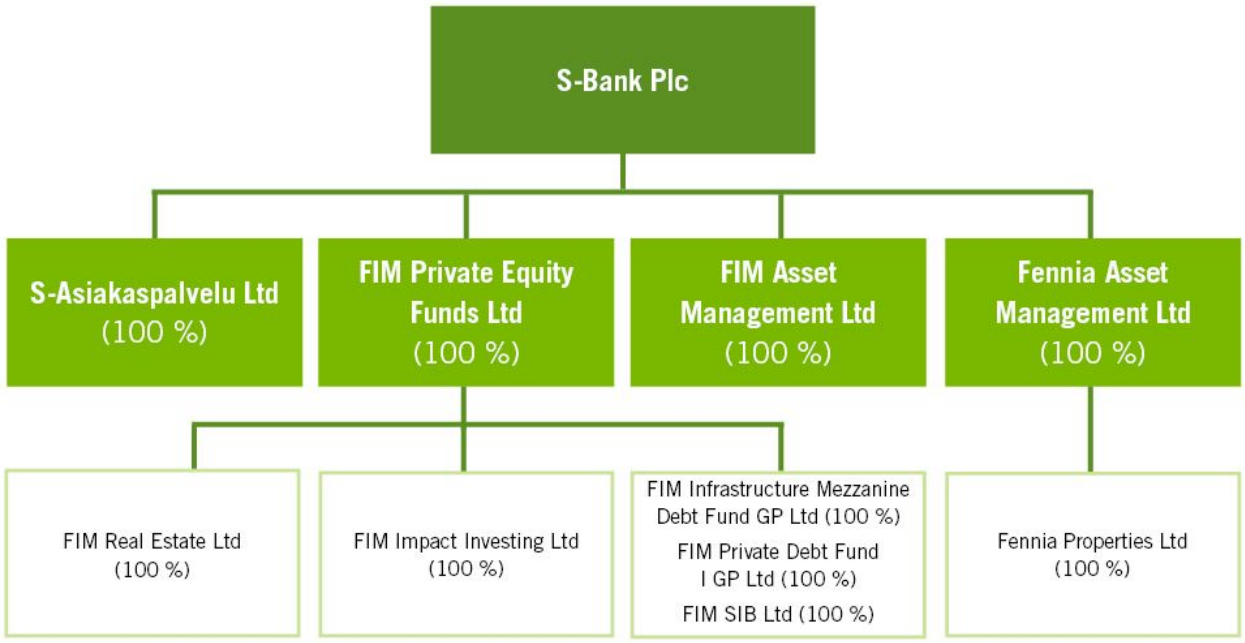
Investment-linked insurance products are provided to Private Banking customers in partnership with several life insurance companies.

Fund administration services are provided to LocalTapiola Asset Management Ltd.

Fennia 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.

FIM Asset Management Ltd manages the investment funds of S-Bank, FIM and LocalTapiola and provides portfolio management services for the entire Group. The Issuer owns 100 per cent of FIM Asset Management Ltd's share capital. In the financial year 2019, the operating profit of FIM Asset Management Ltd amounted to EUR 2.6 million (2018: -0.2 million).

FIM Private Equity Funds Ltd is an alternative fund manager pursuant to the Finnish Act on Alternative Investment Funds Managers (*laki vaihtoehtorahastojen hoitajista* 162/2014, as amended), providing the Group with portfolio management services for private equity funds. Additionally, FIM Private Equity Funds Ltd is the portfolio manager for the real estate and forest funds managed by FIM Asset Management Ltd. The Issuer owns 100 per cent of FIM Private Equity Funds Ltd's share capital. In the financial year 2019, the operating profit of FIM Private Equity Funds Ltd amounted to EUR 0.3 million (2018: -0.2 million).

FIM Real Estate Ltd is the general partner in the Group's real estate funds. In December 2019, FIM Private Equity Funds Ltd acquired the remaining shares in FIM Real Estate Ltd and now owns 100 per cent (formerly 80 per cent) of the company. In the financial year 2019, the operating profit of FIM Real Estate Ltd amounted to EUR 1.7 million (2018: 1.2 million).

FIM Impact Investing Ltd (formerly Epiqus Oy) was acquired in January 2019 and is a wholly-owned subsidiary of FIM Private Equity Funds Ltd. The company offers impact investment services and manages two impact investment funds and is their general partner. FIM Impact Investing Ltd's operating profit for the financial year 2019 was EUR 0.1 million.

FIM Infrastructure Mezzanine Debt Fund GP Ltd, FIM Private Debt Fund I GP Ltd and *FIM SIB Ltd* act as general partners in funds managed by FIM Private Equity Funds Ltd. The companies do not have any other business operations, and are fully owned by FIM Private Equity Funds Ltd.

S-Asiakaspalvelu Ltd 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 2019, S-Asiakaspalvelu Ltd's revenue totalled EUR 5.1 million (2018: 5.7 million), of which intra-group revenue accounted for EUR 3.6 million (2018: 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 2019, S-Asiakaspalvelu Ltd's operating profit was EUR 0.8 million (2018: 0.2 million).

Fennia Asset Management Ltd is an alternative fund manager pursuant to the Finnish Act on Alternative Investment Funds Managers (*laki vaihtoehtorahastojen hoitajista* 162/2014, as amended) that the Issuer acquired from Fennia Mutual Insurance Company in August 2020. It manages alternative investment funds and provides asset management services to corporations, entrepreneurs, institutions and retail customers. Its business is provided as part of the Group's Wealth Management -operating segment. Fennia Asset Management Ltd was acquired on 31 July 2020 and will be consolidated into the Group's consolidated financial statement from 1 August 2020.

Fennia Properties Ltd is a wholly owned subsidiary of Fennia Asset Management Ltd. It specialises in property portfolio management, property development and administration of joint ventures in the field real estate. Fennia Properties Ltd was acquired on 31 July 2020 and will be consolidated into the Group's consolidated financial statement from 1 August 2020.

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 approximately 3 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. As a recent example, S-Bank gained a strong position in Finnish real estate investment services by acquiring Fennia Asset Management Ltd and Fennia Properties Ltd from Fennia Mutual Insurance Company. The combination of acquired asset management business and the Group's existing housing and forest property funds allows extensive coverage of customers' property investment needs in all segments, along with operational synergies.

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 favorable 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.

In 2020, there has been an exceptional level of uncertainty in the operating environment across geographies and industries, including the banking and wealth management sectors in Finland. The Group has adapted its operation accordingly, and practices such as scenario-based planning and agile development are used in order 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 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 2019, S Group had 40,700 employees, a total revenue in the amount of EUR 11.7 billion and an operating profit in the amount of EUR 409 million. In 2019, S Group had 46.2% market share in the Finnish grocery trade making it the clear market leader, followed by K Group with its 36.5% market share[1]. S Group consists of cooperatives and Suomen Osuuskauppojen Keskuskunta ("**SOK**") with its subsidiaries, which engage in the travel and hospitality business in Finland, Estonia and Russia, 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.

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 will, from the date on which it submits its first application to list any Notes on the Helsinki Stock Exchange, comply also 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 Chairman, Vice Chairman and members of the Board of Directors of the Issuer are:

[1] https://www.pty.fi/julkaisut/tilastot/

Name	Position	Elected to the Board of Directors
Jari Annala	Chairman	2007
Matti Kiviniemi	Vice Chairman	2020
Jorma Vehviläinen	Member	2020
Erik Valros	Member	2019
Heli Arantola	Member	2014
Olli Vormisto	Member	2017
Veli-Matti Liimatainen	Member	2018

Jari Annala (born 1964) has been a Chair of the Issuer's Board of Directors since 2007 and a member of the Board of Directors since 2014. Mr. Annala has been a Chair of the Issuer's Risk and Audit Committee since 2014 and a Chair of the Issuer's Remuneration and Nomination Committee since 2014. 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 LocalTapiola Mutual Life Insurance Company. Mr. Annala has served as a Business Area Director at SOK since 2019. In 2011-2018, he has served as a CFO and a member of the management group at SOK. Previously he has held several positions in the finance department of SOK. Mr. Annala is a Finnish citizen and holds a Master of Science in Economics.

Matti Kiviniemi (born 1966) has been a Deputy Chair of the Issuer's Board of Directors since 2020 and a member of Risk and Audit Committee since 2020. Mr. Kiviniemi has served as a Head of Corporate Lending at LocalTapiola Group since 2014. He also acts as a Deputy Chair of the Board of Directors at LocalTapiola Finance Ltd and as a member of the Board of Directors Lähirahoitus Oy and Fundu Platform Oy. Previously, Mr. Kiviniemi has served as a Local Head of Regional and Local Business, Eastern Finland at Danske Bank in 2013-2014. He acted as Local Head of Regional Business, Eastern Finland in 2012-2013 and Head of Corporate Business, Eastern Finland in 2007-2012 at Sampo Pankki Oyj. In 1999-2001 Mr. Kiviniemi acted as Director of Corporate Finance at Leonia Pankki Oyj. Before that he has performed various duties in export industry. Mr. Kiviniemi is a Finnish citizen and holds a Master of Science, Engineering and Management.

Jorma Vehviläinen (born 1967) has been a member of the Issuer's Board of Directors since 2020 and a member 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, Kauppakeskus Mylly 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, As Prisma Peremarket and As Sokotel. Mr. Vehviläinen acts as a member of the Board of Directors at Sokotel Oy, SOK Retail Int. Oy, 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 2013-2018, 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 1993-1997 and a Cash Manager in 1993-1997. Mr. Vehviläinen is a Finnish citizen and holds a Master of Science in Economics.

Erik Valros (born 1973) has been a member of the Issuer's Board of Directors since 2019. Mr. Valros has served as a CEO at LähiTapiola Uusimaa Keskinäinen Vakuutusyhtiö since 2012 and acts as a Chair of the Board of Directors' at Kiinteistö Oy Porvoon Keskustalo and Kiinteistö Oy Nikkilän Kauppakeskus. Previously, he has acted as a CEO at Lähivakuutus Uusimaa in 2009-2012, Aktia Bank Abp as a Bank Director in 2001-2009 and Sampo Pankki Oyj as a Sales Director in 1999-2001. Mr. Valros 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 is the CEO of Leipurin Plc and serves as a member of the Board of Directors at Tobii AB, Midsona AB and HRM Partners Ltd. Previously, Ms. Arantola has served as 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 the Remuneration and Nomination Committee since 2018. He also serves as a Chair of the Board of Directors at Osuuskauppa Hämeenmaa and Piklas Oy and a member of the Board of Directors at SOK and Lahden Teollisuusseura ry. Mr. Vormisto also acts as a member of the supervisory board at Elo Mutual Pension Insurance Company and Deputy Chair of the Board of Directors at Hämeen kauppakamari 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.

Veli-Matti Liimatainen (born 1969) has been a member of the Issuer's Board of Directors since 2018. 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 member of delegation in Keskuskauppakamari 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 Helsingin Seudun kauppakamari - Helsingforsregionens handelskammare ry. 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.

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 Issuer's CEO is Pekka Ylihurula and Deputy CEO is Aki Gynther.

The business address of the CEO and Deputy 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
Pekka Ylihurula	Chief Executive Officer	2007
Aki Gynther	Deputy Chief Executive Officer, Director, Banking Business Operations	2016
Erkka Viljakainen	Director, Digital Services, Marketing and Communications	2016
Hanna Porkka	Director, Asset Management	2018
Iikka Kuosa	Director, Strategy, Development, IT	2019
Merja Reinilä	Director, Human Resources	2014
Jussi Sokka	Director, Legal	2014
Mika Heikkilä	Chief Financial Officer	2017
Petri Viertiö	Director, Compliance and Risk Management	2019

Pekka Ylihurula (born 1969) has been a member of the Management Group of S-Bank since 2007. He has served as the Chief Executive Officer of the Issuer since 2007. Mr. Ylihurula is a Finnish citizen and holds a Master of Business Administration and a Bachelor of Business Administration.

Aki Gynther (born 1977) has been a member of the Management Group of S-Bank since 2007. He has served as the Deputy Chief Executive Officer of the Issuer since 2016 and as Director of the Banking Business Operations of the Issuer since 2017. Mr. Gynther is a Finnish citizen and holds a Bachelor of Administrative Sciences.

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 Director of Asset Management of the Issuer and FIM 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.

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 Deputy 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 2019, 31 December 2018, 31 December 2017, 31 December 2016 and 31 December 2015 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. The business address of the Issuer's auditor is Töölönlahdenkatu 3 A, 00100 Helsinki. Marcus Tötterman is 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 - D. 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 S-Bank and issued a public warning to FIM Asset Management Ltd for omissions in customer due diligence. The Issuer does not consider this matter or other pending regulatory processes significant for the Group's financial position or profitability. Therefore, the Issuer considers that there are no 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 2019. Since that date the financial position of the Issuer has not changed significantly and there has not been any significant negative change regarding the future developments, other than as explained below under "*Recent Events*".

Since 31 December 2019, there has been no significant change in the financial performance of the Group, other than as explained below under "*Recent Events*". Further, other than as described in S-Bank's unaudited consolidated half-year report as at and for the six-months period ended on 30 June 2020 and in section "*Recent Events*", no significant changes have occurred in the outlook or financial position of the Group.

Recent Events

The Coronavirus pandemic that erupted in March 2020 affects the general economic and financial situation, the banking sector in its entirety and the Group and its customers. The spread of the Coronavirus pandemic has led to restrictions, recommendations and other precautionary measures imposed by the authorities and private sector in Finland and elsewhere in the world to curb the spread of the Coronavirus pandemic. Deterioration in the general economic situation due to the Coronavirus pandemic, high unemployment and financial uncertainty may increase defaults, credit losses and impairments and may adversely affect demand for the loans and products offered by the Issuer (see "*Risk Factors*").

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 2019.

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 negative.

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 (http://www.esma.europa.eu/page/list-registered-and-certified-CRAs) 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, http://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.

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 six-month period ended on 30 June 2020, the Group's LCR ratio was 137 per cent compared to 142 per cent on 31 December 2019. The LCR liquidity buffer was EUR 1.31 billion on 30 June 2020 compared to EUR 1.11 billion on 31 December 2019 and the net outflows during the six-month period ended on 30 June 2020 were EUR 958.9 million compared to EUR 780.9 million on 31 December 2019. The NSFR ratio was 150 per cent at the end of the six-month period ended on 30 June 2020 compared to 145 per cent on 31 December 2019.

Accounting policies

The Group adopted the International Financial Reporting Standards (IFRS) on 1 January 2019 and the consolidated financial statements have been prepared in accordance with the IFRS adopted by the EU and valid on 31 December 2019.

S-Bank has applied the IFRS standards as of 1 January 2019 in its consolidated reporting. The Group has applied IFRS 1 First-time Adoption of IFRS. The effects of the transition to IFRS on the consolidated income statement, balance sheet and cash flow statement are described below. Until 31 December 2018, the Group's financial statements were prepared in accordance with the Finnish Accounting Standards (FAS) and in accordance with the Finnish Financial Supervisory Authority's regulations concerning the financial sector. New accounting policies concerning financial instruments were introduced at 1 January 2018 with the adoption of the IFRS 9 Financial Instruments standard and will therefore no longer affect comparability in 2019.

The following presents the adjustments associated with adopting the IFRS standards at 1 January 2018 and 31 December 2018.

a) Receivables from customers and reserves (adoption of IFRS 9)

The impact of the expected credit loss recognised in the transition to IFRS 9 on the opening balance sheet item Receivables from customers at 1 January 2018 was EUR 8.0 million. The effect of the transition on equity at 1 January 2018 was EUR 6.3 million. As a result of the reclassification, the fair value reserve decreased by EUR 5.1 million (net) and retained earnings increased correspondingly, with the reclassification having no impact on the amount of equity.

b) Intangible assets and goodwill

The Group has capitalised its own work associated with IT projects in accordance with the IAS 38 Intangible Assets standard. The effect of the adjustments on intangible assets in the opening balance sheet at 1 January 2018 was EUR 0.8 million. During the financial year, intangible assets increased and personnel expenses decreased by EUR 2.1 million due to adjustments.

In the IFRS transition, the goodwill of the opening balance sheet at 1 January 2018 corresponds to the value in accordance with FAS accounting principles on the basis of the relief based on the IFRS 1 First-time Adoption of International Financial Reporting standard. Goodwill was EUR 9.8 million at 1 January 2018. In accordance with FAS accounting standards, goodwill amortisation (totalling EUR 4.3 million for the period 1 January–31 December 2018) has been reversed at the Group level. Under IFRS, goodwill is not amortised and instead, it is tested in accordance with the IAS 36 Impairment of Assets standard for impairment. S-Bank has tested goodwill at 1 January 2018, 31 December 2018 and 31 December 2019. Based on the tests, there is no need for impairment charges.

c) Tangible assets (property, plant and equipment)

Lease agreements on operating premises and leased vehicles presented in accordance with the IFRS 16 Leases standard have been booked as right-to-use items to tangible assets on the balance sheet. At 1 January 2018, property, plant and equipment and other liabilities increased by EUR 5.3 million due to adjustments. As a result of depreciation for the financial year, intellectual property rights decreased and depreciation increased by EUR 2.4 million. S-Bank has decided that lease agreements that do not exceed 12 months in duration and asset items that do not exceed EUR 5,000 in value will not be booked as right-to-use assets. Furthermore, no lease liability will be recognised on them. S-Bank recognizes these short-term leases and low value assets as expenses during the lease term.

d) Tax assets and liabilities

IAS 12 Income Taxes resulted in an increase of EUR 0.1 million in Group income taxes. The entries concern deferred taxes and are mostly the result of IFRS adjustments. At the date of transition, 1 January 2018, deferred tax assets increased by EUR 0.1 million and deferred tax liabilities decreased by EUR 2.7 million due to adjustments. Deferred tax assets increased by EUR 0.5 million and deferred tax liabilities by EUR 2.4 million due to adjustments.

e) Provisions

The voluntary defined benefit pension plan based on the IAS 19 Employee Benefits standard has been booked under Provisions on the balance sheet at 1 January 2018. During the financial year, balance sheet provisions and personnel expenses in the income statement decreased by EUR 0.1 million due to adjustments.

f) Other liabilities

Other liabilities include the lease liabilities of leasing agreements for operating premises and leased vehicles in accordance with the IFRS 16 Leases standard.

At 1 January 2018, at the time of transition, the remaining lease payments under lease agreements were booked to liabilities at their discounted present values. Lease liabilities were booked on the balance sheet under “Other liabilities”. The incremental borrowing rate at the time of transition or the internal interest rate of the lease agreement, if available, was used as the discount rate. An amount corresponding to the lease liability was booked as a right-to-use asset item under Tangible assets on the balance sheet. The impact of adapting the IFRS 16 standard on the assets and liabilities of the opening balance sheet at 1 January 2018 was EUR 5.3 million, mostly from premises and leased vehicles. Due to the adjustments, other liabilities and other operating expenses for the period decreased by EUR 2.4 million.

In accordance with IFRS 15 Revenue from Contracts with Customers, commission income is recognised on a time basis over the term of the contract. The resulting adjustment of EUR 1.1 million in accruals on commission income was recognised as a liability at the date of transition, 1 January 2018. During the financial year, the liability increased to EUR 1.7 million due to adjustments.

g) Retained earnings

The adoption of IFRS standards in the Group had the following effects on retained earnings:

(EUR ’000)	1 Jan 2018	31 Dec 2018
Retained earnings under FAS	75,614	78,164
IFRS adjustments:		
Receivables from customers	-7,995	0
Intangible assets and goodwill	805	6,941
Tangible assets (right-to-use assets)	0	-7
Tax assets	106	466
Provisions	-367	-264
Tax liabilities	2,669	2,391
Other liabilities	-2,238	-1,737
Reserves	5,041	0
Retained earnings under IFRS	**73,635**	**85,954**

SHARE CAPITAL AND OWNERSHIP

At the date of this Base Prospectus, the Issuer's share capital is EUR 82,880,200.00 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 is 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	2,506,595	37.50	37.50
LocalTapiola Mutual Insurance Company	668,308	10.00	10.00
Helsinki Cooperative Society Elanto	501,170	7.50	7.50
LocalTapiola Mutual Life Insurance	233,684	3.50	3.50
Cooperative Society Hämeenmaa, Lahti	194,941	2.90	2.90
Pirkanmaa Cooperative Society, Tampere	180,003	2.70	2.70
Cooperative Society Keskimaa, Jyväskylä	166,559	2.50	2.50
Cooperative Society Arina, Oulu	166,559	2.50	2.50
Turku Cooperative Society, Turku	149,380	2.20	2.20
Cooperative Society PeeÄssä, Kuopio	144,899	2.20	2.20
Total	**4,912,098**	**73.50**	**73.50**

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.

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.

PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS REGULATION

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) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of the 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) 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 (EU) 2017/1129 (as amended including by the Delegated Regulation (EU) 2019/980); 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.

The provisions set out in the Prospectus Regulation and referred to in this section apply in respect of the UK until 31 December 2020 in accordance with the agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (2019/C 384 I/01) unless otherwise agreed between the EU and the UK.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

In the United Kingdom, this Base Prospectus may be distributed only to, and may be directed at:

(i) persons who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or

(ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within Article 49(1) of the Order (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this document or any of its contents.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, HONG KONG, SOUTH AFRICA, SINGAPORE 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.

CAUTIONARY 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.

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 utilized 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 utilized 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 identity and tax residence of that person can be appropriately established.

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 (29.11.1996/931, 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 an entity or by the amount of dividend or is not otherwise deemed to entitle to the share of annual profit or surplus of an entity.

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 https://www.s-pankki.fi/investors and upon request from the Issuer.

Document	**Referred information**
Half-Year Report 1 January – 30 June 2020	Unaudited consolidated half-year report for the six-months period ended on 30 June 2020
Annual Report 2019	Financial statements including audited consolidated and parent company's financial statements 1 January – 31 December 2019, pages 30 – 153
Auditor's Report 2019	Auditor's report 2019
Annual Report 2018	Financial statements including audited consolidated and parent company's financial statements 1 January – 31 December 2018, pages 28 – 133
Auditor's Report 2018	Auditor's report 2018
Annual Report 2017	Financial statements including audited consolidated and parent company's financial statements 1 January – 31 December 2017, pages 26 – 164
Auditor's Report 2017	Auditor's report 2017
Annual Report 2016	Financial statements including audited consolidated and parent company's financial statements 1 January – 31 December 2016, pages 20 – 125
Auditor's Report 2016	Auditor's report 2016
Annual Report 2015	Financial statements including audited consolidated and parent company's financial statements 1 January – 31 December 2015, pages 11 – 110
Auditor's Report 2015	Auditor's report 2015

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.

Bankruptcy Liquidity Loan	A contractual arrangement made by the bankruptcy administrator of the Issuer to secure liquidity or take out liquidity credit in accordance with Section 25 of the MCBA.
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, Public-Sector Loans, Substitute Collateral and Derivative Transactions entered into the Register as statutory security for the Covered Bonds under the MCBA.
Derivative Transactions	Derivative transactions concluded for hedging against risks related to the Covered Bonds and therefore constitute part of the assets in the Cover Asset Pool.
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.
MCBA	The Finnish Act on Mortgage Credit Bank Activity (*laki kiinnitysluottopankkitoiminnasta 688/2010,* as amended).
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 MCBA.
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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