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BASE PROSPECTUS



OP MORTGAGE BANK

(incorporated with limited liability in the Republic of Finland)

€10,000,000,000

Euro Medium Term Covered Note Programme

(under the Finnish Covered Bond Act (Laki kiinnitysluottopankkitoiminnasta 688/2010))

Under this €10,000,000,000 Euro Medium Term Covered Note Programme (the **Programme**), OP-Asuntoluottopankki Oyj (the English translation of which is OP Mortgage Bank) (the **Issuer**) may from time to time issue covered notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €10,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “Overview of the Programme” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors”.

Application has been made to the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange’s regulated market.

References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange’s regulated market and have been admitted to the Official List. The London Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “Terms and Conditions of the Notes”) of Notes will be set out in a final terms supplement (the **Final Terms**) which, with respect to Notes to be listed on the London Stock Exchange will be delivered to the UK Listing Authority and the London Stock Exchange.

Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the applicable Final Terms. Rated Notes issued under the Programme are expected on issue to be assigned a rating of Aaa by Moody’s Investors Service Limited (**Moody’s**) and a rating of AAA by Standard & Poor’s Credit Market Services Europe Ltd (**S&P**) and/or a corresponding rating by another Rating Agency. Moody’s is established in the European Union and registered under the Regulation (EC) No. 1060/2009 (the **CRA Regulation**). S&P is also established in the European Union and registered under the CRA Regulation. As such each of Moody’s and S&P is included in the list of credit agencies published by the European securities and Markets Authority (**ESMA**) on its website (at www.esma.europa.eu/page/list-registered-and-certified-CRAs) in accordance with the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating organisation.

Arranger

Deutsche Bank

Dealers

Barclays
DZ BANK AG

The Royal Bank of Scotland

Deutsche Bank
Pohjola Bank plc

The date of this Base Prospectus is 20 November 2014

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**).

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms (as defined herein) for each Tranche (as defined herein) of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus and the Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers 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. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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 or any of the Dealers.

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 any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do 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 their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see “*Subscription and Sale*”).

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, the Republic of Italy and Finland) and Japan, see “*Subscription and Sale*”.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

All references in this document to U.S. dollars, U.S.\$ and \$ refer to United States dollars and to euro and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended.

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 should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments

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

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made

and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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STRUCTURE OVERVIEW

Structure Overview

- **Programme:** Under the terms of the Programme, the Issuer will issue Notes to Noteholders on each Issue Date. The Notes will be direct, unconditional and unsubordinated obligations of the Issuer and, pursuant to the Finnish Covered Bond Act (*Laki kiinnitysluottopankkitoiminnasta* 688/2010, as amended) (the **CBA**), rank *pari passu* among themselves and with all other Series of Notes issued by the Issuer under the Programme and with Derivatives Transactions (as defined below) and Bankruptcy Liquidity Loans (as defined below).
- **Note Proceeds:** The net proceeds from each issue of Notes will be applied by the Issuer towards funding its lending activities in accordance with the CBA, and the Issuer's general business principles as outlined in the "Description of the Issuer" section of this Prospectus.
- **Cash Flows:** The Issuer will apply the issue proceeds of Notes issued from time to time under the Programme in the manner set out under "Note Proceeds" above. The Issuer will service its payment obligations under the Notes by applying monies received by or on behalf of the Issuer from time to time in respect of the Mortgage Loans, Public-Sector Loans, Intermediary Loans, cash, Supplementary Collateral and other assets of the Issuer (including amounts received by the Issuer from time to time under any interest rate swaps entered into by the Issuer).
- **Statutory Security:** The Notes will be covered in accordance with the CBA and will therefore benefit from and rank *pari passu* among themselves and with Derivative Transactions and Banking Liquidity Loans and with any N-Bonds issued with respect to statutory security over a certain portion of the assets of the Issuer conferred by the CBA (the **Cover Asset Pool**) (see "Covered Bond Act" section of this Prospectus). Under Section 25 of the CBA, this priority is limited to 70 per cent. in respect of Housing Loans and 60 per cent. in respect of Commercial Loans of the current value of the properties or the shares in the property owning companies which stand as collateral for such loans. To the extent that claims of Noteholders in relation to Notes 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.

Up to 20 per cent. of the aggregate amount of all assets constituting the statutory security for the Notes conferred by the CBA may temporarily consist of Supplementary Collateral, provided that receivables from credit institutions shall not exceed 15 per cent. (or such larger amount as may be approved by the Finnish Financial Supervisory Authority (*Finanssivalvonta*) (the **FIN-FSA**) on the application of the Issuer for a specific reason and a specified period of time) of the total amount of collateral. Supplementary 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 (*Suomen Pankki*) 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. Supplementary 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 Notes; or (ii) the total amount of collateral does not fulfil the provisions provided for in Sections 16 and 17 of the CBA (see "Matching Cover and Overcollateralisation" below).

- **Matching Cover and Overcollateralisation:** The CBA seeks to protect Noteholders by requiring the outstanding principal amount and net present value of the Notes to be covered at all times by a matching Cover Asset Pool. This is achieved by Section 16 of the CBA which provides that (a) the total value of the Cover Asset Pool must always exceed the aggregate outstanding principal amount of the Notes and (b) the net present value of the Cover Asset Pool must always be at least 2 per cent above the net present value of the liabilities under the Notes. See the "Covered Bond Act- Quality of cover pool assets" section in this Prospectus.

- *Derivative Transactions:* The Issuer may from time to time enter into one or more derivative transactions in order to hedge against risks relating to the Notes, Intermediary Loans, Mortgage Loans, Public-Sector Loans or other Eligible Assets placed as collateral for the Notes (each a **Derivative Transaction**). These Derivative Transactions shall be entered into the register of Notes and their collateral, which the Issuer is required to maintain pursuant to Chapter 5 of the CBA (the **Register**). The Issuer may also enter into one or more derivative transactions to hedge against risks relating to other assets of the Issuer, but such derivative transactions will not be entered into the Register. Derivative Transactions rank *pari passu* with the Notes and with Bankruptcy Liquidity Loans (as defined below) with respect to the statutory security over the Cover Asset Pool conferred by the CBA (as described in “Statutory Security” above).
- *Bankruptcy Liquidity Loans:* A bankruptcy trustee of the Issuer may, upon the demand or with the consent of an attorney appointed by the FIN-FSA upon the insolvency of the Issuer, conclude contractual arrangements to secure liquidity or take out liquidity credit (each a **Bankruptcy Liquidity Loan**) in accordance with Section 26 of the CBA. These circumstances are described in greater detail in the “Covered Bond Act- Management of cover pool assets during insolvency of the issuer” section of this Prospectus. Bankruptcy Liquidity Loans rank *pari passu* with the Notes and the Derivative Transactions with respect to the statutory security over the Cover Asset Pool conferred by the CBA (as described in “Statutory Security” above).
- *Old Covered Note Programme:* Prior to the introduction of the CBA and the establishment of this Programme, the Issuer established a €10,000,000,000 euro medium term covered note programme (the **Old Programme**) pursuant to the old statutory regime for covered notes in Finland, the Finnish Act on Mortgage Credit Banks (*Kiinnitysluottopankkilaki 1240/1999*, as amended) (the **MBA**). The Issuer has outstanding covered notes under the Old Programme, which along with the cover pool assets underpinning and the derivatives transactions supporting such assets have been registered in a separate sub-register of the Register as the collateral for and under the Old Programme (such sub-register being the **Old Register**). The MBA was repealed pursuant to the introduction of the CBA and as a result, there will be no further issuance under the Old Programme. Through the savings provisions in the CBA, certain aspects of the MBA will continue to apply to the outstanding issuances under the Old Programme and the covered notes, mortgage loans and derivative transactions entered into the Old Register. Holders of Notes under this Programme will not have prioritised recourse to the cover pool assets entered into the Old Register – such assets will be reserved for holders of covered notes under the Old Programme. Similarly, the holders of covered notes under the Old Programme will not have prioritised recourse to the Cover Asset Pool entered into the Register in respect of this Programme.

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, the applicable Final Terms.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this summary.

Issuer:	OP Mortgage Bank
Description:	Euro Medium Term Covered Note Programme
Arranger:	Deutsche Bank AG, London Branch
Dealers:	Barclays Bank PLC, Deutsche Bank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Pohjola Bank plc and The Royal Bank of Scotland plc and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “Subscription and Sale”) including the following restrictions applicable at the date of this Base Prospectus. Notes having a maturity of less than one year Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “Subscription and Sale”.
Issuing and Principal Paying Agent:	Deutsche Bank AG, London Branch
Programme Size:	Up to €10,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 3.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time

	to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. See also “ <i>Extended Maturity Date</i> ” below.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form as described in “ <i>Form of the Notes</i> ”.
Interest:	<p>Unless otherwise specified in the applicable Final Terms:</p> <p>(a) the Notes will bear interest from and including the Interest Commencement Date to but excluding the Maturity Date; and</p> <p>(b) if the maturity of the outstanding principal amount of a Series of Notes is extended in accordance with Condition 6.2, each such Note will bear interest on its outstanding principal amount from and including the Maturity Date to but excluding the earlier of the Monthly Extended Maturity Date on which such Note is redeemed in full and the Final Extended Maturity Date (each as defined in Condition 6.2) and such interest will be payable monthly in arrear on each Extended Interest Payment Date (as defined in Condition 4.3) up to and including the Note Maturity Date at the rate specified in the applicable Final Terms.</p> <p>For the purposes of the Programme, Notes will be:</p> <p>(a) in respect of the period from the Issue Date to (and including) the Maturity Date, Fixed Rate Notes and Floating Rate Notes, and</p> <p>(b) in respect of the period from (but excluding) the Maturity Date to (and including) the Monthly Extended Maturity Date on which such Note is redeemed in full or the Final Extended Maturity Date, as the case may be, Fixed Rate Notes or Floating Rate Notes,</p> <p>as set out in the applicable Final Terms or prospectus (as appropriate).</p>
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <p>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</p>

(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Other provisions in relation to Floating Rate Notes:

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.

See also "*Extended Maturity Date*" below.

Extended Maturity Date:

If the Issuer fails to redeem a Series of Notes in full on the Maturity Date, the maturity of the outstanding principal amount of such Notes on the Maturity Date will be automatically extended to the earlier of the Monthly Extended Maturity Date on which such Note is redeemed in full and the Final Extended Maturity Date in accordance with Condition 6.2. Such Notes will not thereafter represent a new series of security.

In the event of such extension, the Issuer may redeem the outstanding principal amount of such Notes at their Final Redemption Amount on any Extended Interest Payment Date up to and including the Final Extended Maturity Date.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions – Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the time of issue of such Notes).

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by

any Tax Jurisdiction unless such withholding or deduction is required by law. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge:

The terms of the Notes will not contain a negative pledge provision.

Status of the Notes:

The Notes will be issued as covered notes (*katetut joukkolainat*) and will constitute direct, unconditional and unsubordinated obligations of the Issuer. The Notes will be covered in accordance with the CBA and will rank *pari passu* among themselves, with Derivative Transactions and Bankruptcy Liquidity Loans and with any N-Bonds issued with respect to the statutory security over the Cover Asset Pool in accordance with the CBA. Under Section 25 of the CBA, this priority is limited to 70 per cent. in respect of Housing Loans and 60 per cent. in respect of Commercial Loans of the current value of the properties or the shares in the property owning companies which stand as collateral for such loans. To the extent that claims of the Noteholders in relation to the Notes are not met out of the assets of the Issuer that are covered in accordance with the CBA, the residual claims of the Noteholders will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer.

The statutory security conferred on holders of the Notes by the CBA extends to Mortgage Loans and Public-Sector Loans owned by the Issuer and certain other types of assets which qualify for this purpose under the CBA and are included in the Cover Asset Pool. No security will be taken over assets of the Issuer which do not qualify for this purpose or which are not included in the Cover Asset Pool, nor will any security be taken over the Issuer's rights under any agreements entered into by the Issuer in relation to the Programme or Notes issued thereunder.

Rating:

Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the applicable Final Terms. Rated Notes issued under the Programme are expected on issue to be assigned a rating of Aaa by Moody's and a rating of AAA from S&P and/or a corresponding rating by another Rating Agency. Moody's is established in the European Union and registered under the CRA Regulation. S&P is also established in the European Union and registered under the CRA Regulation. As such, each of Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating organisation.

Listing and admission to trading:

Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market references to listing shall be construed accordingly.

Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, English law, except for the provisions relating to coverage of the Notes pursuant to the CBA, which will be governed by, and construed in accordance with, Finnish law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom, the Republic of Italy and Finland) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “ <i>Subscription and Sale</i> ”.
United States Selling Restrictions:	Regulation S, Category 2, TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

The Issuer is part of OP-Pohjola Group and serves as the mortgage credit bank of OP-Pohjola Group. Where certain factors are described below with references to OP-Pohjola Group such factors are also relevant to the Issuer as part of OP-Pohjola Group.

Business Conditions And General Economy

The profitability of the Issuer's operations is affected by several factors, the most important being the general economic conditions in Finland or globally, volatility and level of interest rates, asset prices and exchange rates, and the Issuer's competitive situation. Factors such as the development of public finances and general prices, income and employment levels may affect the volume and performance of the Issuer's business as well as its financial condition. An economic downturn in Finland or globally could adversely affect the Issuer's business, results of operations and financial condition.

A downward trend in the general economy would be likely to lead to growing credit losses as the Issuer's debtors may be unable to meet their payment obligations. The general consumer confidence and consumer spending would also be influenced by the downward trend. As a result, there would be a decline in the demand for loans and other financial services. An economic downturn could therefore adversely affect the Issuer's income level.

For nearly seven years, the global economy and the global financial system experienced a period of significant turbulence and uncertainty. The very severe dislocation of the financial markets around the world that began in August 2007 and significantly worsened in 2008, has triggered widespread problems at many commercial banks, investment banks, insurance companies, building societies and other financial and related institutions throughout Europe and around the world. The dislocation severely impacted general levels of liquidity, the availability of credit and the terms on which credit is available. This crisis in the financial markets led central banks to take extra-ordinary measures to inject liquidity into the financial system. Governments had to take other forms of action relating to financial institutions aimed at both supporting the sector and providing confidence to the market.

These market dislocations were also accompanied by recessionary conditions and trends in Finland and many economies around the world. The widespread deterioration in economies throughout Europe and around the world adversely affected, among other things, consumer confidence, levels of unemployment, the state of the housing market, the commercial real estate sector, bond markets, equity markets, counterparty risk, inflation, the availability and cost of credit, transaction volumes, the liquidity of the global financial markets and market interest rates.

Although market conditions have generally improved, recent developments, particularly in the eurozone, have demonstrated that there continues to be significant uncertainty. From April 2010 to date, financial markets have been periodically negatively impacted by ongoing fears surrounding the large sovereign debts and/or fiscal deficits of several countries in Europe (primarily Greece, Ireland, Italy, Portugal and Spain (**GIIPS**)) and the possibility of one or more defaults on sovereign debt. In 2011 and 2012, concerns relating to Greece, Italy

and Spain have been particularly high, and the sovereign debt crisis across Europe continues to impact the market.

The sovereign debt crisis in Europe has been adversely affecting the ability of countries throughout the eurozone to raise funding and the cost thereof, and the uncertainty of how this may be resolved, has had an impact in the cost of funding.

There is a risk of contagion to other more stable countries throughout and beyond the eurozone. A significant number of financial institutions throughout Europe have substantial exposures to sovereign debt issued by nations which are under financial pressure. Should any of these nations default on their debt, or experience a significant widening of credit spreads, major financial institutions and banking systems throughout Europe could be destabilised, resulting in the further spread of the economic crisis.

The exact nature of the risks that the Issuer (as part of OP-Pohjola Group) faces and how and the extent to which they ultimately will impact OP-Pohjola Group is difficult to predict and guard against in light of (i) the inter-related nature of the risks involved, (ii) difficulties in predicting whether recoveries will be sustained and at what rate, and (iii) the fact that the risks are totally or partially outside of the Issuer's, and generally OP-Pohjola Group's, control. It is difficult to predict how long these conditions will exist and whether the Issuer's business, results of operations and financial condition will be adversely affected. These conditions may lead to growing credit losses as the Issuer's customers may be unable to meet their payment obligations.

Factors such as the liquidity of the global financial markets, the level and volatility of equity prices and interest rates, inflation, and availability and cost of funding could materially affect the activity level of the Issuer. Significantly higher interest rates could adversely affect the values of balance sheet and off-balance sheet assets of the Issuer by increasing the risk that a greater number of its debtors would be unable to meet their obligations.

Credit Risk

As the Issuer's financial performance is affected by the credit quality of debtors and counterparties in Derivative Transactions, credit risk arises from the credit quality of the abovementioned parties. The recoverability of the loans granted by the Issuer is an inherent part of the Issuer's business and therefore the control of credit risk is significant within the business of the Issuer as well as in OP-Pohjola Group.

The credit risk management system of the Issuer is steered, examined, audited and evaluated as a part of credit risk management of OP-Pohjola Group. The credit risk management system, with its rules and regulations, applies both to the Issuer and to the Originators which grant the Mortgage Loans within the rules and regulations of OP-Pohjola Group.

European Resolution Regime

On 6 May 2014, the EU Council adopted the European Union directive establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"). The BRRD was published in the Official Journal of the European Union on 12 June 2014 and came into force on 2 July 2014. The stated aim of the BRRD is to provide supervisory authorities, including the relevant resolution authority, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers proposed to be granted to supervisory authorities under the BRRD include the introduction of a statutory "write-down and conversion power" and a "bail-in" power, which will give the relevant resolution authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities of a failing financial institution and/or to convert certain debt claims into another security, including equity instruments of the surviving OP-Pohjola Group entity, if any. Relevant claims for the purposes of the bail-in tool would include the claims of the holders in respect of any Notes only if and to the extent that the amounts payable in respect of the Notes exceeded the value of the cover pool collateral against which payment of those amounts is secured.

As well as a "write-down and conversion power" and a "bail-in" power, the powers to be granted to the relevant resolution authority under the BRRD include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a "bridge bank" (a publicly controlled entity) and

(iii) transfer the impaired or problem assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time. In addition, among the broader powers proposed to be granted to the relevant resolution authority under the BRRD, the BRRD will provide powers to the relevant resolution authority to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments.

The BRRD is to be implemented in member states by 1 January 2015, except for the "bail-in" power which must be implemented by 1 January 2016.

The Finnish government's bill on the implementation of the BRRD in Finland (175/2014) was published on 25 September 2014. The government proposes new legislation in order to implement the BRRD. The Finnish act on resolution and recovery of credit institutions and investment firms and the act on the Finnish resolution authority are intended to take effect on 1 January 2015. New Finnish acts need to be considered and approved by the Finnish parliament. At the date of this Base Prospectus, the parliamentary review of the government's bill has not been finished and the Finnish parliament has not decided on the contents of the above-mentioned acts.

Once the BRRD is implemented, Noteholders may be subject to write-down or conversion into equity on any application of the "bail-in" power (subject to the limitation outlined above), which may result in such holders losing some or all of their investment. Until finally implemented, it is not possible to assess the full impact of the BRRD on the OP-Pohjola Group and on holders of the Notes, and there can be no assurance that, once it is implemented, the manner in which it is implemented or the taking of any actions by the relevant resolution authority currently contemplated in the BRRD would not adversely affect the rights of holders of the Notes, the price or value of an investment in the Notes and/or the Issuer's ability to satisfy its obligations under the Notes.

Financial Risk

The Issuer's funding is influenced by various factors, such as the liquidity of global financial markets, interest rates, investor sentiment, inflation and the availability and cost of credit, which all are closely related to the general economic conditions. Any negative development affecting any of these factors could therefore have an adverse effect on the Issuer's business, results or operations and financial condition.

Interest Rate Risk

Interest rate risks arise when interest rate fixing periods or interest rate bases for assets and liabilities are mismatched. The Issuer aims to protect itself from interest rate risk by entering into customised interest rate Derivative Transactions, efficiently reducing the Issuer's exposure to interest rate risk. However, despite the Issuer's hedging activities, risk associated with fluctuations in interest rates are not expected to be zero.

Liquidity Risk And Availability Of Funding

Liquidity risk means the risk of the Issuer being unable to meet its payment obligations and to refinance its loans when they fall due, and to meet its obligations as a debtor. The risk could materialise, for example, because of a decline in the liquidity of markets or downgrading of the Issuer's credit rating or the Issuer being unable to maintain adequate liquidity. A decline in the Issuer's liquidity or a substantial downgrading of the Issuer's credit rating may adversely affect the availability and price of the Issuer's funding and, as a consequence, weaken the Issuer's results of operations and financial condition.

The Secondary Markets Generally

In addition, potential investors in the Notes should be aware of the prevailing global credit market conditions, whereby there are periods of lack of liquidity in the secondary markets for instruments similar to the Notes. As a result of the liquidity constraints, there exist additional risks to the Issuer and the investors which may affect the returns on the Notes to investors.

The wholesale funding markets (including the international debt capital markets) have experienced disruptions from time to time which have continued to a varying degree. Such disruptions have increased the funding cost and reduced the availability of the wholesale market funding across the financial services sector. The business of the Issuer and its respective ability to access sources of liquidity has been constrained as a result. If the wholesale funding markets deteriorate, it may have a material adverse effect on the liquidity and

funding of all Finnish financial services institutions including OP Mortgage Bank. There can be no assurance that the wholesale funding markets will not further deteriorate.

Risks Relating To Operational Activities

The Issuer's business operations require the ability to process a large number of transactions efficiently and accurately. Operational risks and related losses may result from inadequate internal processes, fraud, errors by employees, failure to properly document transactions, failure to comply with regulatory requirements and conduct of business rules, equipment failures or malfunctions of the Issuer's own systems or the systems of the Issuer's suppliers or cooperation partners or other external systems. Furthermore, operational risks may materialise in terms of loss or deterioration of reputation or trust. Although the Issuer (as part of OP-Pohjola Group) has implemented the risk controls and loss mitigation actions of OP-Pohjola Group, and substantial resources are devoted to developing efficient procedures and to staff training, it is not absolutely certain that such procedures will be effective in controlling each of the operational risks faced by the Issuer. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Group will be unable to comply with its obligations as a Company with securities admitted to the Official List.

External Risks

External risks relate, *inter alia*, to regulatory issues, to unsteady political conditions and to environmental disasters.

The Issuer's business is subject to regulation and regulatory surveillance. Despite the Issuer's current compliance with Finnish regulation as well as the compliance with OP-Pohjola Group's risk management rules and regulations which are also applicable to the Issuer as part of OP-Pohjola Group, it is always possible that the Issuer may fail to comply with current legislation and best practice or may in some other way fail to meet its obligations, although the Issuer seeks to minimise this risk through its internal controls.

The Issuer is exposed to environmental risks such as, *inter alia*, natural catastrophes and disasters. Any such incident could adversely affect the value of collateral and/or the debtors' ability to fulfil their obligations.

Though Finland currently has extremely steady political conditions, it is always possible (though the Issuer sees it as unlikely) that the political conditions could suddenly change, which might have a weakening impact on the legislation concerning the Issuer and in that way affect the Issuer's ability to fulfil its obligations.

Risk Relating To Joint Liability Of The Member Credit Institutions

Under the Finnish Act on Amalgamations of Deposit Banks (*Laki talletuspankkien yhteenliittymästä* 599/2010, as amended) (**the Amalgamations Act**), OP-Pohjola Group Central Cooperative (the **Central Cooperative**), and Pohjola Bank plc, Helsinki OP Bank Plc, OP-Card Company Plc, OP Process Services Ltd, the Issuer and the Member Cooperative Banks (together the **Member Credit Institutions**) are jointly responsible for their liabilities.

The Central Cooperative must pay to each Member Credit Institution such amount as is necessary in order to prevent such Member Credit Institution's liquidation. The Central Cooperative is responsible for the payment of any debts of a Member Credit Institution that cannot be paid using such Member Credit Institution's own funds.

A Member Credit Institution must pay to the Central Cooperative a proportionate share of the amount which the Central Cooperative has paid either to another Member Credit Institution as part of the support action described above, or to a creditor of such Member Credit Institution as payment of a due debt for which the creditor has not received payment from his debtor.

Each Member Credit Institution's liability for the amount which the Central Cooperative has paid on behalf of one Member Credit Institution to its creditors is divided between the Member Credit Institutions in proportion to their last confirmed balance sheet totals. Furthermore, pursuant to the articles of association of the Central Cooperative upon the liquidation of the Central Cooperative, a Member Credit Institution has unlimited liability to pay the debts of the Central Cooperative as set out in Chapter 14 of the Finnish Act on Cooperatives (*Osuuskuntalaki* 421/2013, as amended).

However, the Notes issued under the Programme (along with Derivative Transactions and Bankruptcy Liquidity Loans) have a statutory priority over a certain portion of the assets of the Issuer which have been

entered into the Register as collateral for the Notes. Under Section 25 of the CBA, this priority is limited to 70 per cent. in respect of Mortgage Loans and 60 per cent. in respect of Commercial Loans of the current value of the Property which stands as collateral for such Mortgage Loans. In the case of the liquidation of any Member Credit Institution other than the Issuer, the assets of the Issuer entered on the Register will not be available to cover such other Member Credit Institution's obligations until the Issuer's obligations under the Notes have been satisfied in accordance with the percentages described above.

Capital Adequacy

The Issuer's banking licence is dependent upon the fulfilment of capital adequacy requirements in accordance with the applicable regulations. The Issuer's capital structure and capital adequacy ratio may have an effect on the Issuer's future credit ratings and the availability and costs of funding operations. Moreover, the absence of a sufficiently strong capital base may constrain the Issuer's growth and strategic options. Significant unforeseen losses may create a situation under which the Issuer is unable to maintain its desired capital structure.

The regulation of the financing and the investment service industry has been subject to major changes in Finland, in the European Union and internationally. As a result of the financial crisis, the regulatory framework for banks' capital and liquidity requirements is becoming significantly more rigorous in an effort to improve the quality of their capital base, to reduce the cyclical nature of capital requirements and to set quantitative limits on liquidity risk. These changes are implemented between 2014 and 2019. It is not possible to predict precisely what their effects will be on markets and the banking business. In any event, these regulatory changes will considerably increase minimum capital requirements and the need for long-term funding. As a consequence of the changes, costs of banks' equity capital and liabilities are expected to rise.

The Issuer is seen as a funding vehicle of OP-Pohjola Group, and it will be sufficiently capitalised by the Central Cooperative to meet capital adequacy requirements. Due to the joint and several liability of the Member Credit Institutions, OP-Pohjola Group's own funds may also be seen as a capital buffer for the Issuer.

Tax Risks

Tax risk refers to the risk associated with changes in, or errors in the interpretation of, taxation rates or law. This could result in increased charges or financial loss to the Issuer. Although the Issuer devotes considerable resources to managing tax risk, a failure to manage this risk effectively could adversely affect the Issuer's business, results of operations and financial condition.

Implementation of and/or Changes to the Basel II Framework May Affect the Capital and/or the Liquidity Requirements Associated with a Holding of the Notes for Certain Investors

In 1988, the Basel Committee on Banking Supervision (the **Basel Committee**) adopted capital guidelines that explicitly link the relationship between a bank's capital and its credit risks. In June 2006 the Basel Committee finalised and published new risk-adjusted capital guidelines (**Basel II**). Basel II includes the application of risk-weighting which depends upon, amongst other factors, the external or, in some circumstances and subject to approval of supervisory authorities, internal credit rating of the counterparty. The revised requirements also include allocation of risk capital in relation to operational risk and supervisory review of the process of evaluating risk measurement and capital ratios.

The implementation of the Basel II framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework. The Basel II framework is implemented in the European Union by the Capital Requirements Directive.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as "**Basel III**") including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and a minimum leverage ratio for financial institutions. In particular, the changes include new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). Member countries were required to implement the new capital standards during 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The key Basel reforms will be

implemented through amendments to the Capital Requirements Directive and the Capital Requirements Regulation (known together as “**CRD IV**”). The CRD IV legislation came into force from 1 January 2014, with particular elements being phased in over a period of time, to be fully effective by 2024. The CRD IV Regulation entered into force in Finland on 1 January 2014. The CRD IV Directive was implemented in Finland through a new Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta, 610/2014*), which came into force on 15 August 2014. The European Banking Authority has published a number of consultation papers and final standards regarding various regulatory and implementing technical standards, also the European Commission will adopt delegated acts in the field of capital and liquidity. The changes to standards or delegated acts may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework.

The Basel Committee has released a number of updates and consultations to capital, liquidity and leverage ratio requirements as well as disclosure relating to these requirements.

The changes approved by the Basel Committee and the proposals of the European Commission may have an impact on the capital and/or liquidity requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes. In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel framework and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Risk relating to the Structural Arrangements

The intention of the Central Cooperative is for Pohjola Insurance Ltd and Pohjola Asset Management Ltd, which are owned by Pohjola Bank plc, to be transferred through various structural arrangements to the Central Cooperative as fully-owned direct subsidiaries, as well as for the businesses of Pohjola Bank plc and Helsinki OP Bank Plc to be combined. The arrangements are expected to generate approximately EUR 50 million per annum in synergy benefits for OP-Pohjola Group, of which approximately EUR 20 million is estimated to come from cost synergies and EUR 30 million from revenue synergies. The majority of the synergies are expected to be generated at the OP-Pohjola Group Central Consolidated level. The synergies will be fully implemented over approximately five years. However, there is no assurance that the arrangements mentioned above will succeed and cost and revenue synergies may not be generated as expected, which could have a materially adverse effect on OP-Pohjola Group's business, results of operations and financial condition.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks Related To The Structure Of A Particular Issue Of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes Subject To Optional Redemption By The Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those 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.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the 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 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.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as EURIBOR or LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Note Issued At A Substantial Discount Or Premium

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

Risks related to Notes generally

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

In Certain Circumstances A Portion Of Payments Made On Or With Respect To The Notes May Be Subject To U.S. Withholding under the FATCA provisions of the U.S. tax code

Whilst the Notes are in global form and held within Euroclear or Clearstream, Luxembourg (together, the “ICSDs”), in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding tax imposed by Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) will affect the amount of any payment received by the ICSDs (see “*Taxation – U.S. Foreign Account Tax Compliance Withholding*”). However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than Euroclear or Clearstream, Luxembourg) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation implementing intergovernmental agreements relating to FATCA, if applicable), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

Extended Maturity Of The Notes

If the Issuer notifies the Agent in accordance with the Conditions that it will not redeem a Series of Notes in full on the Maturity Date at their Final Redemption Amount, the maturity of the outstanding principal amount of such Notes on the Maturity Date will be automatically extended to the earlier of the Monthly Extended Maturity Date on which such Note is redeemed in full and the Final Extended Maturity Date in accordance with

Condition 6.2. In the event of such extension, the Issuer may redeem the outstanding principal amount of such Notes at their Final Redemption Amount on any Extended Interest Payment Date up to and including the Final Extended Maturity Date. The extension of the maturity of the outstanding principal amount of the Notes to a date falling after the Maturity Date will not result in any right of the Noteholders to accelerate payments on such Notes and no payment will be payable to the Noteholders in that event other than as set out in the Conditions.

Sharing Of The Cover Asset Pool

Under the CBA, Noteholders (along with counterparties to Derivative Transactions and providers of Bankruptcy Liquidity Loans) are given a statutory priority in the liquidation or bankruptcy of the Issuer in relation to a certain portion of the assets entered into the Register as collateral in respect of the Notes. Under Section 25 of the CBA, this priority is limited to 70 per cent. in respect of Housing Loans and 60 per cent. in respect of Commercial Loans of the current value of the Property which stands as collateral for such Mortgage Loans. Accordingly, notwithstanding that the Issuer has entered into liquidation or bankruptcy proceedings, Noteholders (along with counterparties to Derivative Transactions, providers of Bankruptcy Liquidity Loans and holders of N-Bonds) have the right to receive payment before all other claims against the Issuer out of the proceeds of the prioritised portion of the Cover Asset Pool. To the extent that claims of the Noteholders in respect of the Notes 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 (including assets entered into the Old Register) other than those entered into the Register as collateral in respect of the Notes. Given the *pari passu* ranking of the Notes, Derivative Transactions, Bankruptcy Liquidity Loans and N-Bonds under the CBA, 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 Derivative Transactions and the providers of Bankruptcy Liquidity Loans.

The funds accruing from the prioritised portion of assets entered in the Cover Asset Pool of the Notes after the commencement of liquidation or bankruptcy proceedings are, under the CBA, entered into the Register as collateral until the Noteholders, counterparties to Derivative Transactions, providers of Bankruptcy Liquidity Loans and holders of any N-Bonds issued are repaid in accordance with the terms and conditions of the Notes, Derivative Transactions and Bankruptcy Liquidity Loans, as applicable. Such provision of the CBA 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 Notes or assets entered into the Register as collateral in respect of the Notes.

Default of Issuer's Assets

Default of the Issuer's assets (in particular assets in the Cover Asset Pool) could jeopardise the Issuer's ability to make payments on the Notes in full or on a timely basis.

Liquidity risk post Issuer's bankruptcy

It is believed that neither an insolvent issuer nor its bankruptcy estate would have the ability to issue covered notes. Under the CBA, the bankruptcy administrator (upon the demand or with 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 Notes. Further, the bankruptcy administrator (upon the demand or with the consent of a supervisor appointed by the FIN-FSA) may take out liquidity loans and enter into other agreements to secure liquidity. Counterparties in such liquidity credit transactions will rank *pari passu* to holders of Notes and existing derivative counterparties with respect to assets in 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 Notes and existing derivative counterparties.

Ability of Supervisor to declare Notes due and payable

If the Issuer is placed in liquidation or declared bankrupt, and the requirements for the total amount of collateral of the Notes in sections 16 and 17 of the CBA cannot be fulfilled, a supervisor appointed by the FIN-FSA may demand that the Issuer's bankruptcy administrator declare the Notes due and payable and sell the assets placed as collateral for the Notes. Holders of Notes should be aware therefore that their Notes may be declared forthwith due and payable prior to their Maturity Date.

Collection Of Mortgage Loans And Default By Borrowers

The Mortgage Loans which secure the Notes will comprise loans secured on Property. A borrower may default on its obligation under such Mortgage Loan. Defaults may occur for a variety of reasons. Defaults under Mortgage Loans are subject to credit, liquidity and interest rate risks and rental yield reduction (in the case of investment Properties). 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, 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.

Value Of Security Over Property

The security for a Mortgage Loan included in the Cover Asset Pool consists of, amongst other things, the Issuer's interest in security over a Property. The value of such security and, accordingly, the level of recoveries on an enforcement of such security, may be affected by, among other things, a decline in the value of Property and priority of such security. No assurance can be given that the values of relevant Properties will not decline or have not declined since the Mortgage Loan was originated. Where the Issuer enforces security over a Property, realisation of that security is likely to involve obtaining of a court decision confirming the payment obligation of the borrower and approving the sale of that Property through public auction. The ability of the Issuer to dispose of a Property without the consent of the borrower will depend on (i) the above decision by a court and the public auction (in the case of a mortgageable property but not in the case of shares in a housing or real estate company), (ii) the relevant housing market or commercial property market conditions at the relevant time and (iii) the availability of buyers for the relevant Property.

Concentration Of Location Of Properties

According to the Origination Criteria for the Mortgage Loans, all Mortgage Loans contained in the Cover Asset Pool will be secured on Property located or incorporated in Finland. The value of the Cover Asset Pool may decline sharply and rapidly in the event of a general downturn in the value of Property in Finland.

No Due Diligence

The Dealers have not undertaken and will not undertake any investigations, searches or other actions in respect of any Mortgage Loans, Public-Sector Loans or Supplementary Collateral contained or to be contained in the Cover Asset Pool but will instead rely on representations and warranties provided by the Issuer in the Programme Agreement .

No Events Of Default

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

Loan Acquisition, Intermediary Loans And Limited Recourse To The Originators

The members of OP-Pohjola Group who originated the Mortgage Loans, and from whom the Issuer has either purchased such Mortgage Loans, or who have provided such Mortgage Loans as security in relation to Intermediary Loans (the **Originators**) have warranted to the Issuer in the Transfer Agreements and/or Intermediary Loan Agreements made between the Issuer and the relevant Originators (as the case may be), *inter alia*, that each Mortgage Loan and its related security and the nature and circumstances of borrower satisfies the requirements of the CBA and the regulations made thereunder prior to the entering of the Mortgage Loans into the Register. None of the Issuer, the Arranger or the Dealers has made or caused to be made (or will make or cause to be made) on its behalf any enquiry, search or investigation in relation to compliance by the relevant Originator or any other person with the lending criteria or origination procedures

or the adequacy thereof or with any applicable laws or in relation to the execution, legality, validity, perfection, adequacy of enforceability of any Mortgage Loan or the related security. The Issuer will instead rely solely on the warranties given by the relevant Originator in the relevant Transfer Agreement or Intermediary Loan Agreement, as the case may be. The sole remedy of the Issuer against an Originator in respect of any breach of any warranty relating to the transfer of the Mortgage Loans and the related security (if the breach is not remedied) shall in respect of any Transfer Agreement be to require such Originator to re-acquire the relevant Mortgage Loan and its related security, provided that this shall not limit any other remedies available to the Issuer if the relevant Originator fails to re-acquire the Mortgage Loan and its related security when obliged to do so. In the case of a breach of warranty relating to a Mortgage Loan in an Intermediary Loan Agreement, the Issuer will be entitled to require the relevant Originator to replace such Mortgage Loan with another eligible Mortgage Loan.

Limited Description Of The Cover Asset Pool

Noteholders will not receive detailed statistics or information in relation to the Mortgage Loans and other Eligible Assets covering the Notes, as it is expected that the composition of the portfolio of such Mortgage Loans and other Eligible Assets may change from time to time due to, for example, the purchase of further Mortgage Loans (either directly or indirectly) from time to time and the repurchase by a Originator of Mortgage Loans pursuant to its obligations under the relevant Transfer Agreement.

Reliance On Swap Providers

The Issuer may from time to time enter into one or more Derivative Transactions in order to hedge against risks relating to the Notes or Mortgage Loans or other Eligible Assets placed as collateral for such Notes.

To provide a hedge against possible variances in the rates of interest receivable on the Mortgage Loans and other Eligible Assets from time to time held by the Issuer as collateral for the Notes (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 Notes, the Issuer may from time to time enter into one or more interest rate swap transactions, and to provide a hedge against possible variances in the currency in which payments will be made to the Issuer in respect of the Mortgage Loans and other assets from time to time held by the Issuer as collateral for the Notes and the currencies in which the Issuer will be required to make payments in respect of the Notes, the Issuer may from time to time enter into currency swap transactions .

If any swap counterparty defaults on its obligations to make payments in the relevant currency and/or at the relevant rate of interest under the relevant Derivative Transaction, the Issuer will be exposed to changes in the relevant rates of interest and/or the relevant currency exchange rates. Unless one or more replacement Derivative Transactions are entered into, the Issuer may not have sufficient funds to make payments under the Notes.

Meetings Of Noteholders And Modification

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

EU Savings Directive

EC Council Directive 2003/48/EC on the taxation of savings income (the “**EU Savings Directive**”) requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in that other Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has adopted Directive 2014/48/EU (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements of the EU Savings Directive described above. The Amending Directive will expand the range of payments covered by the EU Savings Directive, in

particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in a Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the EU Savings Directive) which indirectly benefit an individual resident in a Member State, may fall within the scope of the EU Savings Directive, as amended. The Amending Directive requires Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the EU Savings Directive or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuer is required to maintain a Paying Agent with a specified office in a Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive, which may mitigate an element of this risk if the Noteholder or Couponholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the EU Savings Directive, as amended.

Investors who are in any doubt as to their position should consult their professional advisers

Change Of Law

The conditions of the Notes are based on English law and Finnish law, in each case in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Finnish law or administrative practice after the date of this Base Prospectus.

Notes Where Denominations Involve Integral Multiples: Definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase such a principal amount of Notes that its holding amounts to a Specified Denomination.

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

Risks related to the market generally

Set out below is a brief description of the principal market risks:

The Secondary Market Generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Finnish Covered Bond Act Untested/Absence Of A Market For The Notes

The CBA came into effect on 1 August 2010. The initial issues of Notes under the Programme are among the first issues of covered notes in accordance with the CBA. Accordingly, there is likely to be only a limited existing secondary or other market for covered notes issued under the CBA, and there is limited existing liquidity in Finnish covered notes (including those issued by the Issuer under the Old Programme). No assurance can be given as to the continuation or effectiveness of any market-making activity. The protection afforded to the holders of the Notes by means of a preference on the Cover Asset Pool is based only on the CBA. Although the CBA regulates the operations of mortgage credit banks in detail, there is currently limited practical experience in relation to the operation of the CBA.

Exchange Rate Risks And Exchange Controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest Rate Risks

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

Credit Ratings May Not Reflect All Risks

One or more independent credit rating agencies may assign credit ratings to the Notes. There are no guarantees that such ratings will be assigned or maintained. Furthermore, the ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. Accordingly, 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.

In general, European regulated investors are restricted under Regulation (EC) No.1060/2009 (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit ratings agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings is set out in "Applicable Final Terms" below and will be disclosed in the Final Terms.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Financial Conduct Authority shall be incorporated in, and form part of, this Base Prospectus:

1. the auditors report and audited non-consolidated annual financial statements for the financial year ended 31 December 2013 of the Issuer including the information set out at the following pages in particular:

Balance Sheet	Page 11
Income Statement	Page 11
Cash Flow Statement.....	Page 12
Change Calculation on Shareholders' Equity	Page 13
Accounting Policies and Notes.....	Page 14 to 52
Auditors' Report	Page 54 to 55

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

2. the auditors report and audited non-consolidated annual financial statements for the financial year ended 31 December 2012 of the Issuer including the information set out at the following pages in particular:

Balance Sheet	Page 10
Income Statement	Page 10
Cash Flow Statement.....	Page 11
Change Calculation on Shareholders' Equity	Page 12
Accounting Policies and Notes.....	Page 13 to 51
Auditors' Report	Page 52 to 53

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

3. the interim non-consolidated financial statements for the nine months ended 30 September 2014 of the Issuer excluding the section entitled "Outlook" on page 2; including the information set out at the following pages in particular:

Income Statement	Page 5
Cash Flow Statement.....	Page 5
Balance Sheet	Page 6
Change Calculation on Shareholders' Equity	Page 6

Any other information not listed above but contained in such document is incorporated by reference for information purposes only;

4. the terms and conditions of the Notes as set out at pages 40 to 60 of the prospectus of the Issuer in relation to the Programme dated 12 November 2010.
5. the terms and conditions of the Notes as set out at pages 44 to 64 of the prospectus of the Issuer in relation to the Programme dated 7 November 2011.
6. the terms and conditions of the Notes as set out at pages 37 to 56 of the prospectus of the Issuer in relation to the Programme dated 8 November 2012.

7. the terms and conditions of the Notes as set out at pages 37 to 57 of the prospectus of the Issuer in relation to the Programme dated 12 November 2013.

Where only certain parts of a document are incorporated by reference in this Prospectus, the non-incorporated parts are either not relevant to the investor or are covered elsewhere in this Prospectus.

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

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg and will be available for viewing on the website of the Issuer at <https://www.pohjola.fi/pohjola/investor-relations/debt-investors/op-mortgage-bank/debt-programme-documentation?id=334240&srcpl=8&kielikoodi=en>.

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

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

SUPPLEMENTS AND NEW BASE PROSPECTUSES

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

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

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, (a) be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and (b) the relevant clearing systems will be notified whether or not such Global Notes are intended to be held in a manner which would allow euros system eligibility; and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for, Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the Exchange Date) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

In relation to any issue of Notes which are represented by a Temporary Global Note which is expressed to be exchangeable for definitive bearer Notes at the option of Noteholders, such Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and multiples thereof.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "Payment Day" as set out in Condition 5.5 (*Payment Day*).

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, Exchange Event means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 12 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the

Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

Where any Note is represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 12 November 2010 and executed by the Issuer.

APPLICABLE FINAL TERMS

Final terms dated [●] OP Mortgage Bank

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[(to be consolidated and form a single series with the [●][●] Notes due [●]
issued on [●] (the Original Notes))]

under the €10,000,000,000

Euro Medium Term Covered Note Programme

(under the Covered Bond Act (*Laki kiinnitysluottopankkitoiminnasta 688/2010*))

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] November 2014 which [, as supplemented by a supplement to the Base Prospectus dated [●] (the **Supplement**),] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Article 5.2 of the Prospectus Directive (Directive 2003/71/EC) (and amendments thereto, including Directive 2010/73/EU) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [, as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [, as so supplemented]. The Base Prospectus [is/and the Supplement are] available for viewing at and copies may be obtained during normal business hours from the registered office of the Issuer and the specified offices of the Paying Agents for the time being in London and Luxembourg. In addition, copies of the Base Prospectus [and the Supplement] will be available on the website of the Regulatory News Service operated by the London Stock Exchange plc (website www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html).

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) contained in the Agency Agreement dated [original date] and set forth in the Base Prospectus dated [original date] [and the supplement[s] to it dated [●]] [which are incorporated by reference in the Base Prospectus dated [current date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (and amendments thereto, including Directive 2010/73/EU) (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated [current date][, as supplemented by a supplement to the Base Prospectus dated [●] (the **Supplement**),] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms [,/and] the Base Prospectuses dated [●] and [●] [and the Supplement]. Copies of such Base Prospectuses [and the Supplement] are available for viewing at and copies may be obtained from the registered office of the Issuer and the specified offices of the Paying Agents for the time being in London and Luxembourg. In addition, copies of the Base Prospectuses [and the Supplement] will be available on the website of the Regulatory News Service operated by the London Stock Exchange plc (website www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html).]

- | | | |
|---|---------------------|------------------|
| 1 | Issuer: | OP Mortgage Bank |
| 2 | (a) Series Number: | [●] |
| | (b) Tranche Number: | [●] |

[The Notes issued under these Final Terms will be consolidated and form a single Series with the Original Notes, details of which are included in the Final Terms dated [●] under Series [●]. The Notes will become fungible with existing Series [●] forty (40) days after the Issue Date.]

- | | | |
|---|-----------------------------------|-----|
| 3 | Specified Currency or Currencies: | [●] |
|---|-----------------------------------|-----|

- 4 Aggregate Nominal Amount: [●]
 (a) Series: [●]
 (b) Tranche Number: [●]
- 5 Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
- 6 (a) Specified Denominations: [●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]]
 (b) Calculation Amount: [●]
- 7 Issue Date: [●]
- 8 Interest Commencement Date:
 (a) Period to (and including) Maturity Date [●]
 (b) Period from (but excluding) Maturity Date to (and including) Final Extended Maturity Date: [●]
- 9 Maturity Date: [●]
- 10 Final Extended Maturity Date: [●]
- 11 Interest Basis:
 (a) Period to (and including) Maturity Date: [[●]per cent. Fixed Rate] [[●] +/- [●]per cent. Floating Rate] (see paragraph [16] [17] below)
 (b) Period from (but excluding) Maturity Date to (and including) Final Extended Maturity Date: [[●]per cent. Fixed Rate] [[●] +/- [●]per cent. Floating Rate] (see paragraph [18] [19] below)
- 12 Redemption/Payment Basis: [Redemption at par]
- 13 Change of Interest Basis: [[●]/ [Not Applicable]]
- 14 Put/Call Options: [Not Applicable]
 [Investor Put]
 [Issuer Call]
 (see paragraph [20] [21] below)
- 15 Date [Board] approval for issuance of Notes obtained: [●]/[Not Applicable]

Provisions relating to Interest (if any) payable (to Maturity Date)

16 Fixed Rate Note Provisions

- Period to (and including) Maturity Date: [Applicable/Not Applicable]

- (i) Rate(s) of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [[●] in each year up to and including the Maturity Date]
- (iii) Fixed Coupon Amount(s): [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
- (vi) Determination Date(s): [●] in each year

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Floating Rate Note Provisions

- Period to (and including) Maturity Date: [Applicable/Not Applicable]
- (i) Specified Period(s)/Specified Interest Payment Dates: [●]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iii) Additional Business Centre(s): [●]/[Not Applicable]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [●]/[Not Applicable]
- (vi) Screen Rate Determination:
 - Reference Rate: [●] (or any successor or replacement rate)
 - Interest Determination Date(s): [●]
 - Relevant Screen Page: [●] (or any successor or replacement page)
- (vii) ISDA Determination:
 - Floating Rate Option: [●]
 - [●] Designated Maturity: [●]
 - Reset Date: [●]
- (viii) Linear Interpolation [Not Applicable]/[Applicable]
 - [●] Rate of Interest The rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation
 - Designated Maturity [●] Month]
- (ix) Margin(s): [+/-][●]per cent. per annum
- (x) Minimum Rate of Interest: [●]per cent. per annum/[Not Applicable]
- (xi) Maximum Rate of Interest: [●]per cent. per annum/[Not Applicable]
- (xii) Day Count Fraction: [Actual/Actual (ISDA); Actual/Actual Actual/365 (Fixed)]

Actual/365 (Sterling)
 Actual/360
 30/360; 360/360; Bond Basis
 30E/360; Eurobond Basis
 30E/360 (ISDA)
 Actual/Actual (ICMA)]

Provisions relating to Interest (if any) payable from Maturity Date up to Final Extended Maturity Date

18 Fixed Rate Note Provisions

- Period from (but excluding) Maturity Date to (and including) Final Extended Maturity Date: [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [[●] in each year up to and including the Maturity Date]
- (iii) Fixed Coupon Amount(s): [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
- (vi) Determination Date(s): [●] in each year

19 Floating Rate Note Provisions

- Period from (but excluding) Maturity Date to (and including) Final Extended Maturity Date: [Applicable/Not Applicable]
- (i) Specified Period(s)/Specified Interest Payment Dates: [●]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iii) Additional Business Centre(s): [●]/[Not Applicable]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [●]/[Not Applicable]
- (vi) Screen Rate Determination:
- Reference Rate: [●] (or any successor or replacement rate)
 - Interest Determination Date(s): [●]
 - Relevant Screen Page: [●] (or any successor or replacement rate)
- (vii) ISDA Determination:
- Floating Rate Option: [●]
 - [●] Designated Maturity: [●]

	• Reset Date:	[•]
(viii)	Linear Interpolation	[Not Applicable]/[Applicable]
	[• Rate of Interest	The rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation
	• Designated Maturity	[•] Month]
(ix)	Margin(s):	[+/-][•]per cent. per annum
(x)	Minimum Rate of Interest:	[•]per cent. per annum/[Not Applicable]
(xi)	Maximum Rate of Interest:	[•]per cent. per annum/[Not Applicable]
(xii)	Day Count Fraction:	[Actual/Actual (ISDA); Actual/Actual Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360; 360/360; Bond Basis 30E/360; Eurobond Basis 30E/360 (ISDA) Actual/Actual (ICMA)]

Provisions relating to Redemption

20	Issuer Call:	[Applicable/Not Applicable]
	(a) Optional Redemption Date(s):	[•]
	(b) Optional Redemption Amount of each Note:	[[•] per Calculation Amount/[•]]
	(c) If redeemable in part:	
	(i) Minimum Redemption Amount:	[•]
	(ii) Maximum Redemption Amount:	[•]
21	Investor Put:	[Applicable/Not Applicable]
	(a) Optional Redemption Date(s):	[•]
	(b) Optional Redemption Amount of each Note:	[[•] per Calculation Amount/[•]]
22	Final Redemption Amount of each Note:	[•]per Calculation Amount/[•]]
23	Early Redemption Amount of each Note payable on redemption for taxation reasons:	[[•] per Calculation Amount/[•]]

General Provisions applicable to the Notes

24	Form of Notes:	
	(a) Form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes only upon an Exchange Event]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]

- | | | |
|----|--|--|
| | (b) New Global Note: | [Yes][No] |
| 25 | Additional Financial Centre(s): | [Not Applicable/[•]] |
| 26 | Talons for future Coupons to be attached to Definitive Notes | [Yes]/[No] |
| 27 | Redenomination applicable: | [Yes][No] |
| 28 | U.S. Selling Restrictions: | [Regulation S, Category 2, TEFRA D/ TEFRA C/ TEFRA not applicable] |

THIRD PARTY INFORMATION

[[•] has been extracted from third party sources: [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.] [Not Applicable]

Signed on behalf of the Issuer:

By:.....

By:.....

Duly authorised

Duly authorised

PART B – OTHER INFORMATION

1 Listing and Admission to Trading

- (a) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange’s regulated market and listing on the Official List of the UK Listing Authority with effect from [●].][Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the London Stock Exchange with effect from [●].]
- (b) Estimate of total expenses related to admission to trading: [●]

2 Ratings

- Ratings: [The Notes to be issued [have been]/[are expected to be] assigned the following rating:
[Moody’s: [●]]
[S&P: [●]]
[The Notes to be issued have not been assigned any rating]

3 Interests of Natural and Legal Persons involved in the Issue

[Save for any fees payable to the [Manager / Dealers] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.]

4 Yield to Maturity Date (Fixed Rate Notes only)

- Indication of yield: [●]
[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5 Operational Information

- (a) ISIN Code: [●]

- [The temporary ISIN code is [•]. After the Exchange Date, the ISIN code will be [•]]
- (b) Common Code: [•]
[The temporary Common Code is [•]. After the Exchange Date, the Common Code will be [•].]
- (c) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/[•]]
- (d) Delivery: Delivery [against/free of] payment
- (e) Names and addresses of additional Paying Agent(s) (if any): [•]
- (f) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes]/[No]

6 Distribution

- (a) If syndicated, names of Managers: [Not Applicable/[•]]
- (b) Stabilising Manager(s) (if any): [Not Applicable/[•]]
- If non-syndicated, name and address of relevant Dealer: [Not Applicable/[•]]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes completes these Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

THE NOTES (AS DEFINED IN THESE TERMS AND CONDITIONS) ARE ISSUED AS COVERED NOTES (katetut joukkolainat), COVERED IN ACCORDANCE WITH THE FINNISH COVERED BOND ACT (Laki kiinnitysluottopankkitoiminnasta 688/2010), AS AMENDED (THE CBA). THE ISSUER (AS DEFINED IN THESE TERMS AND CONDITIONS) HAS BEEN REGISTERED BY THE FINNISH FINANCIAL SUPERVISORY AUTHORITY (Finanssivalvonta) AS A DESIGNATED MORTGAGE CREDIT BANK PURSUANT TO THE CBA. THE FINANCIAL OBLIGATIONS OF THE ISSUER UNDER THE NOTES ARE COVERED BY THE ASSETS THAT COMPRISE A QUALIFYING COVER ASSET POOL MAINTAINED BY THE ISSUER IN ACCORDANCE WITH THE CBA.

This Note is one of a Series (as defined below) of Notes issued by OP-Asuntoluottopankki Oyj (the English translation of which is OP Mortgage Bank (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the Notes shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of the lowest Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 12 November 2013 and made between the Issuer, Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agent named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if applicable, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) completes these Conditions. References to the applicable Final Terms are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 12 November 2010 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. If the Notes are to be admitted to trading on the regulated market of the London Stock Exchange, the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1 **Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Where the maturity of this Note is extended in accordance with Condition 6.2, this Note may be a Fixed Rate Note or a Floating Rate Note, in respect of the period from the Maturity Date up to and including the Final Extended Maturity Date, as specified in the applicable Final Terms.

Definitive Notes are issued with Coupons attached.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions Noteholder and holder of Notes and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2 Status of the Notes

The Notes and any related Coupons are direct, unconditional and unsubordinated obligations of the Issuer issued in accordance with the CBA. The Notes will be covered in accordance with the CBA and will rank *pari passu* among themselves and with all other Series of Notes issued by the Issuer under the Programme and with Derivative Transactions and Bankruptcy Liquidity Loans and with any N-Bonds issued in respect of the statutory security in accordance with the CBA. To the extent that claims of the Noteholders in relation to the Notes are not met out of the assets of the Issuer that are covered in accordance with the CBA, the residual claims of the Noteholders will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer.

3 Redenomination

3.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders and the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 12, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note equal to the nominal amount of that Note in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (c) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant Notes in the denomination of euro 100,000 and/or such higher amounts as the Agent may determine and notify to the Noteholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 5; and (ii) in the case of Notes which are not Relevant Notes, in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will

be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
- (i) in the case of Notes represented by a global Note, by applying the Rate of Interest to the full nominal amount Outstanding of the Notes represented by such global Note, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention; and
 - (ii) in the case of Definitive Notes, by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and then multiplying such rounded figure by the number of times the relevant Definitive Note can be divided by the Calculation Amount; and
- (g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

3.2 Definitions

In the Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

Euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes specified by the Issuer in the notice given to the Noteholders pursuant to Condition 3.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a Reference Rate that is not LIBOR or EURIBOR, the principal office in the Relevant Financial Centre of four major banks in the inter-bank market of the Relevant Financial Centre, in each case selected by the Agent or as specified in the applicable Final Terms;

Relevant Notes means all Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area; and

Treaty means the Treaty on the functioning of the European Union, as amended.

4 Interest

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. For so long as any of the Fixed Rate Notes is represented by a global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount Outstanding of the Fixed Rate Notes and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and

operating procedures. In respect of each definitive Fixed Rate Note, interest will be calculated on its Outstanding nominal amount.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period or if, in the case of Notes in definitive form, no Fixed Coupon Amount is specified in the applicable Final Terms, such interest shall be calculated by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, the full nominal amount Outstanding of the Fixed Rate Notes; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

- (a) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the Accrual Period) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest

Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). For so long as any of the Floating Rate Notes is represented by a global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount Outstanding of the relevant Notes and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Floating Rate Note interest will be calculated on its Outstanding nominal amount.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(i) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general

business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) *Rate of Interest*

The **Rate of Interest** payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

Where linear interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Floating Rate Option, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period. In this paragraph, “**Designated Maturity**” has the meaning given to it in the Final terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such

lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of paragraph 4.2(b)(ii)(A), no offered quotation appears or, in the case of paragraph 4.2(b)(ii)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (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).

Where linear interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period. In this Condition 4.2(b)(ii), “**Designated Maturity**” has the meaning given to it in the Final terms.

In the Conditions:

Interest Determination Date shall mean the date specified as such in the Final Terms or if none is so specified:

- (I) if the Reference Rate is the London interbank offered rate (LIBOR) (other than Sterling or Euro LIBOR), the second London business day prior to the start of each Interest Period;

- (II) if the Reference Rate is Sterling LIBOR, the first day of each Interest Period;
- (III) if the Reference Rate is Euro LIBOR or the Euro-zone interbank offered rate (EURIBOR), the second day on which the TARGET2 System is open prior to the start of each Interest Period;
- (IV) if the Reference Rate is the Stockholm interbank offered rate (STIBOR), the second Stockholm business day prior to the start of each Interest Period; and
- (V) if the Reference Rate is the Norwegian interbank offered rate (NIBOR), the Second Oslo business day prior to the start of each Interest Period;

Reference Rate shall mean (i) LIBOR, (ii) EURIBOR, (iii) STIBOR, and (iv) NIBOR (or any successor or replacement rate), in each case for the relevant period, as specified in the applicable Final Terms.

Relevant Financial Centre shall mean London, in the case of a determination of LIBOR, Brussels, in the case of a determination of EURIBOR, Stockholm, in the case of a determination of STIBOR, and Oslo, in the case of a determination of NIBOR, as specified in the applicable Final Terms.

Specified Time shall mean (i) in the case of LIBOR, 11.00 a.m., (ii) in the case of EURIBOR, 11.00 a.m., (iii) in the case of STIBOR, 11.00 a.m., and (iv) in the case of NIBOR, 12.00 noon, in each case in the Relevant Financial Centre.

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and calculation of Interest Amounts**

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, the full nominal amount Outstanding of the relevant Notes; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period

falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

- “Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and
- “D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

- “Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

- (viii) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the Accrual Period) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year.

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

(e) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 12. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 by the Agent shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Interest Rate and Payments from the Maturity Date in the event of extension of maturity of a Series of Notes

- (a) If the maturity of the Outstanding principal amount of a Series of Notes is extended in accordance with Condition 6.2, each such Note shall bear interest in accordance with this Condition 4.3 from and including the Maturity Date to but excluding the earlier of the Monthly Extended Maturity Date on which such Note is redeemed in full and the Final Extended Maturity Date (each as defined in Condition 6.2), subject to Condition 4.4. In that event and subject to Condition 5.5, interest shall be payable in arrear on the Outstanding principal amount of such Notes at the rate determined in accordance with Condition 4.3(b) on each Monthly Extended Maturity Date (as defined in Condition 6.2) (each, an **Extended Interest Payment Date**) up to and including the earlier of the Monthly Extended Maturity Date on which such Note is redeemed in full and the Final Extended Maturity Date in respect of the Extended Interest Period (as defined below) ending immediately prior to such Monthly Extended Maturity Date. In this Condition 4.3, the period from and including an Extended Interest Payment Date (or, in respect of the first such period, the Maturity Date) to but excluding the next following Extended Interest Payment Date is referred to as an **Extended Interest Period**.
- (b) The rate of interest payable from time to time in respect of the Outstanding principal amount of the Notes on each Extended Interest Payment Date (the **Extended Rate of Interest**) will be as specified in the applicable Final Terms and, where applicable, determined by the Agent in accordance with Condition 4.2(d), two Payment Days (as defined in Condition 5.5) after the Maturity Date in respect of the first Extended Interest Period and thereafter as specified in the applicable Final Terms.
- (c) The Calculation Agent will cause the Extended Rate of Interest for and the amount of interest payable on the Notes for each Extended Interest Period and the relevant Extended Interest Payment Date to be forthwith notified to the Issuer and the Principal Paying Agent, and for so long as the relevant Series of Notes is listed on a stock exchange, will cause the same to be published in accordance with Condition 12 on or (in particular, in the case of the first Extended Interest Period) as soon as possible after the date of commencement of the relevant Extended Interest Period.

- (d) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Calculation Agent and all Noteholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Noteholders shall attach to the Issuer, the Reference Banks or the Calculation Agent in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions.
- (e) This Condition 4.3 shall only apply to a Series of Notes if the Issuer fails to redeem such Series of Notes (in full) at their Final Redemption Amount (as specified in the applicable Final Terms) on the Maturity Date and the maturity of such Notes is automatically extended to the Extended Maturity Date in accordance with Condition 6.2.

4.4 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.

5 Payments

5.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of that Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

5.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above against presentation and surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon will be deducted from the sum due for payment. Each amount of principal so

deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.3 **Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

5.4 **General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.5 **Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) the relevant place of presentation;
 - (ii) London;
 - (iii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.6 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes; and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6 Redemption and Purchase

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

6.2 Extension of Maturity to Extended Maturity Date

- (a) If the Issuer notifies the Agent in accordance with Condition 6.2(f) below that it will not redeem a Series of Notes at their Final Redemption Amount in full on the Maturity Date, the maturity of the Outstanding principal amount of such Notes not redeemed in full on the Maturity Date will be automatically extended to the first Monthly Extended Maturity Date (as defined below).

If the Issuer notifies the Agent in accordance with Condition 6.2(f) below that it will not redeem such Notes at their Final Redemption Amount in full on one Monthly Extended Maturity Date, the Outstanding principal amount of such Notes not redeemed in full on such Monthly Extended Maturity Date will be automatically extended to the immediately following Monthly Extended Maturity Date, provided that the maturity of any Note may not be extended beyond the date falling 365 calendar days after the Maturity Date specified in the applicable Final Terms, on which date the Issuer shall redeem the Outstanding principal amount of such Notes in full at their Final Redemption Amount together with accrued but unpaid interest (the **Final Extended Maturity Date**).

- (b) Any extension of the maturity of a Series of Notes under this Condition 6.2 shall be irrevocable and shall not give any Noteholder any right to receive any payment of interest, principal or otherwise on the Notes other than as expressly set out in these Conditions.
- (c) In the event of the extension of the maturity of a Series of Notes under this Condition 6.2, interest rates, interest periods and interest payment dates on the Notes from and including the Maturity Date

to but excluding the Final Extended Maturity Date shall be determined and made in accordance with Condition 4.3.

- (d) If the maturity of a Series of Notes is extended to the Final Extended Maturity Date in accordance with this Condition 6.2, for so long as any of such Notes remain in issue, the Issuer shall not issue any further covered notes, unless the proceeds of issue of such covered notes are applied by the Issuer on issue in redeeming in whole or in part such Notes in accordance with the terms hereof.
- (e) For the purposes of this Condition 6.2, **Monthly Extended Maturity Date** means each Interest Payment Date specified in the applicable Final Terms in respect of the period from (but excluding) the Maturity Date to (and including) the Final Extended Maturity Date.
- (f) The Issuer shall give Noteholders (in accordance with Condition 12), the Agent and any Calculation Agent notice of whether or not it intends to redeem at their Final Redemption Amount all or part only of the Outstanding principal amount of a Series of Notes at least five Payment Days prior to the Maturity Date, the relevant Monthly Extended Maturity Date or, as applicable, the Final Extended Maturity Date. If a Note is redeemed after the Maturity Date pursuant to this Condition 6.2, the date on which such Note is redeemed in full is referred to in the Conditions as the **Note Maturity Date**.

6.3 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 12, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6.3 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.4 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:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 12; and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Agent;

(which notices 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, or determined in the manner 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 the case of a partial

redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes Outstanding bears to the aggregate nominal amount of the Notes Outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 12 at least five days prior to the Selection Date.

6.5 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 12 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a Put Notice) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depository or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.5 shall be irrevocable.

6.6 Early Redemption Amounts

For the purpose of Condition 6.3 above, each Note will be redeemed at its **Early Redemption Amount** calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in the applicable Final Terms or, if no such amount is so specified in the applicable Final Terms, at its nominal amount;

or on such other calculation basis as may be specified in the applicable Final Terms.

6.7 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent for cancellation.

6.8 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 6.7 above (together with all Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

7 Taxation

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in Finland; or
- (b) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5); or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

- (i) **Tax Jurisdiction** means Finland or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12.

8 Prescription

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9 Replacement of Notes, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

10 Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Any variation, termination, appointment or change shall only take effect (other than in the case of liquidation or bankruptcy, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 12.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

11 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

12 Notices

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, such publication in such newspaper(s) may be substituted by the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

13 Meetings of Noteholders and Modification

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining Outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being Outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being Outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being Outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable thereafter.

14 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the Outstanding Notes.

15 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

16 Governing Law and Submission to Jurisdiction

16.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes (except for the provisions relating to coverage of the Notes pursuant to the CBA) and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes (except for the provisions relating to coverage of the Notes pursuant to the CBA) and the Coupons are governed by, and shall be construed in accordance with, English law. The provisions of the Notes relating to coverage of the Notes pursuant to the CBA are governed by, and shall be construed in accordance with, Finnish law.

16.2 Submission to jurisdiction

The Issuer irrevocably agrees, for the benefit of the Noteholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) and accordingly submit to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Noteholders and the Couponholders, may take any suit, action or proceedings (together referred to as Proceedings) arising out of or in connection with the Notes and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes and the Coupons), against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

16.3 Appointment of Process Agent

The Issuer appoints SH Process Agents Limited at its registered office at One, Finsbury Circus, London, EC2M 7SH as its agent for service of process, and undertakes that, in the event of SH Process Agents Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

16.4 Other documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer towards funding its lending activities in accordance with the CBA, and the Issuer's general business principles as outlined below in "*Description of the Issuer*" including, without limitation, the origination of Mortgage Loans and/or Public-Sector Loans, the financing or refinancing of the acquisition of Mortgage Loans and/or Public-Sector Loans from and the funding of Intermediary Loans to other members of OP-Pohjola Group as well as the refinancing of previous issues of Notes under the Programme.

DESCRIPTION OF OP MORTGAGE BANK

General

The Issuer was established as a mortgage credit bank under the Finnish Act on Mortgage Credit Banks (*Kiinnitysluottopankkilaki 1240/1999*, as amended) (the “**MBA**”). The Memorandum of Association of the Issuer was subscribed and the constituent meeting was held on 14 April 2000. The MBA was revoked and the Finnish Covered Bond Act (*Laki kiinnitysluottopankkitoiminnasta 688/2010*, as amended) (the “**CBA**”) entered into force on 1 August 2010. The Issuer operates as a mortgage credit bank (*kiinnitysluottopankki*) under the CBA.

The legal name of the Issuer is OP-Asuntoluottopankki Oyj, the English translation of which is OP Mortgage Bank. The Issuer is incorporated as a public limited company in the Republic of Finland and the business identity code of the Issuer is 1614329-2. The Issuer’s domicile is Helsinki and it has its registered office located at Teollisuuskatu 1 b, FI-00510 Helsinki, Finland (telephone + 358 10 252 010).

The Issuer operates pursuant to the CBA, the Finnish Act on Amalgamations of Deposit Banks (*Laki talletuspankkien yhteenliittymästä 599/2010*, as amended) (the “**Amalgamations Act**”), the Finnish Act on Credit Institutions (*Laki luottolaitostoinnasta 610/2014*, as amended) (the “**Credit Institution Act**”) and the Finnish Companies Act (*Osakeyhtiölaki 624/2006*, as amended).

The Issuer’s share capital is sixty million euro (€60,000,000) and it comprises 76,592 shares. The Issuer is wholly owned by the Central Cooperative.

Prior to the introduction of the CBA, the Issuer established a €10,000,000,000 euro medium term covered note programme under the MBA, which is covered by a separate cover asset pool (the Old Programme). The Issuer has outstanding covered notes under the Old Programme but there will be no further issuance thereunder. The Issuer established a €10,000,000,000 euro medium term covered note programme (the Programme) pursuant to the CBA on 12 November 2010. Under the Programme, OP Mortgage Bank may from time to time issue Notes.

The Issuer’s loan portfolio in total (the “**Loan Portfolio**”) decreased to €7,930 million as at 31 December 2013 (compared to €8,678 million as at 31 December 2012). New lending totalled €228 million (€272 million as at 31 December 2012).

Mortgages collateralising covered bonds issued before 1 August 2010, under the MBA, are included in Cover Asset Pool A. The balance of Pool A was €2,693 million as at 30 September 2014. Mortgages collateralising covered bonds issued after 1 August 2010, under the CBA, are included in Cover Asset Pool B. The balance of Pool B was €6,453 million as at 30 September 2014.

Earnings before tax decreased to €11.8 million (€14.2 million as at 31 December 2012). The earnings before tax were reduced by financial arrangements made with Pohjola Bank plc, which improved the Issuer’s funding risk position.

As at 30 September 2014, the Issuer had seven employees. The Issuer purchases all essential support services from the Central Cooperative and other OP-Pohjola Group companies, which reduces the need for own staff.

The Issuer’s goal is to finance a substantial share of OP-Pohjola Group’s Mortgage Loan portfolio by issuing covered notes.

Funding

The Issuer’s funding is based on covered notes with mortgage loans, public-sector loans and, if needed, with supplementary collateral as collateral. Until 2006, the Issuer issued OP-Asunto-obligaatio notes, which are domestic covered notes directed at the retail market. The Issuer executed both private placements and public issues. Since 2007 the Issuer has launched four covered bond issues under the Old Programme in an aggregate principal amount of €4,250 million. In April and July 2011, the Issuer launched two covered bonds under the Programme, each with a nominal value of €1,000 million. In May 2012, the Issuer launched a covered bond under the Programme at a nominal value of €1,250 million. In August 2012, the Issuer launched two private placements, one with a nominal value of €25 million, and one with a nominal value of €75 million. In December

2012, the Issuer launched two private placements both having a nominal value of €50 million. In March and June 2014, the Issuer launched two covered bonds under the Programme, each with a nominal value of €1,000 million. As at 30 September 2014, the total outstanding amount of notes issued under both the Old Programme and the Programme was €7,700 million (€5,700 million at the end of 2013). The Issuer also has a credit agreement with Pohjola Bank. As at 30 September 2014, the Issuer's balance sheet included financing loans drawn under this credit agreement in the amount of €1,935 million (€1,885 million at the end of 2013).

The Issuer may from time to time issue German law governed registered bonds (*Namenschuldverschreibungen*) ("**N-Bonds**") which will rank pari passu among themselves, with all Notes issued under the Programme, Derivative Transactions and Bankruptcy Liquidity Loans in relation to the Cover Asset Pool (see "*Covered Bond Act*" section of this Prospectus). Any N-Bonds issued will be governed by, and construed in accordance with German law, except for the provisions relating to coverage of the Notes pursuant to the CBA which will be governed by, and construed in accordance with, Finnish law. N-Bonds will not be issued under this Programme. N-Bonds may be offered to and privately placed with professional investors only. Any N-Bonds issued will not be listed or admitted to trading on any stock exchange or market. Any N-Bonds issued will not be placed in a clearing system. N-Bonds will be in German law registered form in definitive, certified form. Sale and purchase of N-Bonds will take place through assignment and registration in the register kept by the registrar appointed by the Issuer (in relation to any N-Bonds) in relation to the holders of any N-Bonds (**N-Bonds Register**). Each person who is for the time being shown in the N-Bonds Register as the holder of a particular nominal amount of such N-Bonds may be treated as the holder of such nominal amount of such N-Bonds for all purposes. In November 2012, the Issuer launched an N-Bond having a nominal value of €115 million.

Change in main balance sheet and commitment items¹

	30 September 2014	31 December 2013
	€ million	
Balance sheet	10,468	8,317
Receivables from customers	9,522	7,930
Debt securities issued to the public	8,043	5,992
Liabilities to financial institutions	1,935	1,885
Shareholders' equity	353	332

The Issuer's Loan Portfolio increased to €9,522 million in the nine month period from January to September 2014 (€7,930 million as at 31 December 2013). During this period, the Issuer purchased housing loans from the Member Cooperative Banks for €2,768 million.

Households accounted for 99.8 per cent. of the credit portfolio at the end of September 2014 (99.7 per cent. as at 31 December 2013) and corporate customers for 0.2 per cent. (0.3 per cent. as at 31 December 2013).

The carrying amount of debt securities issued to the public under both the Old Programme and the Programme was €8,043 million at the end of the nine month period ended 30 September 2014 (€5,992 million as at 31 December 2013). In addition to bonds and notes, OP Mortgage Bank financed its operations with financing loans drawn down from Pohjola Bank. At the end of September 2014, financing loans amounted to €1,935 million (€1,885 million as at 31 December 2013).

Shareholders' equity increased to €353 million (€332 million as at 31 December 2013). Retained earnings at the close of the nine month period ended 30 September 2014 were €48.4 million (€36.9 million as at 31 December 2013).

¹ Figures in this section are taken from the Issuer's unaudited interim report for the nine month period ended 30 September 2014.

The Register

All Mortgage Loans (including Mortgage Loans connected to an Intermediary Loan) and other Eligible Assets serving as collateral for the Notes are entered into the Register that the Issuer is required to maintain in relation to the Notes, pursuant to Chapter 5 of the CBA. The Register must list, amongst other things, the Notes and the Mortgage Loans, Public-Sector Loans and other Eligible Assets in the Cover Asset Pool, Intermediary Loans granted to Member Credit Institutions and any Derivative Transactions relating thereto. According to Section 20 of the CBA, if certain collateral secures specific covered notes, the Register shall indicate that such collateral is collateral for such covered notes only.

Operational Model

The Issuer's Cover Asset Pool under this Programme may consist of Mortgage Loans and Public-Sector Loans transferred from the Member Cooperative Banks pursuant to the Transfer Agreements and/or registered pursuant to the Intermediary Loan Agreements and/or originated on the Issuer's behalf by the Member Credit Institutions. The Issuer's Operational Model controls the make-up of the Issuer's Cover Asset Pool. The conditions of the agreements specified in this section may change from time to time.

1 **Summary of the Transfer Agreements**

Under a Transfer Agreement, a relevant Member Credit Institution shall sell and assign to the Issuer, and the Issuer shall purchase, loans for which the relevant Member Credit Institution is the original grantor and creditor. The Transfer Agreements also stipulate the criteria that loans must meet before they are eligible to be transferred, and the procedures associated with the transfer of loans, as well as other rights, obligations and responsibilities of the parties to the transfer. Each Member Credit Institution shall sign the relevant Transfer Agreement on its own behalf. In a Transfer Agreement all rights, obligations and risks associated with a loan are transferred from the relevant Member Credit Institution to the Issuer, including the collateral given for the transferred Mortgage Loan and all rights to the receivables associated with the loan. The Transfer Agreements require that the collateral granted for a transferred Mortgage Loan must cover the principal amount of the loan transferred to the Issuer. Therefore, the Member Credit Institution that originally granted the Mortgage Loan is entitled to grant new loans against the same collateral only to the extent that the Issuer's right to the collateral has a higher ranking priority, and the rights to such collateral associated with the new loans are subordinated to the rights of the Issuer.

2 **Summary of the Intermediary Loan Agreements**

In accordance with the CBA, the Issuer may grant an Intermediary Loan to a Member Credit Institution on the following terms and conditions:

- (a) the Intermediary Loan must be entered into the Register and the underlying Mortgage Loans or Public-Sector Loans of the relevant Member Credit Institution must also be entered in the Register as collateral for the Notes;
- (b) after the Notes have become due or after the Issuer has entered into liquidation or bankruptcy proceedings, the Issuer, or its estate in bankruptcy, must have a right to receive payment under a Mortgage Loan or a Public-Sector Loan entered into the Register pursuant to an Intermediary Loan in the manner described above, either through an assignment of the relevant Mortgage Loan or Public-Sector Loan (as the case may be) or by collecting payments made under the Mortgage Loan or Public-Sector Loan in accordance with its terms and conditions;
- (c) the Mortgage Loans or Public-Sector Loans of the relevant Member Credit Institution entered into the Register as collateral pursuant to the Intermediary Loan are subject to the provisions regarding third-party collateral in Sections 28-30 and Section 40 of the Finnish Act on Guarantee and Third-Party Collateral (*Laki takauksesta ja vierasvelkapanttauksesta* 361/1999, as amended);
- (d) the Issuer has the obligation to apply payments from Intermediary Loans exclusively towards payment of its obligations under the Notes or against a right of recourse of the Relevant Member Credit Institution caused by payment or assignment of a Mortgage Loan or Public-Sector Loan registered as collateral; and

- (e) a Mortgage Loan or a Public-Sector Loan that has been entered into the Register as collateral pursuant to an Intermediary Loan can only be removed from the Register or released to the extent that the Intermediary Loan has been repaid.

3 **Summary of the Servicing Agreements**

Each Member Credit Institution that has entered into a Servicing Agreement with the Issuer (a “**Servicing Agreement**”) may act as an agent of the Issuer, to negotiate and grant loans directly from the balance sheet of the Issuer.

Furthermore, each Servicing Agreement addresses, among other things, the duties of the relevant Member Credit Institution in the loan approval process and customer service during the term of the loan, as well as the processes related to customers’ payment delays. Agent fees and provisions relating to inspections and inquiries in respect of the loans are also set out in the Servicing Agreements.

4 **Summary of the Outsourcing Agreements**

The Issuer has entered into certain outsourcing agreements (the “**Outsourcing Agreements**”) in order to ensure that certain duties, which require expertise, are outsourced to the professionals in OP-Pohjola Group. OP-Pohjola Group has outsourced part of application development and maintenance.

The Issuer and Pohjola Bank have entered into an agreement whereby the Issuer’s market risk and short-term liquidity management are outsourced to Pohjola Bank. The purpose of this agreement is to ensure that the market rate risk connected with the Issuer’s loan portfolio and its impact on earnings will be transferred to Pohjola Bank. The transfer of risk to Pohjola Bank will be done by means of an interest rate swap which is marked to market on a daily basis. Pohjola Bank also manages the Issuer’s liquidity position, providing the necessary cover on the Issuer’s current account within the frames of the financing credit which the Issuer has with Pohjola Bank.

The other significant outsourced service is the collection of amounts payable in respect of the Issuer’s loans, which is described in detail under paragraph 9 (“*The Ability To Enforce And Collect*”) below.

5 **Loan Approval Process**

Contact with customers in respect of the loans granted by the Member Credit Institutions will be dealt with by the Member Credit Institutions. The Member Credit Institution sells, negotiates, and makes the decision on granting the relevant loans. The Member Credit Institution observes all currently valid rules and regulations of the applicable authorities (such as The Finnish Financial Supervisory Authority), the Central Cooperative and the Issuer in granting the loans.

The Member Credit Institutions also produce the loan and collateral documentation and deposit the documents in accordance with the rules and regulations mentioned above. The Member Credit Institutions are responsible for the documentation being correctly produced and legally binding. The Member Credit Institutions are entitled to sign the customary agreements and notices in respect of the customer’s loan management, such as signing the secondary pledge commitments to third parties and receiving pledge notices, on behalf of the Issuer.

The relevant Member Credit Institution may agree changes to the terms and conditions of the loan in accordance with specific instructions given by the Issuer or the Member Credit Institution itself. The Member Credit Institutions manage the customer relations with the debtors and they are responsible for maintaining the customer register. In accordance with the Finnish Promissory Notes Act (*Velkakirjalaki, 1947*, as amended) the promissory notes of the loans remain in the custody of the relevant Member Credit Institution, but they are held on behalf of the Issuer. This custody arrangement is binding and effective with respect of each Member Credit Institution’s creditors.

6 **Risk Management**

The objective of the Issuer’s risk management is to ensure that the Issuer is not exposed to excessive risk that might endanger its profitability, solvency or continuity of operations. Credit risk is managed through customer selection and by only granting Mortgage Loans that are backed by collateral.

The risk management of the Issuer will be developed as part of OP-Pohjola Group's risk management. Within OP-Pohjola Group, risk management methods and information systems will be purposefully developed on the basis of OP-Pohjola Group's business needs, observing any changes in the operating environment and requirements imposed by official regulations.

The Issuer has a policy of risk management principles and rules which are conducted from OP-Pohjola Group's corresponding principles. The OP-Pohjola Group's Executive Board has set risk limits for the Issuer's capital adequacy and key risk types. The Board of Directors of the Issuer has confirmed the internal risk guidelines, procedures and limits for different types of risks of the Issuer. Risk reports are provided to management of the Issuer on a monthly basis. The Issuer uses derivative contracts to hedge against interest rate risk. The counterparty to all derivative contracts is Pohjola Bank. The Issuer has set measurement methods and maximum risk levels in order to control and evaluate these risks periodically.

The centralised risk management of the Central Cooperative is responsible for conducting internal supervision and risk management of the Issuer. The Internal Audit of the Central Cooperative is responsible for auditing the Issuer in accordance with the applicable standards of internal auditing. They also assess whether the risk management system is adequate and up-to-date. The Central Cooperative provides OP-Pohjola Group's entities with guidelines for risk management and ensures, through supervision, that the entities operate in accordance with official regulations, their own rules, guidelines issued by the Central Cooperative and procedures appropriate for customer relationships. Operational decisions and the related risk management fall within the responsibility of the relevant company. The managing director and the Board of Directors of the relevant company are responsible for the risk management.

For further information on the risks, see *"Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme"*.

7 Valuation of Collateral

For so long as any of the Notes are outstanding, the Issuer shall ensure that in accordance with the requirements of the CBA, the value of a Mortgage Loan acquired by the Issuer either directly or through an Intermediary Loan does not exceed the current value of the relevant property or the shares of the property owning company, as applicable.

The current value of Residential Property or Commercial Property shall be evaluated in accordance with good real estate practice applicable to credit institutions and in accordance with provisions on the management of capital adequacy and credit risk of credit institutions issued by the FIN-FSA.

In addition to the current value principle of the CBA, the collateral for a mortgage loan is also valued according to the principles of securing collateral used within OP-Pohjola Group, pursuant to which collateral is considered "securing collateral" when its value has been assessed with care and caution in accordance with good banking practice, and in compliance with the regulations and guidelines provided by the authorities and the Executive Board of the Central Cooperative.

Collateral valuation must be based on a justified and cautious estimate of the value of the collateral at the time of evaluation. Any speculative expectation of the increase in value of the asset provided as collateral must not be taken into account when assessing the value of the collateral.

Consequential to the implementation in Finland of the Capital Requirements Directive and the implementation of Basel II, the credit institutions within OP-Pohjola Group, including the Issuer, have as of 31 December 2011 started to apply the internal ratings based approach (IRBA) to calculate their level of own funds. According to the IRBA (as implemented in Finland), the valuation of real estate collateral must meet with certain conditions for the relevant exposure to qualify as exposure secured by real estate property.

Within OP-Pohjola Group, the property market is monitored on a frequent basis and at least once every year for commercial real estate and once every three years for residential real estate. More frequent monitoring is carried out where the market is subject to significant changes in conditions. Statistical methods may be used to monitor the value of the property and to identify property that needs revaluation.

The property valuation is reviewed by an independent valuer when information indicates that the value of a certain property may have declined materially relative to general market prices. For loans exceeding €3

million or 5 per cent. of the funds of the Member Credit Institution, the property valuation is reviewed by an independent valuer at least every three years.

Any revised value in respect of a Property based on such revaluation will be entered into the Register.

8 Origination Criteria

The **Origination Criteria** are the criteria for the content of the Cover Asset Pool, setting out the general minimum requirements for individual loans and outlining what type of loans may and may not be transferred (directly or indirectly through Intermediary Loans) in the Cover Asset Pool. The Origination Criteria are described in more detail in the section below entitled “*Characteristics of the Qualifying Cover Asset Pool*”.

9 Risk Classification of the Borrowers

Before granting a Mortgage Loan, the relevant Member Credit Institution is obliged to analyse the borrower’s creditworthiness pursuant to OP-Pohjola Group’s currently valid instructions. The borrower’s solvency must be sufficient in relation to the Mortgage Loan to be granted, and the borrower shall not have any payment defaults registered by Suomen Asiakastieto Oy, the leading business and credit information company in Finland. In respect of the Commercial Loans the borrower’s creditworthiness is reflected by an internal or external credit rating, as the case may be.

The assessment of the creditworthiness of a borrower is based on the existing customer relationship, in the case of an existing customer, as well as an analysis of the borrower’s ability and willingness to repay the debt. The liquidity of the customer is verified by stress testing the ability to repay in case of a significant interest rate rise.

10 The Ability To Enforce And Collect

The relevant Member Credit Institution is obliged to monitor the borrower’s creditworthiness and solvency and notify the Issuer immediately of any material negative changes in the creditworthiness and solvency of the borrower.

The receivables relating to the Mortgage Loans will usually be collected by the centralised collection unit of OP-Pohjola Group on behalf of the Issuer. The claim and collateral documents, as well as the provision calculation, will be delivered to the collection unit. This collection unit administers the collection proceedings according to its standard procedures (which are notice of termination of the loan, application for an order to pay, execution and liquidation of the collateral). The successfully collected amount will be credited as a deduction of the loan.

The Issuer as Part of OP-Pohjola Group

The Issuer is part of OP-Pohjola Group, which is composed of the Central Cooperative, which serves as the central institution of OP-Pohjola Group, and its subsidiaries and Member Cooperative Banks. For further information on OP-Pohjola Group, see “*Description of OP-Pohjola Group and the Loan Originators*” below.

The Issuer serves as the mortgage credit bank of OP-Pohjola Group and its purpose is to grant housing and commercial loans, against securing collateral, and public-sector loans through the Member Credit Institutions.

The Issuer does not have an independent lending role in OP-Pohjola Group’s customer business. Instead, the credits granted from its total assets are forwarded to customers via the Member Credit Institutions.

The Member Cooperative Banks manage customer relationships and loans locally. The Member Cooperative Banks that have signed the loan brokerage agreement may, within certain limits, decide on housing loans to be granted to households on behalf of the Issuer.

At the end of September 2014 the number of Member Cooperative Banks that had signed a renewed agreement on loan brokerage with the Issuer stood at 154.

Board of Directors

The Board of Directors of the Issuer is comprised of the following members:

Chairman:	Mr Harri Luhtala	Chief Financial Officer
Members:	Mr Hanno Hirvinen	Group Treasurer, Asset and Liability Management and Group Treasury
	Ms Elina Ronkanen-Minogue	Head of Asset and Liability Management and Group Treasury

Mr Lauri Iloniemi has served as Managing Director of the Issuer since 4 May 2007. Mr Hanno Hirvinen serves as Substitute of Managing Director.

The business address for each member of the Issuer's Board of Directors is Teollisuuskatu 1 b, FI-00510 Helsinki, Finland.

In respect of the members of the Issuer's Board of Directors, there are no potential conflicts between their duties to the Issuer and their other duties or private interests.

DESCRIPTION OF OP-POHJOLA GROUP AND THE LOAN ORIGINATORS

Structure of OP-Pohjola Group, as of 30 September 2014. The picture includes only the most significant subsidiaries.



OP-Pohjola Group and the Central Cooperative

OP-Pohjola Group is a statutory amalgamation of Finnish cooperative banks and related entities forming a financial consortium as regulated by the Amalgamations Act. The Amalgamations Act, the Credit Institution Act, Act on Cooperative Banks and Other Cooperative Credit Institutions in the form of a cooperative (the Cooperative Bank Act, *Laki osuuspankeista ja muista osuuskuntamuotoisista luottolaitoksista* 423/2013, as amended), and the Act on Cooperatives (*Osuuskuntalaki* 421/2013, as amended) establish the main legal framework for cooperative banking applicable to OP-Pohjola Group.

In accordance with applicable law, OP-Pohjola Group comprises (a) OP-Pohjola Group Central Cooperative, (the **Central Cooperative**) (OP-Pohjola osk) as OP-Pohjola Group's central institution, (b) 181 member cooperative banks (the **Member Cooperative Banks**), (c) Pohjola Bank plc as central bank of OP-Pohjola Group, (d) the companies belonging to the consolidation groups of the Central Cooperative and (e) the Member Credit Institutions described below.

In accordance with Chapter 1, Section 2 of the Amalgamations Act, the Member Credit Institutions consist of the Issuer, Pohjola Bank plc, Helsinki OP Bank plc, OP-Card Company Plc, OP Process Services Ltd and the Member Cooperative Banks. These Member Credit Institutions and the Central Cooperative are responsible for each other's liabilities and commitments in accordance with the Amalgamations Act. The Supervisory Board of the Central Cooperative takes decisions on admitting new members.

OP-Pohjola Group does not form a corporate group as defined in the Finnish Accounting Act (*Kirjanpitolaki* 1336/1997, as amended) or a consolidation group as defined in the Credit Institution Act. OP-Pohjola Group is monitored on a consolidated basis for the purposes of Finnish laws of bank supervision. OP-Pohjola Group will be supervised by the European Central Bank as of 4 November 2014.

The Issuer is a wholly owned subsidiary of the Central Cooperative and a Member Credit Institution.

On 6 October 2014, OP-Pohjola announced the renewal of its brand. OP-Pohjola will be changed to OP. The new name of the OP-Pohjola Group, OP Financial Group, will be adopted on 1 January 2015. Pohjola Bank plc and Helsinki OP Bank will come together to form a new bank for the Helsinki region: OP Bank Plc. Pohjola Insurance will become OP Insurance. At this moment there will be no changes in the name of the Issuer.

Business of OP-Pohjola Group

The companies belonging to OP-Pohjola Group are engaged in financial services and related operations in accordance with the internal division of responsibilities within OP-Pohjola Group, mainly in the domestic market. The Member Cooperative Banks concentrate on customer-centred business. The acquisition of Pohjola Group plc by Pohjola Bank furthered and strengthened the strategic objective of OP-Pohjola Group in becoming the leading financial services group in Finland. The acquisition expanded OP-Pohjola Group's activities into the non-life insurance market and reinforces its position in asset management, mutual funds and life insurance.

The Central Cooperative acts as the entire OP-Pohjola Group's strategic owner institution and as a central institution in charge of Group control, Group steering and supervision. At its meeting on 24 April 2014, the Supervisory Board of the Central Cooperative decided to make major changes to the management and organisational structures of OP-Pohjola Group Central Consolidated, with the aim of transforming the management of the entire OP-Pohjola Group and OP-Pohjola Group Central Consolidated, in particular, with a more business-driven approach and creating a more integrated structure of OP-Pohjola Group. Three business lines will form the management basis throughout the OP-Pohjola Group: (i) Banking; (ii) Wealth Management; and (iii) Non-life Insurance.

According to the Financial Market Statistics of the Bank of Finland, OP-Pohjola Group had market shares of 34.1 per cent. in deposits at the end of August 2014. According to the same statistics OP-Pohjola Group's loan portfolio stood at €69 billion at the end of August 2014, equating to a market share of 32.9 per cent. in loans. According to the Report on Funds of Investment Research Finland, OP-Pohjola Group's market share of the mutual funds market was 20.1 per cent. at the end of September 2014. According to the Life Insurance

payment statistics of the Federation of Finnish Financial Services, OP-Pohjola Group's share of life insurance premium income was 22.9 per cent. at the end of September 2014. OP-Pohjola Group's share of the Finnish non-life insurance market was 30.3 per cent. according to the Insurance Companies in Finland 2013 publication by the Federation of Finnish Financial Services.

At the end of September 2014, OP-Pohjola Group operated in approximately 457 locations and 349 of these offered both banking and non-life insurance services. The customer base of 3.6 million of banking customers and 2.3 million non-life insurance customers (nearly 1.6 million of whom are joint banking and insurance customers) are served through an extensive distribution network in Finland. OP-Pohjola Group's multichannel service network comprises outlets, online services and contact centre facilities.

At the end of September 2014, OP-Pohjola Group had a payroll of 12,430 employees.

OP-Pohjola Group's Efficiency-enhancement Programme

OP-Pohjola Group concluded towards the end of 2012 an efficiency-enhancement programme, the objective of which has been to achieve annual savings of EUR 150 million until the end of 2015. Within the framework of the programme, the production of services for OP-Pohjola Group Central Cooperative Consolidated and OP-Pohjola Group member cooperative banks was centralised in OP-Services Ltd that is undergoing a major transformation. Job cuts account for a third of the total cost savings targets.

Based on the actions completed by 30 September 2014, annualised savings reach about EUR 135 million, of which personnel-related costs account for EUR 55 million.

OP-Pohjola Group Key Indicators

	Q1-Q3/2014 (unaudited)	Q1-Q3/2013 (unaudited)	Change, % (unaudited)	Q1-Q4/2012 (unaudited)
Earnings before tax, EUR million	739	610	21.1	701
Banking	468	317	47.5	404
Non-life Insurance	190	162	17.7	166
Wealth Management	140	98	43.0	113
Returns to owner-members and OP bonus customers	147	145	1.5	193
	30 Sep 2014	31 Dec 2013	Change, %	
Common Equity Tier 1 (CET1) ratio, % / Core Tier 1**	13.6	17.1	-3.5	
Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates)**	1.79	2.19	-0.40	
Non-performing receivables within loan and guarantee portfolio, %	0.46	0.42	0.04*	
Joint banking and insurance customers, 1,000	1,570	1,518	3.4	

* Change in ratio

** The comparatives are presented based on the regulatory framework that came into effect on 1 January 2014

Member Cooperative Banks

The Member Cooperative Banks are independent, local deposit banks that are engaged in retail banking. In their area of operations they offer modern and competitive banking services to household customers, small and medium-sized business customers, agricultural and forestry customers and to the public sector. Corresponding retail banking operations in the Helsinki Metropolitan area are carried out by the Central Cooperative's wholly-owned subsidiary Helsinki OP Bank plc.

Joint Liability of OP-Pohjola Group

Under the Amalgamations Act, the Central Cooperative is responsible for issuing guidelines on risk management, reliable administration, internal surveillance and guidelines for the application of coherent accounting principles in compiling the consolidated financial statements of OP-Pohjola Group to the Member Credit Institutions, with the aim of ensuring their liquidity and capital adequacy. The Central Cooperative also supervises the Member Credit Institutions' compliance with the applicable rules and regulations in respect of their financial position, any provisions issued by the relevant supervising authorities, their statutes and articles of associations.

The obligation to issue guidelines and exercise supervision does not however give the Central Cooperative the power to determine the business operations of the Member Credit Institutions or the Member Cooperative Banks. Each Member Credit Institution and Member Cooperative Bank carries on its business independently within the scope of its own resources.

In summary, the Amalgamations Act prescribes the following with respect to the joint liability of OP-Pohjola Group:

- (a) The Central Cooperative must pay to each Member Credit Institution an amount that is necessary in order to prevent such Member Credit Institution's liquidation. The Central Cooperative is responsible for the payments of any debts of a Member Credit Institution that cannot be paid using such Member Credit Institution's own funds.
- (b) A Member Credit Institution must pay to the Central Cooperative a proportionate share of the amount which the Central Cooperative has paid either to another Member Credit Institution as part of the support action described above, or to a creditor of such Member Credit Institution as payment of a due debt for which the creditor has not received payment from his debtor.
- (c) Each Member Credit Institution's liability for the amount which the Central Cooperative has paid on behalf of one Member Credit Institution to its creditors is divided between the Member Credit Institutions in proportion to their last confirmed balance sheet totals. Furthermore, upon the liquidation of the Central Cooperative a Member Credit Institution has an unlimited liability to pay the debts of the Central Cooperative as set out in Chapter 15 of the Act on Cooperatives.
- (d) If the funds of any Member Credit Institution fall below the minimum set out in the Act on Credit Institutions or the Amalgamations Act, as the case may be, the Central Cooperative is entitled to receive credit from the other Member Credit Institutions by collecting from such other Member Credit Institutions additional repayable payments to be used to support actions to prevent liquidation of the Member Credit Institution. The annual aggregate amount of the payments collected from the Member Credit Institutions on this basis may in each accounting period be a maximum amount of five thousandths of the last confirmed balance sheet total of each Member Credit Institution.
- (e) A creditor who has not received payment from a Member Credit Institution on a due receivable (principal debt) may demand payment from the Central Cooperative, when the principal debt falls due.
- (f) The statutory priority of the Noteholders to the assets in the ring-fenced Cover Asset Pool is not affected by the joint liability of the Central Cooperative. However, if the assets in the Cover Asset Pool would not be sufficient to cover the payments to the Noteholders, the Noteholders would be treated as normal senior creditors. In such case the Noteholders could demand payment from the Central Cooperative.

OP-Pohjola Group's insurance companies and OP-Services Ltd do not fall within the scope of joint liability.

Government Supervision and Regulation

The Central Cooperative, the Member Credit Institutions and the Member Cooperative Banks are subject to inspection and supervision by the FIN-FSA, which supervises financial markets and parties operating in Finnish markets. The FIN-FSA, in connection with the Bank of Finland, requires the Central Cooperative and the Member Credit Institutions to submit their annual financial statements and interim financial statements for review. The FIN-FSA conducts surveillance based on inspections, regular reporting and general market surveillance to ensure that the operations of the Central Cooperative, the Member Credit Institutions and the Member Cooperative Banks comply with the Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta* 610/2014, as amended), the Finnish Cooperative Bank Act (*Laki osuuspankeista ja muista osuuskuntamuotoisista luottolaitoksista* 423/2013, as amended), the Finnish Securities Markets Act (*Arvopaperimarkkinalaki* 746/2012, as amended), and guidelines and standards issued by the FIN-FSA and other applicable laws and regulations. OP-Pohjola Group will be supervised by the European Central Bank (ECB) as of 4 November 2014.

Principal Subsidiaries

Pohjola Bank plc

Pohjola Bank plc (**Pohjola Bank**) is the Central Cooperative's largest subsidiary. Pohjola Bank, with its subsidiaries, is a financial services group that provides banking, non-life insurance and asset management services. Pohjola Bank acts as OP-Pohjola Group's central bank and together with OP Mortgage Bank, manages OP-Pohjola Group's liquidity and international funding.

The Central Cooperative has completed its public voluntary bid announced in February 2014 and gained ownership of all Pohjola Bank shares by decision of the Arbitral Tribunal in accordance with Chapter 18, Section 6 of the Finnish Companies Act. As a result of the decision of the Arbitration Court, trading in the series A shares of Pohjola Bank ceased on 29 September 2014, and the shares were removed from the Helsinki Stock Exchange on 30 September 2014. The Central Cooperative has been entered as the only shareholder in Pohjola Bank plc's shareholder register on 7 October 2014.

The intention of the Central Cooperative is for Pohjola Insurance Ltd and Pohjola Asset Management Ltd, which are owned by Pohjola Bank, to be transferred through various structural arrangements to the Central Cooperative as fully-owned direct subsidiaries, as well as for the businesses of Pohjola Bank and Helsinki OP Bank Plc to be combined. The arrangements are expected to generate approximately EUR 50 million per annum in synergy benefits for OP-Pohjola Group, of which approximately EUR 20 million is estimated to come from cost synergies and EUR 30 million from revenue synergies. The OP-Pohjola Group Central Consolidated is expected to generate the majority of the synergies. The synergies will be fully implemented over approximately five years. However, it is possible that the arrangements mentioned above do not succeed as expected. Furthermore, cost and revenue synergies may not be generated as expected.

OP-Services Ltd and OP Process Services Ltd

As of the beginning of 2011, OP-Pohjola Group Central Cooperative transferred its service provision operations to its newly established subsidiary, OP-Services Ltd. OP-Services Ltd provides, develops and maintains services needed by OP-Pohjola Group companies. OP-Services Ltd's licensed operations were transferred on 1 June 2012 to the established OP Process Services Ltd. OP Process Services received a credit institution licence on 7 May 2012, and a clearing and account operator licence on 21 May 2012.

OP Mortgage Bank

OP Mortgage Bank acting via the Member Credit Institutions grants long-term mortgage loans against full collateral. The bank finances its operations by issuing covered notes. For further information, see "Description of the Issuer" above.

Helsinki OP Bank

Helsinki OP Bank Plc is engaged in retail banking in the Helsinki Metropolitan Area.

OP Life Assurance Company Ltd and Aurum Investment Insurance Ltd

OP Life Assurance Company Ltd runs OP-Pohjola Group's life and pension insurance operations in a centralised manner. It also sees to their development. The company's portfolio includes life, pension, investment and

term insurance services. In August 2012, OP-Pohjola Group Central Cooperative purchased the entire share stock of the life insurance company Aurum Investment Insurance Ltd.

OP Fund Management Company Ltd

OP Fund Management Company Ltd manages OP-Pohjola Group's mutual funds. In selling fund units, the company uses the Member Banks and Helsinki OP Bank's service network, as well as OP-Pohjola Group's online services.

OP-Card Company Plc

OP-Card Company Plc provides unsecured consumer loans to the Member Cooperative Banks' private customers.

OP Pension Fund

OP Pension Fund manages OP-Pohjola Group's statutory pension security.

OP Pension Foundation

OP Pension Foundation handles supplementary pension security for persons covered by it.

OP Bank Group Mutual Insurance Company

OP Bank Group Mutual Insurance Company is OP-Pohjola Group's internal insurance company. It forms part of OP-Pohjola Group's internal risk management system.

Management

Management of OP-Pohjola Group Central Cooperative

In the Central Cooperative, the central institution of OP-Pohjola Group, the highest decision-making authority rests with the Cooperative Meeting and the Supervisory Board elected by it. Operational decision-making authority rests with the Executive Board, which is elected by the Supervisory Board and is composed mainly of management executives.

Supervisory Board of OP-Pohjola Group Central Cooperative

The Central Cooperative's Supervisory Board is required under its statutes to have a minimum of 32 and a maximum of 36 members, and has 32 members as at the date of this Base Prospectus. Mr Jaakko Pehkonen acts as its chairman and Mr Vesa Lehikoinen and Ms Mervi Väisänen act as deputy chairmen. The task of the Supervisory Board is to supervise the Central Cooperative's corporate governance, managed by the Executive Board and the President. It also ensures that the Central Cooperative's operations are managed in a professional and prudent manner, as required by the Finnish Cooperatives Act (*Osuuskuntalaki* 421/2013, as amended) and in the best interests of OP-Pohjola Group. Finland is divided into 16 federations of Member Cooperative Banks, which are regional cooperative bodies for the Member Cooperative Banks. They appoint the candidates from their areas to the Supervisory Boards of the Central Cooperative.

The Supervisory Board confirms OP-Pohjola Group's strategy, other joint objectives and operational policies. It elects and dismisses the Executive Chairman acting as the President, the other Executive Board members and deputy members, and the head of the Audit function. It also carries out the other duties stipulated for it in the Central Cooperative Statutes.

Executive Board

The Executive Board is collectively responsible for the matters upon which it decides. In addition, Executive Board members and deputy members bear operational responsibility for the areas of responsibility and organisational entities individually designated to them.

The Executive Board has executive power within OP-Pohjola Group Central Cooperative. The Supervisory Board elects Executive Board members, who retain their positions until further notice.

The Executive Board is chaired by the Executive Chairman, who acts as the President. The Deputy to the Executive Chairman acts as the Executive Board's Vice Chairman. As per the Supervisory Board's decision, the Executive Board also includes two to five other members and a maximum of four deputy members. At the beginning of 2011, the Executive Board consisted of the Executive Chairman, the Vice Chairman, five members and one deputy member.

As at the date of this Base Prospectus, the Executive Board is made up of the following members:

Ordinary Members:

Mr Reijo Karhinen – Executive Chairman and CEO, OP-Pohjola Group Central Cooperative Chairman

Mr Tony Vepsäläinen – Executive Vice President, Operations, and Deputy to Executive Chairman and CEO , Vice Chairman

Ms Carina Geber-Teir – Chief Communications Officer

Mr Jari Himanen – Executive Vice President, Group Steering

Mr Olli Lehtilä – Executive Vice President, Non-life Insurance

Mr Harri Luhtala – Chief Financial Officer

Mr Harri Nummela – Executive Vice President, Wealth Management

Mr Erik Palmén – Chief Risk Officer

Mr Jouko Pölönen – Executive Vice President, Banking

Ms Teija Sarajärvi – Chief Human Resources Officer

Deputy Member:

Mr Markku Koponen – Chief Legal Officer, Secretary of the Boards

Attends Executive Board meetings:

Ms Leena Kallasvuo – Chief Audit Officer.

The office address of the members and deputy members of the Executive Board is OP-Pohjola Group Central Cooperative, Vääksyntie 4, FI-00510 Helsinki, Finland.

President

The duty of the president is to administer the Central Cooperative's day-to-day administration in accordance with the guidelines and regulations set by the Executive Board. Currently the President of Central Cooperative is Mr Reijo Karhinen.

Conflicts of Interest

The members of OP-Pohjola Group's administrative and management bodies do not have conflicts of interest between any duties to OP-Pohjola Group and their private interests and/or their other duties.

Auditors

The auditor of the Issuer and OP-Pohjola Group during the last two financial years was: KPMG Oy Ab, Töölönlahdenkatu 3 A, FI 00101 Helsinki, Finland.

Recent Events

OP-Pohjola Group's risk-bearing capacity strong in ECB's comprehensive assessment.

The supervisors announced on 26 October, 2014 OP-Pohjola Group to have a strong financial standing. The Group's capital adequacy remained strong both in the ECB's comprehensive assessment, which looked at European banks' assets using uniform valuation principles, and in a stress test carried out by European banking supervisors, which measures capital adequacy developments in different stress scenarios. The stress test assumptions were more rigorous than earlier ones.

The result of the supervisor's comprehensive assessment is that OP-Pohjola Group's capital adequacy will remain strong and well above the minimum requirement even in an operating environment of a very adverse scenario.

In the baseline scenario, meaning that the operating environment remains unchanged, OP-Pohjola Group's Common Equity Tier 1 (CET1) ratio will improve and be 17.2% in 2016, while the minimum requirement is 8%.

In the adverse scenario, capital adequacy will be burdened by considerable impairments, bringing the CET1 ratio down to 12.0%, which is still more than double the minimum requirement set by the ECB for the comprehensive assessment.

Despite the purchase of Pohjola Bank shares, the OP-Pohjola Group's capital adequacy is strong

The stress test is based on the situation at the end of 2013. OP-Pohjola Group bought Pohjola Bank shares held by minority shareholders in the early part of 2014, reducing the Group CET1 capital. In order to capitalise the purchase of these shares, cooperative banks have issued Profit shares included under CET1 capital. The purchase of Pohjola Bank shares and the changes to CET1-compliant Profit and supplementary shares reduced CET1 capital at the end of September by a net amount of EUR 1.5 billion.

OP-Pohjola Group's CET1 ratio published on 30 September stood at 13.6%. OP-Pohjola Group would have been above the stress test's minimum requirement by a clear margin even if the test had been carried out at the end of September.

The ECB and national supervisory authorities carried out a comprehensive assessment of the 130 banks in the European Union that are transferred under ECB supervision in November 2014. A comprehensive assessment is the first step towards better transparency of banks' balance sheets and consistency of supervisory measures within Europe. Assessment began in November 2013 and lasted for 12 months.

ECB's comprehensive assessment consisted of an Asset Quality Review (AQR) and a stress test. The purpose of the AQR was to harmonise the base level for all banks before the stress test using uniform evaluation methods, while the stress test was applied to predict banks' capital adequacy developments in a baseline scenario and an adverse scenario.

The stress tests were carried out using the European Banking Authority's (EBA) uniform methodology and simplified assumptions, and they cannot be used to predict future developments.

OP-Pohjola Group continues the planning of structural arrangements.

The Central Cooperative announced on 14 November 2014 that the Central Cooperative continues the planning of the structural reforms of OP-Pohjola Group Central Cooperative Consolidated. The changes are part of the rebuilding of the new OP-Pohjola, owned by its customers. The process of planning and examination of different options regarding the restructuring of OP-Pohjola Group Central Cooperative Consolidated and the implementation of legal structures of the organisation is still ongoing. In the context of further planning of the restructuring, the separation of OP-Pohjola Group's central banking operations, being presently part of Pohjola Bank, as a detached subsidiary fully owned by the Central Cooperative, is also under consideration. OP-Pohjola Group's banking operations in their entirety will continue to fall within the scope of joint liability as laid down in the applicable law. No decisions have been made with respect to the specific manner of implementation or schedule of any restructuring measures.

DESCRIPTION OF THE TRANSFER, INTERMEDIARY LOAN AND SERVICING DOCUMENTS

Transfer Agreements

Pursuant to the terms and conditions of Mortgage Loan sale and purchase agreements (the **Transfer Agreements**), certain Member Credit Institutions (the Originators) sell and assign to the Issuer and the Issuer purchases and acquires the loan portfolio comprising Mortgage Loans (the **Acquired Mortgage Loans**) with pertaining loan security (the **Loan Security**) included in the pool of Eligible Assets covering the Notes.

Legal title to, and all rights and benefits in, each Acquired Mortgage Loan (including but not limited to the benefit of the Loan Security and any guarantee and any payments in respect of the Acquired Mortgage Loan) and all liabilities, risks and obligations, including the credit risk relating to each such Acquired Mortgage Loan, are assigned to the Issuer.

The Issuer may acquire Substitute Loans as described in “*Substitution*” below.

The purchase price payable by the Issuer for each Acquired Mortgage Loan shall be their market value at the time of purchase, in accordance with the requirements of the FIN-FSA.

In the case of an acquisition of Acquired Mortgage Loans or Substitute Loans, on the date of acquisition, each Originator will, to ensure due transfer of legal title and any related rights and benefits under applicable Finnish law, execute an endorsement on each promissory note (all such promissory notes sold by the Originators together the **Promissory Notes**) evidencing each Acquired Mortgage Loan or, as the case may be, a Substitute, it has sold to the Issuer to the effect that it is assigned to the Issuer (unless such Promissory Notes are issued in bearer form). In addition, each borrower shall be given a written notice of the assignment of such Acquired Mortgage Loans or, as the case may be, the Substitute Loans or Further Acquired Mortgage Loans. Each Promissory Note is a negotiable promissory note governed by Chapter 2 of the Finnish Promissory Notes Act (*Velkakirjalaki 622/1947*, as amended). Under this Act, a *bona fide* assignee of a negotiable promissory note upon delivery (and with respect to nominee notes, endorsement) of such note (with certain exceptions) takes free from defects in the title of prior parties, a borrower’s defences and/or claims of the assignor’s creditors. As further described below (see “*Servicing Agreements*” below), each Promissory Note remains in the custody of the relevant Originator but is held on behalf of the Issuer. As each Originator is a bank, the assignment of the Acquired Mortgage Loans and the Loan Security in accordance with the Transfer Agreements will, nonetheless, pursuant to Section 22, Subsection 2 of the Finnish Promissory Notes Act (*Velkakirjalaki 622/1947*, as amended), be binding and effective with respect to each Originator’s creditors.

The Issuer has not made or caused to be made (and will not make or cause to be made) on its behalf any enquiries, searches or investigations in relation to any Acquired Mortgage Loans or Loan Security acquired from any Originator. The Issuer has not made and will not make any enquiry, search or investigation at any time in relation to compliance by the Originators or any other person with the Origination Criteria or origination procedures or the adequacy thereof or with any applicable laws or in relation to the execution, legality, validity, perfection, adequacy or enforceability of any Acquired Mortgage Loan or the Loan Security acquired from any Originator. In relation to all aforesaid matters concerning the Acquired Mortgage Loans and the Loan Security and the circumstances in which advances were made to borrowers under the Acquired Mortgage Loans prior to the acquisition by the Issuer of the relevant Acquired Mortgage Loans and the Loan Security, the Issuer will rely entirely on the representations and warranties to be given by each Originator to the Issuer contained in the relevant Transfer Agreement.

The Origination Criteria may be amended from time to time. The Origination Criteria for the Mortgage Loans applicable as at the date of this Base Prospectus include, without limitation, the following:

- (a) each borrower has to be identifiable by a Finnish social security or business identity number;
- (b) the Acquired Mortgage Loan must be fully drawn down;
- (c) the Acquired Mortgage Loan can be neither subject to collection nor subject to any debt reorganisation;
- (d) the Loan Security related to the Acquired Mortgage Loan must be valid; and
- (e) there may be no payment defaults in respect of the Acquired Mortgage Loan on the date of transfer.

If there is an unremedied breach of any representation and/or warranty in relation to any Acquired Mortgage Loan or the Loan Security, the relevant Originator will be obliged to re-acquire such Acquired Mortgage Loan and the Loan Security from the Issuer for an aggregate amount equal to (i) the principal amount outstanding under the Acquired Mortgage Loan on the date of payment of the repurchase price and (ii) the interest accrued thereon but unpaid to (but excluding) such date. With respect to any repurchased Acquired Mortgage Loans, the parties may agree that a Substitute Loan is sold to the Issuer on the terms and conditions of the Transfer Agreement.

The representations and warranties referred to will include, without limitation, statements to the following effect:

- (a) the Originator is entitled to transfer all of its rights associated with each Acquired Mortgage Loan and the related Promissory Notes and each such Acquired Mortgage Loan is free of any mortgage, charges, liens and encumbrances;
- (b) the Loan Security relating to an Acquired Mortgage Loan was granted on terms that allow for the Loan Security to be transferred with the related Acquired Mortgage Loan;
- (c) the Originator has complied with all statutory requirements relating to the transfer of the Acquired Mortgage Loans;
- (d) in granting the Acquired Mortgage Loans the Originator has complied with all laws, decrees, guidelines and regulations associated with lending, and the Originator undertakes to comply with all laws, decrees, guidelines and regulations applicable to transferred Mortgage Loans;
- (e) each Acquired Mortgage Loan to be sold by the Originator to the Issuer and its Loan Security and the nature and circumstances of each Borrower satisfies the requirements of the CBA; and
- (f) each Acquired Mortgage Loan to be sold by the Originator to the Issuer fulfils the Origination Criteria.

In addition to the Transfer Agreements relating to the Mortgage Loans, the Issuer and the Member Credit Institutions may enter into sale and purchase agreements pursuant to which a Member Credit Institution sells and assigns to the Issuer Public-Sector Loans from time to time.

Substitution

In respect of any Acquired Mortgage Loan and Loan Security or a Public-Sector Loan that is re-acquired by a Originator as described above, the Originator and the Issuer may agree that a substitute Mortgage Loan or a Public-Sector Loan (a **Substitute Loan**) be sold by the Originator to the Issuer on the terms and conditions of the relevant Transfer Agreement. Any Substitute Loan to be sold by the Originator to the Issuer shall fulfil the Origination Criteria and the representations and warranties of the Originator set out in the relevant Transfer Agreement shall be deemed to have been given by the Originator also with respect to any Substitute Loan. The purchase price for a Substitute Loan shall be the aggregate of the outstanding principal amount of the Substitute Loan and any accrued interest thereon but unpaid to (but excluding) the date of transfer of the Substitute Loan and is payable by the Issuer on the banking day following the day of transfer of the Substitute Loan by the Originator to the Issuer.

Further Issues

Pursuant to each Transfer Agreement, following the Issuer's request the Originator and the Issuer may from time to time agree on further sales of Mortgage Loans under the Transfer Agreement.

Intermediary Loan Agreements

Pursuant to the terms and conditions of each agreement in respect of Intermediary Loans (each an "**Intermediary Loan Agreement**") and in accordance with the CBA, the Issuer (as lender) will grant Intermediary Loans to other Member Credit Institutions (as borrowers). The key features of the Intermediary Loans are summarised above in "*Description of the Issuer - Summary of Intermediary Loan Agreements*".

The Issuer has not made or caused to be made (and will not make or cause to be made) on its behalf any enquiries, searches or investigations in relation to any Mortgage Loan connected to an Intermediary Loan

which is entered in the Register as collateral for the Notes. The Issuer has not made and will not make any enquiry, search or investigation at any time in relation to compliance by the relevant Member Credit Institution or any other person with the Origination Criteria or origination procedures or the adequacy thereof or with any applicable laws or in relation to the execution, legality, validity, perfection, adequacy or enforceability of any such Mortgage Loan or its related Loan Security. In relation to all aforesaid matters concerning any such Mortgage Loan and its related Loan Security and the circumstances in which advances were made to borrowers, the Issuer will rely entirely on the representations and warranties to be given by the relevant Member Credit Institution contained in the relevant Intermediary Loan Agreement.

The representations and warranties will include, without limitation, statements to the following effect:

- (a) the relevant Member Credit Institution is entitled to collateralise the relevant Mortgage Loan or Public-Sector Loan in the Register;
- (b) in granting the relevant Mortgage Loan or Public-Sector Loan, the relevant Member Credit Institution has complied with all laws, decrees, guidelines and regulations associated with lending;
- (c) each Mortgage Loan and its related Loan Security or each Public-Sector Loan to be entered in the Register pursuant to the related Intermediary Loan and the nature and circumstances of each borrower satisfies the requirements of the CBA; and
- (d) each Mortgage Loan and its related Loan Security or each Public-Sector Loan pursuant to an Intermediary Loan fulfils the Origination Criteria.

In the event of a breach of warranty in an Intermediary Loan Agreement, the Issuer will be entitled to require the relevant Member Credit Institution to replace such Mortgage Loan or Public-Sector Loan with another eligible Mortgage Loan or Public-Sector Loan as collateral for the Notes.

Servicing Agreements

Pursuant to the terms of the servicing agreements entered into between each Originator (as a **Servicer**) and the Issuer (as varied and supplemented by the Transfer Agreements, the **Servicing Agreements**) (and certain other related service agreements between the Servicers and the Issuer), each Servicer has agreed as servicer to keep the Promissory Notes and any other documents and instruments relating to the Acquired Mortgage Loans and the Loan Security sold by it to the Issuer in custody and to receive and collect payments on behalf of the Issuer. With respect to the Mortgage Loans entered into the Register as collateral for the Notes pursuant to Intermediary Loans, there will not be any Servicing Agreements since such Mortgage Loans will continue to be serviced by the relevant Member Credit Institution in accordance with its usual servicing procedures.

Each Servicer has agreed to manage, service, administer and make collection on the Acquired Mortgage Loans sold by it and to keep all accounts and records as provided for under the Servicing Agreement, all with reasonable care and diligence and in accordance with such procedures and to the same standard as it would apply to any comparable Housing Loans administered or owned by it. The loan files, including the Promissory Notes and Loan Security documents, remain in the custody of each Servicer to be held on behalf of the Issuer as provided for under Section 22 of the Finnish Promissory Notes Act (*Velkakirjalaki* 622/1947, as amended).

Further, each Servicer has agreed to collect all amounts due under the Acquired Mortgage Loans sold by it when they become due, and take responsibility for the calculating, invoicing, collection and posting of all payments under the Acquired Mortgage Loans. Any payments made in respect of the Acquired Mortgage Loans sold by a Servicer shall be credited directly from the relevant borrower to the Issuer's bank account with Pohjola Bank, meaning that the payment is not credited via the Servicer's account. Each Servicer has further undertaken to make any payments that the Issuer is required to make pursuant to the Programme Agreement as well as to take any action that the Issuer is required to take pursuant to the Programme Agreement so that the Issuer at all times complies with its obligations thereunder.

Finally, each Servicer has agreed to prepare any reports that the Issuer is required to prepare pursuant to any applicable laws and regulations. The Servicing Agreements also imposes certain reporting obligations on the Servicers and includes certain provisions with respect to the Issuer's access to records and accounts.

In consideration of its services under a Servicing Agreement, a Servicer is entitled to servicing fees as separately agreed between the Issuer and the Servicer.

Each Servicer has agreed to indemnify the Issuer and hold it harmless with respect to any loss, claim, damage, liability, cost or expense which it may suffer or incur as a result of its wilful default or gross negligence, or as a result of any failure or breach on its part to fulfil its contractual obligations under the Servicing Agreement, save (in each case) to the extent as resulted from the wilful default or gross negligence of the Issuer or the breach by the Issuer of any of its obligations under the Servicing Agreement, the Transfer Agreement or any other service agreements between the Servicer and the Issuer.

In the event of a material breach by a Servicer of its obligations under the relevant Servicing Agreement, the Issuer may terminate the Servicing Agreement by notice in writing with effect from a date specified in the notice. Furthermore, the Issuer may, at any time and in its discretion, terminate the Servicing Agreement by notice in writing to a Servicer upon the expiry of not less than a 2 month notice period.

Each Servicing Agreement may be terminated upon the expiry of not less than 2 months' notice given by the Servicer to the Issuer provided that (i) the Issuer consents in writing to such termination; (ii) a substitute servicer shall be appointed by the Issuer or by the Servicer (subject to any such appointment being approved in writing by the Issuer), either (a) at the cost of the substitute servicer, where such substitute is a member of OP-Pohjola Group, or (b) at the cost of the Issuer in all other instances, such appointment to be effective not later than the date of termination of the Servicing Agreement and such substitute servicer enters into an agreement providing for servicing of the Acquired Mortgage Loans sold by it on substantially the same terms as those of the Servicing Agreement, and the Servicer shall not be released from its obligations under the Servicing Agreement until such substitute servicer has entered into such new agreement; and (iii) the then current ratings of any covered notes issued by the Issuer are not adversely affected as a result of such termination.

If not terminated in accordance with the above, any Servicing Agreement will terminate on the later of (i) such time as the Issuer has no further interest in any of the Acquired Mortgage Loans, or (ii) such time as all liabilities under and in respect of the Acquired Mortgage Loans have been discharged in full.

In addition to the Servicing Agreements relating to the Acquired Mortgage Loans, the Issuer and the Member Credit Institutions may enter into similar servicing agreements to those described above in connection with the Public-Sector Loans transferred to the Issuer.

CHARACTERISTICS OF THE QUALIFYING COVER ASSET POOL

The purpose of the statutory requirements of the CBA are to ensure that the Issuer has sufficient Eligible Assets to produce funds to service any payments of interest and principal due and payable on the Notes of each Series outstanding under the Programme. The CBA requires the Issuer to continuously ensure that (a) the average term to maturity of Notes outstanding under the Programme does not exceed the average term to maturity of the collateral assets entered into the Register and (b) the total amount of interest receivable in any given 12-month period on the collateral assets entered into the Register is sufficient to cover the total amount of interest payable on the Notes outstanding under the Programme (see “Covered Bond Act” below).

For the purposes of the asset coverage tests contained in the CBA, the Issuer must ensure that the qualifying Cover Asset Pool may only be comprised of (a) Mortgage Loans and Public-Sector Loans that have been entered into the Register as collateral for the Notes and (b) Supplementary Collateral.

The Issuer will substitute assets that are, for any reason, no longer eligible for collateral with Eligible Assets in accordance with the CBA.

Investors should note that periodically updated general information in relation to the Cover Asset Pool can be found on the Issuer’s website at the following address: <https://www.pohjola.fi/pohjola/investor-relations/debt-investors/op-mortgage-bank/cover-asset-pool?id=334226&srcpl=8&kielikoodi=en>. This information gives an overview of the Cover Asset Pool based on statistical reports. The information is updated quarterly on the same date as the Issuer’s interim report is published. In the case of the information relating to the fourth quarter of each financial year, the information is updated on the date of publication of the Issuer’s financial statements bulletin for the financial year in question.

Origination Criteria for the Mortgage Loans

All Mortgage Loans are originated by a Member Credit Institution in accordance with its standard lending criteria at the time of origination. The principal lending criteria of each Member Credit Institution and the general characteristics of the borrowers include, but are not limited to, the following:

- (a) each borrower is identified by a Finnish social security number or a Finnish business identity number;
- (b) the borrower has legal capacity and, in case of a natural person, is of age;
- (c) the borrower is not an employee of OP-Pohjola Group;
- (d) the borrower is creditworthy and the borrower is able to pay its debts as they fall due;
- (e) the borrower can be neither subject to debt collection procedures nor subject to any debt reorganisation;
- (f) on the date of inclusion in the Cover Asset Pool, the borrower had no public payment defaults (verified in Suomen Asiakastieto Oy’s register);
- (g) the borrower's payment defaults within OP-Pohjola Group are verified in the bank’s internal payment default register; and
- (h) on the date of inclusion in the Cover Asset Pool, the borrower was not in arrears.

In addition to the principal lending criteria described above, all Mortgage Loans to be included in the Cover Asset Pool must fulfil the following Origination Criteria:

- (a) the loan will be secured with Property located or incorporated in Finland;
- (b) there are no rights or obligations to make further advances in any of the Mortgage Loans included in the Cover Asset Pool;
- (c) the terms and conditions of the pledges relating to the Property contain a provision according to which the pledgor undertakes to maintain sufficient insurance of the Property; and
- (d) in the case of a construction, the loan must be completely drawn down and the building has to be completely finished on the date of inclusion in the Cover Asset Pool.

The principal lending criteria and the other Origination Criteria may change from time to time.

Origination Criteria for the Public-Sector Loans

All Public-Sector Loans to be included in the Cover Asset Pool will be either

- (a) granted to the Republic of Finland, a Finnish municipality or to other Finnish 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 Republic of Finland or Finnish municipality; or
- (b) fully collateralised by a guarantee granted by a Finnish public-sector entity referred to in subsection (a) above or by a claim on such Finnish public-sector entity.

COVERED BOND ACT

The following is a brief summary of certain features of the Finnish Covered Bond Act (Laki kiinnitysluottopankkitoiminnasta 688/2010) 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 13 to 24 above.

General

The CBA entered into force on 1 August 2010. It enables the issue of covered notes (*katetut joukkolainat*) are debt instruments secured by a cover pool of qualifying assets (the **cover pool**). The CBA 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 business (*kiinnitysluottopankkitoiminta*) (each an **issuer**).

Supervision

The FIN-FSA is responsible for supervising each issuer's compliance with the CBA 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 CBA 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 business.

Authorisation

Mortgage credit business is a line of banking business which involves the issuing of covered notes on the basis of loans secured by residential or commercial real estate or shares in Finnish housing companies or real estate companies as well as the acquisition of claims against public-sector bodies. A credit institution must fulfil certain requirements prescribed in the CBA in order to obtain authorisation from the FIN-FSA to engage in mortgage credit business. The credit institution must, among other things, have in place suitable procedures and instruments for managing the risk entailed in holding the cover pool assets and in issuing covered notes and also prove that it intends to engage in mortgage credit business on a regular and sustained basis. The issuer must have put the appropriate organizational structure and resources into place. Mortgage credit banks whose activities are exclusively restricted to carrying out mortgage credit business may also be authorised to issue covered notes.

Register of covered notes

The CBA requires the issuer to maintain a register (the **register**) for the covered notes and the collateral which forms the cover pool assets for the covered notes. Any intermediary loan (see *Intermediary Loans* below) shall also be entered in the register. The actual entry of the covered notes and relevant derivative contracts in the register is necessary to confer the preferential right in the cover pool. Further, only assets entered into the register form part of the cover pool.

The register must list, amongst other things, the covered notes issued by the issuer and the assets in the cover 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 loan or any supplementary collateral 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 CBA 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 supplementary collateral (see *Supplementary 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 (although no specific timeframe is provided for in the CBA). 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 supplementary collateral may also be removed from the register, if, after its removal, the remaining mortgage loans, public-sector loans and supplementary collateral entered in the register are sufficient to meet the requirements prescribed in the CBA. Accordingly, the cover pool is dynamic in the sense that an issuer may supplement or substitute assets in the cover 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 supplementary collateral, each as defined in the CBA as follows:

Mortgage loans are housing loans or commercial property 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 property loans are loans 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.

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 supplementary collateral unless otherwise provided for in the terms and conditions of a covered note.

Supplementary collateral may only be used as collateral for covered notes on a temporary basis and in the circumstances set out in the CBA (see “*Supplementary 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 cover pool assets.

Quality of the cover pool assets

Mortgage lending limit and valuation

A mortgage loan entered on the register as collateral for a covered note may not exceed the current value of the shares or real estate standing as collateral. The **current value** shall be calculated using good real estate 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 or 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 CBA 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 cover pool assets. This is achieved by Section 16 of the CBA which provides that (a) the total value of cover pool assets must always exceed the aggregate outstanding principal amount of the covered notes and (b) the net present value of cover pool assets 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 CBA (HE 42/2010), the **net present value** means, in respect of (a) covered notes and (b) mortgage loans, public-sector loans and supplementary 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 CBA, 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 pool assets, 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. Before the commencement of liquidation or bankruptcy proceedings against the issuer or a debtor of an intermediary loan, a mortgage credit bank may, in respect of collateral granted by a debtor of an intermediary loan, treat the interest payments on the intermediary loans as being the interest accrued from such collateral.

Determination of requirements under Sections 16 and 17 of the CBA

To determine the **value** of the cover pool assets in order to provide the matching cover required by Sections 16 and 17 of the CBA, the issuer shall only take into account:

- (1) an amount not exceeding 70 per cent. of the current value of the shares or real estate placed as collateral for any housing loan;
- (2) an amount not exceeding 60 per cent. of the current value of the shares or real estate placed as collateral for any commercial property loan; and
- (3) the book value of any public-sector loans and supplementary 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 pool assets 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 CBA.

Supplementary Collateral

Up to 20 per cent. of the aggregate amount of all assets constituting the statutory security for the covered notes conferred by the CBA may temporarily consist of supplementary 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. Supplementary 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. Supplementary 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 CBA

Intermediary loans

The CBA allows deposit banks and credit societies to participate indirectly in the issue of covered notes by means of intermediary loans granted by a mortgage credit bank to such institutions. The intermediary loan shall be entered in the register but shall not form part of the cover pool assets of the covered notes. In addition the borrower of the intermediary loan shall provide collateral in the form of mortgage loans and public-sector loans to be registered in the register as security for the covered notes of the mortgage credit bank. The total priority value of such loans in the cover pool shall always exceed the principal amount of the intermediary loan. Upon the liquidation or bankruptcy of the issuer, the estate of the issuer will be entitled to collect any proceeds from such loans and enter such proceeds in the register as security for the covered notes. Moreover, the issuer's estate may demand a transfer of title of the loans to the estate or a named third party.

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 CBA 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 pool assets. 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 supplementary 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 society 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 CBA, 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 pool assets 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 CBA 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 property loans of the current value of shares or real estate which stand as 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 CBA, 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 CBA 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 cover pool assets.

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 CBA, considerably exceed the total amount of the covered notes and it is apparent that the collateral to be transferred shall not be necessary to fulfil the obligations in respect of the covered notes, derivative transactions and bankruptcy liquidity loans.

Management of cover pool assets during the liquidation or bankruptcy of the issuer

When the issuer has entered into liquidation or bankruptcy proceedings, the FIN-FSA shall, without delay, appoint a supervisor in accordance with Section 29 of the Finnish Act on the Financial Supervisory Authority (*Laki finanssivalvonnasta 878/2008*, as amended) to protect the interests of creditors of covered notes and creditor entities comparable to such and to enforce their right to be heard (a **supervisor**). The supervisor shall, in particular, supervise the management of the collateral for the covered notes and their conversion into cash as well as the contractual payments to be made to the holders of the covered notes. The person to be appointed as a supervisor shall have sufficient knowledge of financing and legal issues with regard to the nature and scope of the duties.

In bankruptcy proceedings the courts will by operation of law appoint a bankruptcy administrator to administer the bankruptcy estate. The cover 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 CBA, 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 CBA 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 entity 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 CBA 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 pool of the covered notes, as provided for in Sections 16 and 17 of the CBA, cannot be fulfilled, the bankruptcy administrator must, upon the request or approval of the supervisor, accelerate the covered notes and sell the cover pool assets in order to pay the covered notes.

Management of cover pool assets upon the liquidation or bankruptcy of the debtor of an intermediary loan

When the debtor of an intermediary loan has entered into liquidation or bankruptcy proceedings, the FIN-FSA shall without delay appoint a supervisor to protect the interests of the holders of covered notes issued by the issuer standing as the creditor of the intermediary loan and will have a right to enforce the holders' right to be heard. The supervisor must, in particular, supervise the management of the collateral for covered notes and its conversion into cash as well as oversee the contractual payments to be made to the holders of covered notes and other parties comparable to such holders. Notwithstanding the liquidation or bankruptcy of the debtor of the intermediary loan, the issuer's obligations under the covered note must be paid for the full term of the covered note, in accordance with its contractual terms, from the collateral entered in the register before other claims can be met, and following, where applicable, what is provided for in Section 25 of the CBA in respect of payment priority.

When the debtor of the intermediary loan is in liquidation or bankruptcy, the bankruptcy administrator shall upon the supervisor's demand or with his consent:

- (1) sell to the issuer the mortgage loans or public-sector loans, included in the collateral of its covered note, in such a manner that the substitute claim is set-off partially or wholly against the claim under the intermediary loan of the issuer; or
- (2) if necessary, sell to a third party a sufficient amount of collateral for a covered note to comply with its obligations under the covered note.

DERIVATIVE TRANSACTIONS

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 the Notes or Mortgage Loans or other Eligible Assets placed as a collateral for such Notes. These Derivative Transactions shall be entered into the Register. The Issuer may enter into one or more derivative transactions to hedge against risks relating to other assets of the Issuer but such derivative transactions are not entered into the Register.

The Issuer may enter into one or more interest rate swap transactions to hedge the interest rate exposure arising as a result of Mortgage Loans carrying floating rates of interest and the Fixed Rate Notes creating a fixed rate payment obligation for the Issuer and may also enter into one or more interest rate swap transactions for general risk management purposes to hedge interest payments received in relation to Mortgage Loans carrying a fixed rate of interest. The Issuer may also enter into one or more currency swap transactions in order to hedge against foreign exchange exposure arising as a result of payments in respect of the Mortgage Loans being received by the Issuer in one currency (**Currency A**) and the Notes creating a payment obligation in another currency (**Currency B**).

Documentation

The Issuer currently anticipates that each Derivative Transaction entered into between the Issuer and a swap counterparty will be evidenced by a confirmation and such confirmation will supplement, form part of and is subject to an agreement between the Issuer and such swap counterparty in the form of a 1992 ISDA Master Agreement (Multicurrency – Cross Border) or 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**) and that the terms of each such Swap Agreement will contain among other things terms to the effect set out in this section, but there can be no assurance that all swap counterparties will agree to such terms and they may require certain amendments to be made. All outstanding 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 occurs (as defined in the relevant Swap Agreement).

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).

Ratings Requirements

Moody's Rating Trigger Requirements

It shall be an additional termination event under any Swap Agreement if:

- (A) the relevant swap counterparty has failed to comply with or perform any obligation to be complied with or performed by that swap counterparty in accordance with the credit support annex entered into between the Issuer and that swap counterparty in relation to the Swap Agreement between them and either (A) the First Rating Trigger Requirements apply but the Second Rating Trigger Requirements do not apply or (B) less than 30 local business days have elapsed since the last time the Second Rating Trigger Requirements did not apply; and/or
- (B) (i) The Second Rating Trigger Requirements apply and 30 or more local business days have elapsed since the last time the Second Rating Trigger Requirements did not apply and (B) at least one Eligible Replacement has made a firm offer that would, assuming the occurrence of an early termination date, remain capable of becoming legally binding upon acceptance.

So long as the Second Rating Trigger Requirements apply, the relevant swap counterparty will at its own cost use commercially reasonable efforts to, as soon as reasonably practicable, procure either (A) a guarantee which meets the requirements of Moody's swap criteria in respect of all of its present and future obligations

under the relevant Swap Agreement by a guarantor with the First Trigger Required Ratings and/or the Second Trigger Required Ratings or (B) a transfer to an Eligible Replacement.

An event of default will occur under the relevant Swap Agreement with respect to the relevant swap counterparty if on any valuation date in accordance with associated credit support annex, the Second Rating Trigger Requirements apply and at least 30 local business days have elapsed since the last time the Second Rating Trigger Requirements did not apply, and the relevant swap counterparty fails to post sufficient collateral to satisfy its obligations under the associated credit support annex and such failure is not remedied on or before the third local business day after notice of such failure is given to the relevant swap counterparty.

For the purpose of the Moody's rating trigger requirements:

"Eligible Replacement" means an entity that could lawfully perform the obligations owing to the Issuer under the relevant Swap Agreement or its replacement (as applicable) (A) with at least the Second Trigger Required Ratings or (B) whose present and future obligations owing to the Issuer under the relevant Swap Agreement are guaranteed pursuant to an guarantee which is eligible under Moody's swap criteria provided by a guarantor with at least the Second Trigger Required Ratings.

The **"First Rating Trigger Requirements"** shall apply so long as no Relevant Entity has the First Trigger Required Ratings. An entity shall have the **"First Trigger Required Ratings"** (A) where such entity is the subject of a Moody's short-term rating, if such rating is "Prime-1" and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A2" or above by Moody's and (B) where such entity is not the subject of a Moody's short-term rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A1" or above by Moody's.

"Relevant Entities" means the relevant swap counterparty and any guarantor under an guarantee which is eligible under Moody's swap criteria in respect of all of the relevant swap counterparty's present and future obligations under the relevant Swap Agreement.

The **"Second Rating Trigger Requirements"** shall apply if no Relevant Entity has the Second Trigger Required Ratings. An entity shall have the **"Second Trigger Required Ratings"** (A) where such entity is the subject of a Moody's short-term rating, if such rating is "Prime-2" or above and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A3" or above by Moody's and (B) where such entity is not the subject of a Moody's short-term rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A3" or above by Moody's.

S&P Downgrade Requirements

If the long-term, unsecured and unsubordinated debt obligations of the relevant swap counterparty (or its guarantor if applicable) cease to be rated at least as high as "A" or, if the short-term, unsecured and unsubordinated debt obligations which are rated by S&P, cease to be rated at least as high as "A-1" (the **"S&P Required Rating 1"**) by S&P (an **"S&P Rating Event 1"**), then:

- (A) within 10 local business days of the occurrence of such S&P Rating Event 1, the relevant swap counterparty will, at its own cost, provide collateral in the form of cash or securities or both in support of its obligations under the relevant Swap Agreement in accordance with the provisions of the credit support annex entered into between the Issuer and that swap counterparty in relation to the Swap Agreement between them.

If the long-term, unsecured and unsubordinated debt obligations of the relevant swap counterparty (or its guarantor if applicable) cease to be rated at least as high as "BBB+" or, if the short-term, unsecured and unsubordinated debt obligations which are rated by S&P, cease to be rated at least as high as "A-2" (the **"S&P Required Rating 2"**) by S&P (an **"S&P Rating Event 2"**), then:

- (B) the relevant swap counterparty shall use commercially reasonable efforts to take, within 60 calendar days following the occurrence of such S&P Rating Event 2, at its own cost, one of the following actions:
 - (I) transfer all of its rights and obligations with respect to the relevant Swap Agreement to
 - (a) a replacement third party whose long-term and short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least as high as the S&P Required Rating 1 by S&P, or to

- (b) a replacement third party whose long-term and short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least as high as the S&P Required Rating 2 by S&P, and who provides collateral in accordance with option (A) above,

provided that S&P confirms that such transfer would maintain the rating of the Covered Notes at, or restore the rating of the Covered Notes to, the level it was at immediately prior to such S&P Rating Event;
- (II) obtain a co-obligation or guarantee of its rights and obligations with respect to the relevant Swap Agreement from a guarantor who meets S&P's criteria and whose long-term, unsecured and unsubordinated debt obligations are rated at least as high as "A" and whose short-term, unsecured and unsubordinated debt obligations are rated at least as high as "A-1" by S&P, provided that S&P confirms that such guarantee or co-obligation would maintain the rating of the Covered Notes at, or restore the rating of the Covered Notes to, the level it was at immediately prior to such S&P Rating Event); or
- (III) take such other action that S&P has confirmed will result in the rating of the Covered Notes following the taking of such action being maintained at, or restored to, the level it would have been at immediately prior to such S&P Rating Event, provided that, in all cases, such action does not result in any requirement for deduction or withholding for or on account of any tax.

If, at the time a S&P Rating Event 1 occurs, the relevant swap counterparty does not post collateral in the manner described in (A) above pending taking any of the measures described in (B) above, such failure shall constitute an additional termination event with respect to the relevant swap counterparty which shall be deemed to have occurred on the local business day after the tenth business day following the S&P Rating Event. Further, it shall constitute an additional termination event if S&P Rating Event 2 occurs and the relevant swap counterparty does not take any of the measures described in (B) above. Such additional termination event will be deemed to have occurred on the local business day after the sixtieth calendar day following the S&P Rating Event.

Bankruptcy or Liquidation of the Issuer

Under Section 30 of the CBA the obligations resulting from a Derivative Transaction entered into the Register shall be fulfilled towards the Issuer in accordance with the contract terms notwithstanding a bankruptcy or liquidation or bankruptcy of the Issuer, unless otherwise provided by the terms of the Derivative Transaction.

Under Section 25 of the CBA, Noteholders, swap counterparties to Derivative Transactions and providers of Bankruptcy Liquidity Loans are given a statutory priority in the liquidation or bankruptcy of the Issuer. Accordingly, notwithstanding that the Issuer has been placed into liquidation or declared bankrupt, the Noteholders, swap counterparties to Derivative Transactions and providers of Bankruptcy Liquidity Loans have the statutory right to receive payment *pari passu*, before all other claims, for the entire loan period of the Covered Notes in accordance with the terms of the Notes from a certain portion of the Cover Asset Pool placed as their collateral. Under Section 25 of the CBA, this priority is limited to 70 per cent. in respect of Housing Loans and 60 per cent. in respect of Commercial Loans of the current value of the Properties which stand as collateral for such Mortgage Loan.

The funds accruing from the Notes' Cover Asset Pool after the commencement of the liquidation or bankruptcy proceedings are, under the CBA, entered into the Register as collateral until the holders of Notes are repaid in accordance with the terms and conditions of the Notes. Such provision of the CBA 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.

TAXATION

Finnish Taxation

The comments below are of a general nature and based on the Issuer's understanding of current law and practice in Finland. They relate only to the position of persons who are the absolute beneficial owners of the Notes and Coupons. They may not apply to certain classes of person such as dealers. Prospective holders of the Notes who are in any doubt as to their personal tax position or who may be subject to tax in any other jurisdiction should consult their professional advisers. It should be noted that the tax laws of Finland may be amended with retroactive effect.

Taxation of Finnish residents

Holders of Notes and Coupons who are resident in Finland for tax purposes will be subject to Finnish tax on interest payments (including deemed interest for tax purposes through a discounted issue price) under the Notes and Coupons and on gains realised on the sale or redemption of the Notes and Coupons.

Taxation of Non-Finnish residents

Holders of Notes and Coupons who are not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment in Finland will not be subject to Finnish taxes on payments in respect of the Notes and the Coupons or gains realised on the sale or redemption of the Notes and Coupons.

Reporting Requirements

Under Finnish law, the Issuer is obliged to report any interest payments under the Notes and Coupons to the Finnish tax authorities.

EU Savings Directive

The EU Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in that other Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has adopted the Amending Directive which will, when implemented, amend and broaden the scope of the requirements of the EU Savings Directive described above. The Amending Directive will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in a Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the EU Savings Directive) which indirectly benefit an individual resident in a Member State, may fall within the scope of the EU Savings Directive, as amended. The Amending Directive requires Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

Investors who are in any doubt as to their position should consult their professional advisers.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission has published a proposal (the "**Commission Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Notwithstanding the Commission Proposal, a joint statement issued in May 2014 by the participating Member States (other than Slovenia) indicated an intention to implement the FTT progressively, such that it would initially apply to transactions involving shares and certain derivatives, with this initial implementation occurring by 1 January 2016. However, full details are not available. The FTT, as initially implemented on this basis, may not apply to dealings in Notes.

The proposed FTT remains subject to negotiation between the participating Member States and the timing remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

U.S. Foreign Account Tax Compliance Withholding

Certain provisions commonly known as "FATCA" impose a withholding tax of 30% on (i) certain U.S. source payments and (ii) payments of gross proceeds from the disposition of assets that produce U.S. source interest or dividends made to persons that fail to meet certain certification or reporting requirements. In order to avoid becoming subject to this withholding tax, non-U.S. financial institutions must enter into agreements with the IRS ("IRS Agreements") (as described below) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law ("IGA legislation") intended to implement an intergovernmental agreement entered into pursuant to FATCA (an "IGA"), may be required to identify and report to the government of the United States or another relevant jurisdiction certain information regarding "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after (i) July 1, 2014 in respect of certain US source payments, (ii) January 1, 2017, in respect of payments of gross proceeds (including principal repayments) from the disposition of property that can produce US source interest or dividends and (iii) January 1, 2017 (at the earliest) in respect of "foreign passthru payments", FATCA withholding in respect of foreign passthru payments is not required for "obligations" that are not treated as equity for U.S. federal income tax purposes, unless such obligations are issued or materially modified, after the date that is six months after the date on which the final regulations defining "foreign passthru payments" are filed with the Federal Register.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions (including Finland) have entered into, or are negotiating, IGAs (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear. The Issuer and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive and/or (ii) to comply with

applicable law in their jurisdiction. It is not yet certain how the United States and the jurisdictions which enter into IGAs will address withholding on “foreign passthru payments” (which may include payments on the Notes) or if such withholding will be required at all.

Whilst the Notes are in global form and held within Euroclear or Clearstream, Luxembourg (together, the “ICSDs”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Depositary/Common Safekeeper, given that each of the entities in the payment chain from (but excluding) the Issuer to (but including) the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA-compliant holder could be subject to withholding. However, definitive Notes will only be printed in remote circumstances.

The application of FATCA to Notes issued or materially modified after the date that is six months after the date on which the final regulations defining “foreign passthru payments” are filed with the Federal Register may be addressed in the relevant Final Terms or a supplement to this Prospectus, as applicable.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

SUBSCRIPTION AND SALE

The Dealers have, in an Amended and Restated Programme Agreement (the **Programme Agreement**) dated 12 November 2013 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive

provided that no such offer of Notes referred to in (a) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (**FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Finland

This Base Prospectus does not constitute a public offer or an advertisement of securities to the public in the Republic of Finland. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer or sell in Finland any Notes under circumstances which would constitute a public offer of securities under Finnish law, including the Finnish Securities Market Act (14.12.2012/746, as amended) and any regulation issued thereunder, as supplemented and amended from time to time. Any offer or sale of the Notes in Finland shall be made pursuant to a private placement exemption as defined under Article 3(2) of the Prospectus Directive, and the Finnish Securities Markets Act (14.12.2012/746, as amended) and any regulation made thereunder, as supplemented and amended from time to time. This Base Prospectus has not been approved by or notified to the Finnish Financial Supervisory Authority.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **Financial Instruments and Exchanged Act**). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and

otherwise in compliance with, the Financial Instruments and Exchanged Act and other relevant applicable laws and regulations of Japan.

Republic of Italy

The offering of the Notes has not been and will not be registered with the *Commissione Nazionale per le Società e la Borsa (CONSOB)* pursuant to Italian securities legislation. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes, nor distribute copies of the Base Prospectus or of any other document relating to the Notes in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**) and Article 2 of Directive No. 2003/71/EC of 4 November 2003; or
- (ii) in any other circumstances which are exempted from compliance with the restrictions on offers to the public pursuant to Article 100 of the Financial Services Act and Article 34-ter, first paragraph, of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any securities, tax, exchange control and any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time, inter alia, by CONSOB, the Bank of Italy or any other Italian authority.

Any investor purchasing the Notes in this offering is solely responsible for ensuring that any offer or resale of the Notes it purchased in this offering occurs in compliance with applicable laws and regulations.

This Base Prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment and subsequent update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 6 May 2010.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes was granted on 12 November 2010.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the non-consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2012 and 31 December 2013 (with an English translation thereof), in each case together with the audit reports prepared in connection therewith, and the non-consolidated interim financial statements of the Issuer for the nine months ended 30 September 2014 (with an English translation thereof);
- (c) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer (in each case with an English translation thereof), in each case together with any audit or review reports prepared in connection therewith;
- (d) the Programme Agreement, the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (e) a copy of this Base Prospectus;
- (f) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (g) in the case of each issue of Notes admitted to trading on the London Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of this Base Prospectus, any supplement to this Base Prospectus and each Final Terms relating to Notes which are either listed on the London Stock Exchange or offered to the public in the United Kingdom will be available on the website of the Regulatory News Service operated by the London Stock Exchange plc, at www.londonstockexchange.com/rns.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or OP-Pohjola Group since 30 September 2014 and there has been no material adverse change in the financial position or prospects of the Issuer or OP-Pohjola Group since 31 December 2013.

Litigation

There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) involving the Issuer or any other member of OP-Pohjola Group in the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Issuer or OP-Pohjola Group.

Auditors

The auditors of the Issuer are KPMG Oy Ab, authorised public accountants and a member of the Finnish Institute of Authorised Public Accountants (KHT), who have audited the Issuer's accounts, without qualification, in accordance with Finnish standards on auditing for each of the two financial years ended on 31 December 2012 and 31 December 2013. The auditors of the Issuer have no material interest in the Issuer.

Post-issuance Information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Note.

Dealers Transacting With The Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

English translations

All English translations in this Base Prospectus are accurate, complete and direct translation from Finnish language.

GLOSSARY OF DEFINED TERMS

Accrual Period	The period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date;
Agency Agreement	The Agency Agreement dated 12 November 2013 and made between the Issuer, the Agent and the other Paying Agents (as amended and/or supplemented and/or restated from time to time);
Agent	Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank, which expression shall include any successor agent;
Amalgamations Act	The Finnish Act on Amalgamations of Deposit Banks (<i>Laki talletuspankkien yhteenliittymästä</i> 599/2010, as amended);
Applicable Final Terms	In relation to any particular Tranche of Notes, the Final Terms applicable to that Tranche;
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 CBA;
Business Day	A day which is both: (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open;
Capital Requirements Directive	The EU Capital Requirements Directive, comprising Directive 2006/48/EC and Directive 2006/49/EC;
CBA	The Finnish Covered Bond Act (<i>Laki kiinnitysluottopankkitoiminnasta</i> 688/2010, as amended);
Central Cooperative	OP-Pohjola Group Central Cooperative;
Clearstream, Luxembourg	Clearstream Banking, <i>société anonyme</i> ;
Commercial Loan	A loan which is secured by Commercial Property;

Commercial Property	In relation to a Mortgage Loan, (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 (<i>Maakaari</i> 540/1995, as amended); or (ii) shares of a housing company or a real estate company entitling 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;
Common Depositary	A common depositary for Euroclear and Clearstream, Luxembourg;
Common Safekeeper	A common safekeeper for Euroclear and Clearstream, Luxembourg;
Conditions	The terms and conditions of the Notes;
Cooperative Bank Act	The Finnish Act on Cooperative Banks and Other Credit Institutions in the Form of a Cooperative (<i>Laki osuuspankeista ja muista osuuskuntamuotoisista luottolaitoksista</i> 423/2013, as amended);
Couponholders	The holders of the Coupons and, unless the context otherwise requires, the holders of the Talons;
Coupons	Interest coupons attached on issue to interest bearing definitive Notes;
Cover Asset Pool	The Mortgage Loans, Public-Sector Loans and Supplementary Collateral entered into the Register as statutory security for the Notes under the CBA;
Currency Swap Agreements	Swap Agreements relating to Currency Swap Transactions;
Currency Swap Transactions	The currency swap transactions which the Issuer may enter into in order to hedge against foreign exchange exposure;
Day Count Fraction	Has the meaning given to such term in Condition 4.1 or Condition 4.2, as applicable;
Dealers	The Dealers specified under “ <i>Overview of the Programme</i> ” and any additional Dealer appointed under the Programme from time to time by the Issuer;
Deed of Covenant	The deed of covenant dated 12 November 2010 and executed by the Issuer;
Derivative Transactions	Derivative transactions entered into by the Issuer in order to hedge against risks relating to the Notes, Intermediary Loans or Mortgage Loans or other Eligible Assets placed as collateral for the Notes;
Determination Period	Each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first

	Determination Date falling after, such date);
Early Redemption Amount	Has the meaning given to such term in Condition 6.6;
Eligible Assets	Mortgage Loans, Public-Sector Loans or Supplementary Collateral;
EURIBOR	The Euro-zone interbank offered rate;
Euroclear	Euroclear Bank SA/NV;
Exchange Date	The date which is 40 days after a Temporary Global Note is issued;
Exchange Event	The Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available;
Exchange Notice	A notice given by the Issuer to the effect that replacement euro-denominated Notes and Coupons are available for exchange;
Extended Interest Payment Date	Has the meaning given to such term in Condition 4.3;
Extended Interest Period	The period from and including an Extended Interest Payment Date (or, in respect of the first such period, the Maturity Date) to but excluding the next following Extended Interest Payment Date;
Extended Rate of Interest	The rate of interest payable from time to time in respect of the outstanding principal amount of the Notes on each Extended Interest Payment Date;
FIEA	Financial Instruments and Exchange Act of Japan;
FIN-FSA	The Finnish Financial Supervisory Authority (<i>Finanssivalvonta</i>);
Final Extended Maturity Date	Has the meaning given to such term in Condition 6.2;
Final Terms	A final terms supplement containing, <i>inter alia</i> , notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes;
Fixed Interest Period	The period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;
Global Note	A Temporary Global Note or a Permanent Global Note;
Holders	Noteholders;
Housing Loan	A loan which is secured by Residential Property;
Interest Amount	The amount of interest payable on the Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period;

Interest Payment Date	(i) Each date which is specified as a Specified Interest Payment Date in the applicable Final Terms or (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date;
Interest Rate Swap Agreements	Swap Agreements relating to Interest Rate Swap Transactions;
Interest Rate Swap Transaction	The interest rate swap transactions which the Issuer may enter into in order to hedge against interest rate exposure;
Intermediary Loan	A loan granted by the Issuer to a Member Credit Institution pursuant to the requirements set out in Section 8 of the CBA;
Investment Services Directive	Directive 93/22/EEC;
ISDA	The International Swaps and Derivatives Association, Inc.;
ISDA Definitions	The 2006 ISDA Definitions, as published by ISDA and as amended and updated as at the Issue Date of the first Tranche of the Notes;
Issuer	OP-Asuntoluottopankki Oyj (the English translation of which is OP Mortgage Bank);
LIBOR	The London interbank offered rate;
London Stock Exchange	The London Stock Exchange plc;
Long Maturity Note	A Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note;
LTV	Loan-to-value ratio;
Maturity	The legal maturity of any Outstanding Notes, Mortgage Loans or Supplementary Collateral, as applicable;
MBA	The Finnish Act on Mortgage Credit Banks (Kiinnitysluottopankkilaki 1240/1999, as amended);
Member Cooperative Banks	The cooperative banks being members of OP-Pohjola Group;
Member Credit Institutions	Pohjola Bank, Helsinki OP Bank Plc, OP- Card Company Plc, OP Process Services Ltd, the Issuer and the Member Cooperative Banks;
Member State	A member state of the European Union
Monthly Extended Maturity Date	Has the meaning given to such term in Condition 6.2;
Moody's	Moody's Investors Service Limited;
Mortgage Loans	Housing Loans and Commercial Loans;

NGN	New global note;
NIBOR	The Norwegian interbank offered rate;
Note Maturity Date	If a Note is redeemed after the Maturity Date pursuant to Condition 6.2, the date on which such Note is redeemed in full;
Noteholders	In relation to any Notes shall mean the holders of the Notes;
Notes	Covered notes issued under the Programme;
Official List	The official list of the UK Listing Authority;
Old Programme	The Issuer's existing €10,000,000,000 Euro Medium Term Note Programme established under the MBA;
OP-Pohjola Group	The statutory consortium (<i>yhteenliittymä</i>) as referred to in Section 2 of the Finnish Act on Amalgamations of Deposit Banks (<i>Laki talletuspankkien yhteenliittymästä 599/2010</i> , as amended) comprising (a) the Central Cooperative, (b) the member cooperative banks and other credit institutions being members of the Central Cooperative and (c) the companies belonging to the consolidation groups of the Central Cooperative and such member credit institutions;
Origination Criteria	The criteria for the content of the Cover Asset Pool, as set out in the Transfer Agreements and Intermediary Loan Agreements, outlining what type of loans may and may not be included in the Cover Asset Pool;
Originators	The members of OP-Pohjola Group who originated the Mortgage Loans, and from whom the Issuer has either purchased the Mortgage Loans or who have provided such Mortgage Loans as security in relation to Intermediary Loans;
Outstanding	Has the meaning given to such term in the Agency Agreement;
Outstanding Notes	Each outstanding series of Notes issued by the Issuer and entered into the Register in accordance with the CBA;
Paying Agents	The Agent and Deutsche Bank Luxembourg S.A. as paying agents under the Agency Agreement, which expression shall include any successor paying agents;
Payment Day	Has the meaning given to such term in Condition 5.5;
Permanent Global Note	A permanent global note by which a Tranche of Notes may be represented;
Pohjola	Pohjola Non-Life Insurance Company Ltd., a subsidiary of Pohjola Bank and formerly part of Pohjola Group plc;
Pohjola Bank	Pohjola Bank plc;
Proceedings	Any suit, action or proceedings;
Programme	The €10,000,000,000 Euro Medium Term Covered Note Programme established by the Issuer and as described in this Prospectus;

Programme Agreement	The Programme Agreement originally dated 8 November 2010 and made between the Issuer and the Dealers (as amended and/or supplemented and/or restated from time to time);
Programme Notes	All Notes of all series from time to time issued under the Programme;
Property	Residential Property and/or Commercial Property;
Prospectus Directive	Directive 2003/71 /EC;
Public-Sector Loan	A loan which has been granted to the Republic of Finland, a Finnish municipality or other public-sector entities 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 Republic of Finland or Finnish municipality or a credit which is fully collateralised by a guarantee of a public-sector entity or a claim on such entity;
Put Notice	Has the meaning given to such term in Condition 6.5;
Rate of Interest	The rate of interest payable from time to time in respect of Floating Rate Notes determined in the manner specified in the applicable Final Terms;
Rating Agency	Moody's and/or S&P, including in each case their respective successors and/or any other rating agency, as the case may be;
Redeemed Notes	Has the meaning given to such term in Condition 6.4;
Register	The register of Notes which the Issuer is required to maintain pursuant to Chapter 5 of the CBA;
Relevant Date	The date on which a payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12;
Relevant Dealer	In the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes;
Relevant Implementation Date	The date on which the Prospectus Directive is implemented in a Relevant Member State;
Relevant Member State	Each Member State of the European Economic Area which has implemented the Prospectus Directive;

Residential Property	In relation to a Mortgage Loan, (i) mortgageable property for primarily residential purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (<i>Maakaari</i> 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 (<i>Asunto-osakeyhtiölaki</i> 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;
S&P	Standard & Poor's Credit Market Services Europe Ltd.;
Securities Act	The United States Securities Act of 1933, as amended;
Selection Date	Has the meaning given to such term in Condition 6.4;
Series	A Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
Servicer	Each Originator, in its capacity as servicer under the Servicing Agreements;
Servicing Agreements	The servicing agreements entered into between each Originator and the Issuer;
STIBOR	The Stockholm interbank offered rate;
Sub-unit	With respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent;
Supplementary Collateral	<ul style="list-style-type: none"> (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 (<i>Laki rahoitus- ja vakuutusryhmittymien valvonnasta</i> 699/2004, as amended), as the Issuer; (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;
Swap Agreement	A 1992 ISDA Master Agreement (Multicurrency – Cross Border) or a 2002 ISDA Master Agreement (Multicurrency – Cross Border), each as published by ISDA;

Swap Transactions	The Currency Swap Transactions and the Interest Rate Swap Transactions;
Talons	Talons for further Coupons;
TARGET2 System	The Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System;
Tax Jurisdiction	Finland or any political subdivision or any authority thereof or therein having power to tax;
Temporary Global Note	A temporary global note by which a Tranche of Notes may initially be represented;
Tranche	Notes which are identical in all respects (including as to listing and admission to trading);
Transfer Agreements	The transfer agreements made between the Issuer and the relevant Originators relating to the purchase of the Mortgage Loans and/or the Public-Sector Loans by the Issuer; and
UK Listing Authority	The Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000.

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