

SAMPO HOUSING LOAN BANK PLC

(incorporated with limited liability in Finland)

€5,000,000,000

Euro Medium Term Covered Note Programme

This base prospectus (the "**Base Prospectus**") describes the €5,000,000,000 Euro Medium Term Covered Note Programme (the "**Programme**") of Sampo Housing Loan Bank plc (the "**Issuer**"). Any Notes (as defined below) issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue.

Under this Programme 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 €5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase in accordance with the terms of the Programme Agreement.

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.

The Issuer expects to merge into Sampo Bank plc (the "**Merger**") and Sampo Bank plc will be the surviving entity. It is currently expected that the Merger will take place at the earliest in September 2011. In accordance with Condition 9.3, if the Merger becomes effective, Sampo Bank plc will assume the obligations of the Issuer under the Notes, Receipts and Coupons (as applicable) including any additional amounts. Although the Issuer currently expects the Merger to take place, no assurance is given by the Issuer in respect thereof.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

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 (as defined under "*Terms and Conditions of the Notes*") will be set out in a final terms document (the "**Final Terms**") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a prospectus supplement, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Particular attention is drawn to the section herein entitled "*Risk Factors*".

Arrangers and Dealers

BNP PARIBAS

DANSKE BANK

The date of this Base Prospectus is 24 November 2010

The Issuer, having taken all reasonable care to ensure that such is the case, confirms that the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import. The Issuer accepts responsibility accordingly.

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive") and has been prepared for the purpose of giving information with regards to the Issuer which is to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. In relation to each separate issue of Notes, the final offer price and the amount of such Notes will be determined by the Issuer and the relevant Dealer in accordance with prevailing market conditions at the time of the issue of the Notes and will be set out in the applicable Final Terms.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers, as the case may be.

The Issuer has confirmed that the information contained in this Base Prospectus is true and accurate in all material respects and not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; that there are no other facts in relation to the information contained or incorporated by reference in this Base Prospectus the omission of which would, in the context of the issue of the Notes, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing. None of the Arrangers (in such capacity), the Dealers and the Note Trustee has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Dealers or the Note Trustee 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. None of the Arrangers (in such capacity), the Dealers and the Note Trustee 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, the Arrangers, any of the Dealers or the Note Trustee to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arrangers, any of the Dealers or the Note Trustee.

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, the Arrangers, any of the Dealers or the Note Trustee 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 and the Cover Pool (as defined in "Structure Overview"). Neither this Base Prospectus nor any Final Terms 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, the Arrangers, any of the Dealers or the Note Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus or any Final Terms 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 the date upon which this Base Prospectus has been most recently amended or supplemented 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 Arrangers, the Dealers and the Note Trustee 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. Investors should review, *inter alia*, the documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

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 such an offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer, sale or delivery of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arrangers, the Dealers and the Note Trustee 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. In particular, no action has been taken by the Issuer, the Arrangers, the Dealers or the Note Trustee which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. 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, the United Kingdom, Finland, the Netherlands, France, Italy 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 “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.

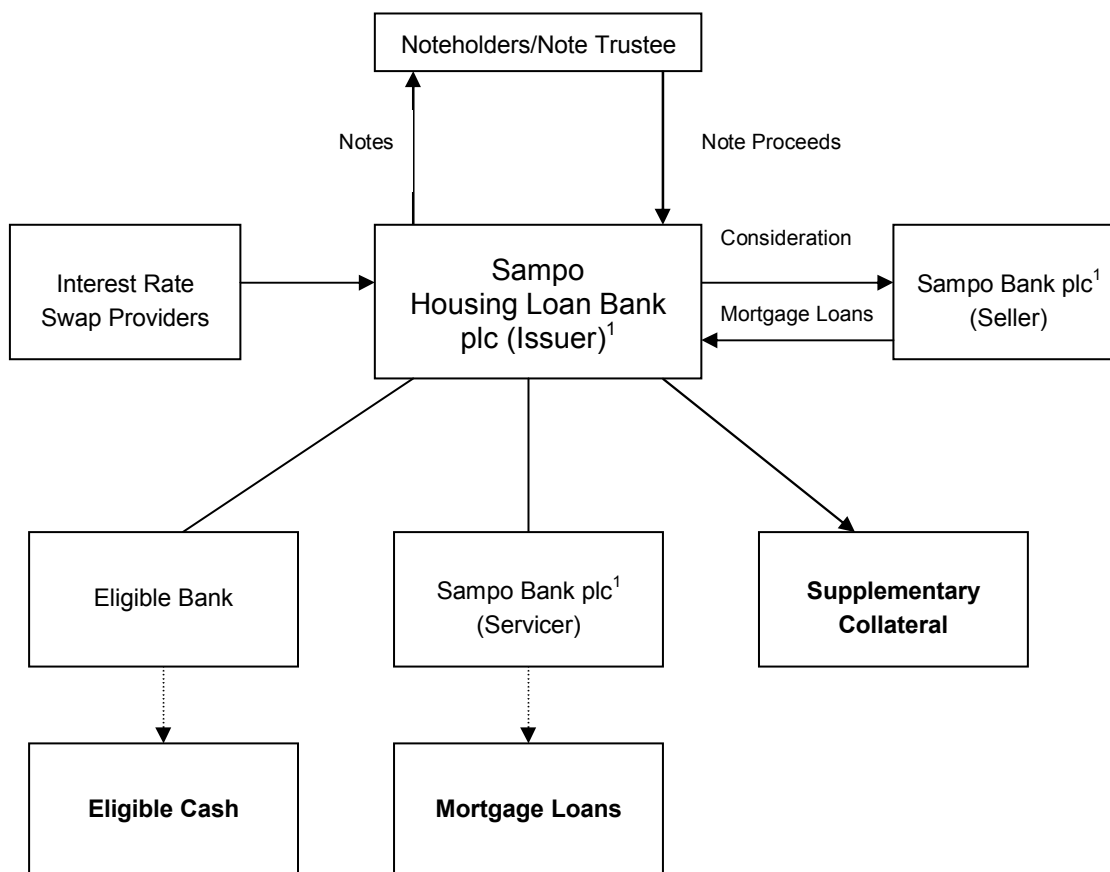
In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price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



- ¹ If the Merger (as defined on page 1 of this Base Prospectus) takes place, Sampo Bank plc will be the surviving entity. It is currently expected that the Merger will take place at the earliest in September 2011. In accordance with Condition 9.3, if the Merger becomes effective, Sampo Bank plc will assume the obligations of the Issuer under the Notes, Receipts and Coupons (as applicable) including any additional amounts. Although the Issuer currently expects the Merger to take place, no assurance is given by the Issuer in respect thereof.

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 rank *pari passu* among themselves and with all other Series of Notes issued by the Issuer under the Programme with equal priority among the Notes to receive payment out of the statutory priority interest under the Act on Mortgage Credit Bank Operations (*Laki kiinnitysluottopankkitoiminnasta 688/2010*), as amended from time to time (the “**MCBA**”).
- The 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 MCBA, and the Issuer’s general business principles as outlined in “*Description of the Issuer*” below (including, without limitation, the financing or refinancing of the acquisition of mortgage loans from Sampo Bank plc and the refinancing of previous issues of Notes under the Programme).

Up to 20 per cent. (or such larger amount as may be approved by the Finnish Financial Supervisory Authority (the “**FIN-FSA**”) on the application of the Issuer for a specific reason and for a specified period of time), of the aggregate amount of all the collateral in the Cover Pool (as defined below) may temporarily consist of supplementary collateral, as defined in the MCBA, including: (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 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 (other than one belonging to the same consolidated group as the Issuer). However, the aggregate amount of notes or other debt instruments issued by credit institutions, guarantees given by credit institutions and deposits with credit institutions may not exceed 15 per cent. of the aggregate amount of all collateral in the Cover Pool. Supplementary collateral is only permitted where eligible mortgage loans have not yet been granted or registered as collateral for the Notes or the total amount of collateral does not fulfill the provisions provided for in Sections 16 and 17 of the MCBA.

The Issuer may from time to time also enter into interest rate swaps with various swap providers to hedge against differences between (a)(i) the interest rates applicable to the mortgage loans included in the Cover Pool, (ii) the interest rates applicable to the cash accounts of the Issuer and (iii) the interest rates applicable to the supplementary collateral from time to time held by, or on behalf of, the Issuer and (b) the interest rates applicable to Notes issued under the Programme from time to time.

- **Statutory priority:** The Notes will be covered in accordance with the MCBA and will therefore benefit from and rank *pari passu* among themselves and with the receivables of swap counterparties and the providers of bankruptcy liquidity loans with respect to statutory priority over certain assets of the Issuer conferred by the MCBA (the “**Cover Pool**”) (see “*Act on Mortgage Credit Bank Operations*” below). To the extent that claims of the Note Trustee (on behalf of the Noteholders) in relation to Notes, receivables of the swap counterparties and claims of the providers of bankruptcy liquidity loans are not met out of the Cover Pool, the residual claims of such creditors will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer.
- **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 “*The 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, 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).
- **Asset Tests and Additional Test:** The Programme provides that the assets of the Issuer are subject to asset coverage tests in respect of the Notes (see “*Maintenance of Portfolio*” and “*Characteristics of the Qualifying Cover Assets Pool*” below).

For so long as any of the Series 2 Notes (as defined in Condition 9.1) remains outstanding, the Notes will be covered by the same Cover Pool as the Series 2 Notes. To ensure contractual parity with the Series 2 Notes, if the Series 2 Notes become due and repayable pursuant to Condition 9.1 of the terms and conditions of the Series 2 Notes, all Programme Notes shall automatically become immediately due and repayable at their Early Redemption Amount, together with accrued but unpaid interest (if any) to the date of repayment (the “**Cross-Default**”). The key effect of the Cross-Default is that, for so long as any of the Series 2 Notes remains outstanding, the Noteholders of any Series issued after the date of this Base Prospectus will receive the benefit of, *inter alia*, the covenants (including the Series 2 Asset Tests (as defined and set out in “*Series 2 Asset Tests*”)) and events of default in the Series 2 Notes (the “**Series 2 Events of Default**”).

At any time after all Programme Notes have become immediately due and repayable pursuant to Condition 9.1 (pursuant to the Cross-Default) and have not been repaid, the Note Trustee may, at its discretion and without further notice, take such action against the Issuer as it may think fit to

enforce repayment thereof together with accrued but unpaid interest and to enforce the provisions of the Trust Deed, subject to the provisions of Condition 9.

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 Series of Notes, the applicable Final Terms. This overview should be read as an introduction to this Base Prospectus and any decision to invest in Notes of a particular Series should be based on consideration by the investor of this Base Prospectus as a whole, including the documents incorporated by reference, together with the applicable Final Terms. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this overview.

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.

Issuer:	Sampo Housing Loan Bank plc, a mortgage bank (<i>kiinnitysluottopankki</i>) incorporated in Finland with limited liability under registration number 1579488-6.
Loan Originator and Servicer:	Sampo Bank plc, a bank incorporated in Finland with limited liability under registration number 1730744-7.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under " <i>Risk Factors</i> " below and include risks relating to the Issuer, its operations, its industry, general economic conditions and other business conditions. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under " <i>Risk Factors</i> " and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Covered Note Programme.
Arrangers:	BNP PARIBAS and Danske Bank A/S.
Dealers:	BNP PARIBAS and Danske Bank A/S and any other Dealers appointed in accordance with the Programme Agreement.
Note Trustee:	The Bank of New York Mellon at One Canada Square, London E14 5AL.
Issuing and Principal Paying Agent:	The Bank of New York Mellon at One Canada Square, London E14 5AL.
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 " <i>Subscription and Sale</i> ") 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*”.

Programme Size:	Up to €5,000,000,000 (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 outside the United States to, or for the account or benefit of, persons other than U.S. persons (as such terms are defined in Regulation S under the Securities Act 1933, as amended) by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	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:	Such maturities as may be agreed between the Issuer and the relevant Dealer. Each Series of Notes will mature on the Maturity Date specified in the Final Terms relating thereto, unless the Issuer fails to redeem all of the Notes relating to such Series in full on the Maturity Date (or within two Payment Days thereafter) in which event the maturity of the outstanding principal amount of each Note of such Series not redeemed in full on the Maturity Date (or within two Payment Days thereafter) will automatically extend to 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). The Issuer may redeem all or any part of the outstanding principal amount of a Series of Notes on the Maturity Date and/or on any Monthly Extended Maturity Date (as defined in Condition 6.2) up to and including the Final Extended Maturity Date. The Final Extended Maturity Date will be the date falling 365 calendar days after the Maturity Date specified in the Final Terms relating to the relevant Series.
Issue Price:	Notes may be issued on a fully-paid or a partly-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:	Unless otherwise specified in the applicable Final Terms:

- (a) the Notes will bear interest from and including the Interest Commencement Date to but excluding the Maturity Date at the rates specified in the Final Terms; and
- (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 annual rate equal to the Euro-zone inter-bank offered rate for one month deposits in euro plus a margin equal to the Extended Interest Relevant Margin (as defined in Condition 4.3), or such other rate as may be specified in the applicable Final Terms.

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:

Floating Rate Notes will bear interest at a rate determined:

- (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
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer.

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.

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest 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.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest except in the case of the extension of the Maturity Date thereof in accordance with Condition 4.3 and/or late payment as described in Condition 6.11.

Change of Interest/Payment Basis:

Notes may be converted from one interest and/or payment basis (the “**Interest/Payment Basis**”) to another if so provided in the applicable Final Terms.

Partly Paid Notes:

Notes may be issued on a partly paid basis in which case interest will accrue on the paid-up amount of such Notes (or as otherwise indicated in the applicable Final Terms).

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or, for so long as any of the Series 2 Notes (as defined in Condition 9.1) remains outstanding, pursuant to the Cross-Default (as defined in “*Structure Overview*”)) 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.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

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

Purchases and Resales of Notes:

The Issuer may at any time purchase Notes at any price in the open market or otherwise. All Notes so purchased will, unless resold, be surrendered to a Paying Agent for cancellation.

Denomination of Notes:

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 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).

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, subject as provided in Condition 7. 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 Notes will not contain a negative pledge provision.

Status of the Notes:

The Notes will be issued as covered notes (*katettu joukkolaina*) and will constitute direct, unconditional and unsubordinated obligations of the Issuer. The Notes will be covered in accordance with the MCBA (as defined in “*Structure Overview*”), and will rank *pari passu* among themselves with respect to the statutory priority in accordance with the MCBA. To the extent that claims of the Note Trustee (on behalf 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 MCBA, the residual claims of the Note Trustee (on behalf of the Noteholders) will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer. The statutory priority conferred on holders of the Notes and certain other creditors by the MCBA extends to Mortgage Loans (as defined in Condition 2.3) owned by the Issuer and certain other types of assets which qualify for this purpose under the MCBA. No security will be taken over assets of the Issuer which do not qualify for this purpose 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.

Asset Tests:

The Programme provides that the assets of the Issuer are subject to asset coverage tests in respect of the Notes (see “*Maintenance of Portfolio*” and “*Characteristics of the Qualifying Cover Assets Pool*” below).

For so long as any of the Notes is outstanding, the Value of the sum of the Eligible Receivables and the Supplementary Collateral will not at any time be less than the outstanding principal amount of all Programme Notes (each as defined in Condition 2.3).

For so long as any of the Notes is outstanding, the net present value (calculated in accordance with the MCBA) of the sum of the Eligible Receivables and the Supplementary Collateral will be equal to or greater than 102 per cent. of the net present value (as calculated in accordance with the MCBA) of the payment obligations under all the Programme Notes.

For so long as any of the Notes is outstanding, the Value of the sum of the Total Assets and the Supplementary Collateral will not at any time be less than 105 per cent. of the outstanding principal amount of all Programme Notes (each as defined in Condition 2.3).

Events of Default:

Save for the Cross-Default (as defined in "*Structure Overview*"), there are no contractual events of default which will lead to a contractual acceleration of the Notes.

For so long as any of the Series 2 Notes (as defined in Condition 9.1) remains outstanding, the Notes will be covered by the same Cover Pool as the Series 2 Notes. To ensure contractual parity with the Series 2 Notes, all Programme Notes have the benefit of the Cross-Default. The key effect of the Cross-Default is that, for so long as any of the Series 2 Notes remains outstanding, the Noteholders of any Series issued after the date of this Base Prospectus will receive the benefit of, *inter alia*, the Series 2 Asset Tests (as defined and set out in "*Series 2 Asset Tests*") and the Series 2 Events of Defaults (as defined in "*Structure Overview*").

Rating:

The Programme has been rated by Moody's. Up-to-date information should always be sought by direct reference to Moody's.

Notes issued under the Programme are expected to be rated by Moody's unless otherwise specified in the applicable Final Terms. Such ratings will not necessarily be the same as the rating assigned to the Programme and will be specified in the applicable Final Terms. The Issuer may also issue unrated Notes. A security rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn at any time in Moody's (or any other relevant rating agency's) absolute discretion.

Admission to Listing and Trading:

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed, quoted and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law, except for the provisions relating to coverage of the Notes pursuant to the MCBA, 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 United Kingdom, the European Economic Area, Finland, France, Italy and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “*Subscription and Sale*”.

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C rules, TEFRA D rules or not applicable, as specified in the applicable Final Terms.

RISK FACTORS

Prospective investors should read the entirety of this Base Prospectus and reach their own views prior to making any investment decision.

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.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the material 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 and which it may not currently be able to anticipate.

The Issuer makes no representation regarding the legal, accounting, regulatory or tax treatment of an investment in the Notes in any jurisdiction. Any person proposing to make an investment decision should read all information contained in this Base Prospectus and, if required, seek independent professional advice and consult, or review the securities with, (among others) their own financial, legal and tax advisers.

The following section sets forth certain risk factors that should be taken into account, amongst others, in connection with any investment in the Notes:

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

General economic conditions and other business conditions

The Issuer's results may be affected by general economic and other business conditions. These conditions include changing economic cycles that affect demand for mortgage banking products. Such cycles are also influenced by global political events, such as terrorist acts, war and other hostilities as well as by market specific events, such as shifts in consumer confidence and consumer spending, the rate of unemployment, industrial output, labour or social unrest and political uncertainty.

The impact of the economy and business climate on (a) the credit quality of borrowers and counterparties and (b) the market value of residential real estate, can affect the recoverability of loans and amounts due from the Issuer's debtors, which may affect the Issuer's ability to make payments under the Notes.

Competitive threats that could adversely affect results of operations

There is substantial competition on mortgage banking in Finland. Such competition is affected by consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. If the Issuer and/or Sampo Bank plc is unable to provide attractive products and services, a loss of customers and market share might occur, which might have a negative effect on future business performance and the Issuer's ability to make payments under the Notes.

Market risk

Market risk refers to the effect that interest rate fluctuation has on the Issuer's results. The risk arises when the interest rates between the Issuer's assets and liabilities do not coincide.

The Issuer measures the interest rate risk by continually calculating the expected net interest income over a rolling 12-month period. In addition to the upcoming year, the expected net interest income is also simulated for future years. In order to further ensure that the net interest income is not adversely influenced by future interest rate fluctuations, the expected net interest income is calculated with the assumption that the market interest rates will increase or decrease by 1.00 per cent. The net interest income should be positive in all scenarios in any given 12 month period. Any changes in interest rates, in particular any variances greater than those accounted for in the expected net interest income, could have an adverse effect on the Issuer's ability to make payments under the Notes.

The MCBA requires that the net present value of the assets in the Cover Pool must always be at least 2 per cent. above the net present value of the liabilities under the Notes. The net present value means in respect of (a) Notes and (b) Mortgage Loans and Supplementary Collateral (each as defined in Condition 2.3 below), the total value of the future discounted cash flows applying the relevant market rate of interest. For Mortgage Loans, the calculation shall take into account the cash flows in the same proportion as the loan can be used as collateral for the Notes. Derivative transactions entered in the Register (as defined in Condition 2.3) and concluded in order to hedge the Notes and any assets provided as collateral for the Notes shall be taken into account for the purposes of this calculation.

Reliance on Swap Providers

To provide a hedge against possible variances in the rates of interest receivable on the Mortgage Loans and other assets (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) from time to time held by the Issuer and the interest rate(s) under the Programme Notes, the Issuer may from time to time enter into Interest Rate Swap Agreements (as defined in Condition 2.3).

A default under, or early termination of, any such Interest Rate Swap Agreement will not result in a contractual acceleration of the Notes.

If any swap counterparty defaults on its obligations to make payments of amounts in the relevant currency under the relevant Interest Rate Swap Agreement, the Issuer will be exposed to changes in the relevant rates of interest. Unless one or more replacement Interest Rate Swap Agreements are entered into, the Issuer may not have sufficient funds to make payments under the Notes.

In addition, any termination payments in respect of derivatives entered in the Cover Pool due to the Swap Providers will rank *pari passu* with amounts due to the Noteholders under the Notes.

Liquidity and financing risks

Financing and liquidity risks refer to the Issuer's ability to meet its obligations for lending and borrowing.

The Issuer is fully dependent on the funds it borrows from the capital markets and from Sampo Bank plc and its parent company Danske Bank A/S ("**Danske Bank**"). The Issuer may not, in the course of its activities, take funding risks which would adversely affect its liquidity.

The Issuer's liquidity position is influenced by the acquisition and amortisation rate of mortgage loans, prepayment of loans before maturity, as well as by funding capacity on the capital markets. Mortgage loans have monthly instalments in accordance with a predetermined plan. Liquidity projections are based on anticipated development of the loan portfolio. Market borrowing and liquidity reserves are adjusted in accordance with the change in volume. Any change in the Issuer's liquidity position could have an adverse effect on the Issuer's ability to make payments under the Notes.

Operative risks

Operative risk refers to the risk of losses as a result of inappropriate or inadequate internal routines, human error, defective systems or external events.

The objective of managing operative risk is to improve the quality and stability of the earnings while, at the same time, reinforcing the Issuer's ability to provide competitive mortgage loan products.

To limit operative risks, authorised powers and instructions are set out in writing. The Issuer's core functions are documented by way of individual process descriptions. Outsourced processes are also documented and other activities are based on written contracts.

Any failure by the Issuer to effectively manage its operative risks could have an adverse effect on the Issuer's ability to make payments under the Notes.

Risk management

The activities of the Issuer are regulated by the MCBA and the Finnish Act on Credit Institutions (*laki luottolaitostoinnista* 121/2007), as amended (the "**Credit Institutions Act**"). The Issuer is under public supervision by the FIN-FSA and the FIN-FSA continually receives reports on its activities. The business activity of the Issuer is characterised by a low and stable risk profile with predictable earnings. The collateral type and the collateral valuation procedure are regulated (as further described below).

Financial risks are minimised by matching interest rates for assets and liabilities. Open risk positions that have not been mitigated by matching are hedged using interest rate derivatives. The Board of Directors of the Issuer sets risk limits and continually monitors the overall risk position of the Issuer.

Capital adequacy

At 30 June 2010, the Issuer's capital totalled €172,651,808.85, consisting of €76,050,000.00 in share capital and other undistributable items, €56,601,808.85 in retained earnings and €40,000,000.00 in Tier 2 capital. The Issuer's risk weighted assets were €889,651,852.75 and the capital adequacy ratio was 19.41 per cent. as at 30 June 2010.

The Board of Directors has set a target capital adequacy ratio of at least 10 per cent. in the medium term in accordance with Section 54 of the Credit Institutions Act.

If the Merger (as defined on page 1 of this Base Prospectus) takes places, it is estimated that the capital adequacy ratio of Sampo Bank plc will be 15.2 per cent. and that the Tier 1 ratio will be 14.0 per cent.

Any change in the Issuer's capital adequacy ratios could affect the Issuer's ability to make payments under the Notes.

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

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 relevant Notes, the merits and risks of investing in the relevant 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 relevant Notes and the impact such investment 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 currency in which such investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the relevant 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 and such instruments may be purchased 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 the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Obligations under the Notes

The Notes will not represent an obligation or be the responsibility of any of the Arranger, the Dealers, the Note Trustee or any person other than the Issuer. The Issuer will be liable solely in its corporate capacity for its obligations in respect of the Notes and such obligations will not be the obligations of its officers, members, directors, employees, security holders or incorporators. Although Sampo Bank plc holds 100 per cent. of the issued share capital of the Issuer, neither Sampo Bank plc nor any member of the Sampo Bank Group (as defined under "*Description of the Loan Originator and Servicer*" below) other than the Issuer will, prior to the Merger (as defined on page 1 of this Base Prospectus), be liable for any obligations of the Issuer in respect of the Notes and Noteholders will, prior to the Merger, have no right of recourse against Sampo Bank plc or any other member of the Sampo Bank Group.

Following the anticipated Merger (Sampo Bank plc (the "**New Issuer**") will be the surviving entity), which is expected to take place at the earliest in September 2011, the New Issuer will be liable solely in its corporate capacity for its obligations in respect of the Notes and such obligations will not be the obligations of its officers, members, directors, employees, security holders or incorporators. Following the anticipated Merger, no member of the Sampo Bank Group, other than the New Issuer, will be liable for any obligations of the New Issuer in respect of the Notes and Noteholders will have no right of recourse against any other member of the Sampo Bank Group.

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:

Index Linked Notes and Dual Currency Notes

If, in the case of any particular Tranche of Notes, the applicable Final Terms specify that the interest or redemption amount of the Notes is linked to an index, formula or other variable (each a "**Relevant Factor**") or may be paid in one or more currencies which may be different from the currency in which the Notes are denominated, potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Extended Maturity of the Notes

If the Issuer fails to 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 all or part of 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 or the Note Trustee to accelerate payments on such Notes for any purpose and no payment will be payable to the Noteholders in that event other than as set out in the Terms and Conditions of the Notes (the “**Conditions**”) (see “*Terms and Conditions of the Notes*” below). Such extension may also change the rate and the timing of the interest payable as set out in the applicable Final Terms.

The Issuer is not required to give Noteholders any notice of the deferral, which is automatic. Furthermore whilst the Issuer is required to give notice in accordance with Condition 6.2 of its intention to redeem all or part of the Notes on the relevant Monthly Extended Maturity Date or the Final Extended Maturity Date, any failure to give notice will not affect the effectiveness of any such redemption of the Notes on such Monthly Extended Maturity Date or the Final Extended Maturity Date, as applicable.

The Notes may be redeemed prior to maturity

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

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

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above and may in fact decrease below the price at which they can be redeemed. This also may be true prior to any redemption period.

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

Finnish Act on Mortgage Credit Bank Operations untested

The MCBA was passed in 2010 and came into effect on 1 August 2010. The protection afforded to the holders of the Notes by means of a preference on the qualifying assets is based only on the MCBA. Although the MCBA regulates the operations of mortgage banks in detail, there is only limited practical experience in relation to the operation of the MCBA.

Sharing of the Cover Pool

Under the MCBA, holders of Notes are given a preferential status in the liquidation or bankruptcy of the Issuer in relation to assets entered on the Register (as defined in Condition 2.3). Accordingly, notwithstanding that the Issuer has been placed into liquidation or declared bankrupt, Noteholders together with certain hedge and liquidity providers have the right to receive payment before all other claims against the Issuer out of the proceeds of realisation of the assets on the Register. The priority ranking in the liquidation or bankruptcy of the Issuer under the MCBA is given to holders of Notes, a counterparty to a derivatives contract entered in the Register and the provider of any liquidity loans.

Subject to the LTV limit discussed under "*Act on Mortgage Credit Bank Operations*" below, the funds accruing from the Notes' collateral after the commencement of the liquidation or bankruptcy proceedings are, under the MCBA, entered in the Register as collateral until the holders of Notes and until the other secured creditors are repaid in accordance with the Conditions. Such provision of the MCBA shall also be applied to the funds accrued to the Issuer after the commencement of the liquidation or bankruptcy proceedings on the basis of derivatives contracts entered into the Register.

As discussed in more detail under "*Act of Mortgage Credit Bank Operations*" below, the assets in the Cover Pool may also be sold to repay the Notes.

Default of Issuer's assets

Default of the Issuer's assets (in particular default by the borrower under Mortgage Loans comprised in the Cover Pool) could adversely affect the Issuer's ability to make payments in full or on a timely basis on the Notes. Risks attaching to the Notes as a result of a default under Mortgage Loans comprised in the Cover Pool are reduced by a number of features of the Notes, including overcollateralisation. However, if a material amount of such Mortgage Loans were to default, there is no guarantee that the required level of overcollateralisation could be maintained or would be sufficient. Any failure to maintain such overcollateralisation could have an adverse effect on the Issuer's ability to make payments under the Notes.

Collection of Mortgage Loans and default by borrowers

The Mortgage Loans which secure the Notes will comprise loans secured on residential property or Shares (as defined in Condition 2.3). A borrower may default on its obligation under such Mortgage Loan.

Defaults may occur for a variety of reasons. Defaults on the Mortgage Loans may arise as a result of a number of factors including credit, liquidity, interest rate rises and rental yield reduction (in the case of investment residential 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 a borrower's individual, personal or financial circumstances may affect the ability of the borrower to repay the relevant Mortgage Loan. Loss of earnings, illness, divorce 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. Any increase in the number of delinquencies will have an adverse effect on the value of the Cover Pool and therefore the Issuer's ability to make payments under the Notes.

Value of Loan Security over Residential Property

The Loan Security (as defined in Condition 2.3) for a Mortgage Loan included in the Cover Pool consists of, amongst other things, the Issuer's interest in security over a residential property or Shares. The value of such Loan Security and accordingly, the level of recoveries on an enforcement of such Loan Security, may be affected by, among other things, a decline in the value of residential property. No assurance can be given that the values of relevant residential properties or such Shares will not decline or since origination have not declined. Where the Issuer enforces security over a residential 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 residential property through public auction. The ability of the Issuer to dispose of a residential property or Shares 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 residential property but not in the case of Shares), (ii) the relevant housing market conditions at the relevant time and (iii) the availability of buyers for the relevant residential property or Shares. Any delay in the realisation of enforcement proceeds or where enforcement proceeds are insufficient to repay the relevant Mortgage Loan in full may have an adverse effect on the value of the Cover Pool and therefore on the Issuer's ability to make payments under the Notes.

Concentration of Location of Residential Properties

All Mortgage Loans contained in the Cover Pool will be secured on property located or incorporated in Finland. The value of the Cover Pool may decline sharply and rapidly in the event of a general downturn in the value of residential property in Finland. Any such downturn could have an adverse effect on the Issuer's ability to make payments under the Notes.

No Due Diligence

The Dealers and the Note Trustee have not and will not undertake any investigations, searches or other actions in respect of any Total Assets or Supplementary Collateral (each as defined in Condition 2.3) contained or to be contained in the Cover Pool (and, in particular, neither the Dealers nor the Note Trustee have verified or will verify the application of the proceeds of any issue of Notes or the acquisition of any Mortgage Loans under the Loan Purchase Agreement (as defined in Condition 2.3)) but will instead rely on representations and warranties provided by the Issuer to the Dealers in the Programme Agreement (see "*Subscription and Sale*" below).

Loan Acquisition and Limited Recourse to the Seller

Sampo Bank plc (in its capacity as the "**Seller**") has warranted to the Issuer in the Loan Purchase Agreement (see "*Description of the Sale and Servicing Documents*" below for a fuller description of the

Loan Purchase Agreement and the warranties to be given by the Seller to the Issuer on the assignment of the Mortgage Loans and the security therefor), *inter alia*, that each Mortgage Loan (as defined in Condition 2.3) and its related Loan Security and the nature and circumstances of each borrower will, upon due valuation of the current value of each Loan Security to be performed prior to the entering into of the Mortgage Loans in the Register (as defined in Condition 2.3), satisfy the requirements of the MCBA and the regulations made thereunder. None of the Issuer, the Note Trustee, the Arrangers and 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 Seller 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 Loan Security or the application of the proceeds of any issue of Notes in the acquisition of Mortgage Loans under the Loan Purchase Agreement. The Issuer will instead rely solely on the warranties given by the Seller in the Loan Purchase Agreement. If it becomes apparent that any of the warranties given by the Seller in respect of any Mortgage Loan was not true and correct when made, the Seller will be obliged to remedy the matter giving rise to such breach and, if it cannot do so or does not do so within five business days of notice from the Issuer, the Seller will be obliged to repurchase the relevant Mortgage Loan and the related Loan Security from the Purchaser. However this will not limit any other remedies available to the Issuer if the Seller fails to re-acquire the Mortgage Loan and its related Loan Security when obliged to do so. Any failure by the Seller to repurchase any Mortgage Loan that is not in compliance with the representations and warranties may have an adverse effect on the value of the Cover Pool and therefore on the Issuer's ability to make payments under the Notes.

Note Trustee has no security and no rights to Issuer's assets

Although the Notes will be covered by the Mortgage Loans and other assets entered on the Register and benefit from the statutory priority conferred by the MCBA in respect of such assets, the Note Trustee will not have security over these or any other assets of the Issuer and, accordingly, will not be entitled itself to take any action to realise any assets of the Issuer. Furthermore, the Note Trustee will not be a party to the Loan Purchase Agreement(s) or the Servicing Agreement(s) (as defined in "*Description of the Sale and Servicing Documents*") or any other contracts to which the Issuer is a party and therefore will not be entitled to exercise any of the rights of the Issuer thereunder on its behalf.

Limited description of the Portfolio

Noteholders will not receive detailed statistics or information in relation to the Mortgage Loans and other assets in the Cover Pool, because it is expected that the constitution of the portfolio of such Mortgage Loans and other assets may change from time to time due to, for example, the purchase of further Mortgage Loans from time to time and the repurchase by the Seller of Mortgage Loans pursuant to its obligations under the Loan Purchase Agreement.

There is no assurance that the characteristics of the new Mortgage Loans sold to the Issuer and forming part of the Cover Pool, will be the same as those of the Mortgage Loans already in the Cover Pool as at the relevant sale date. However, each Mortgage Loan will be required to comply with the representations and warranties set out in the Loan Purchase Agreement. See the section of this Base Prospectus entitled "*Description of the Sale and Servicing Documents*". Any change in the quality of the characteristics or the quality of the Cover Pool could have an adverse effect on the value of the Cover Pool and therefore the Issuer's ability to make payments on the Notes.

Maintenance of Portfolio

Pursuant to Condition 2.2, the Issuer must ensure that the following three tests (which together comprise the Asset Tests) are met for so long as any Notes are outstanding under the Programme:

Minimum Eligible Receivables Test: the Value of the sum of the Eligible Receivables and the Supplementary Collateral must be equal to or greater than the outstanding principal amount of all Programme Notes (each as defined in Condition 2.3);

Statutory Net Present Value Test: the net present value (as calculated according to the MCBA) of the sum of the Eligible Receivables and the Supplementary Collateral must be equal to or greater than 102 per cent. of the net present value (as calculated in accordance with the MCBA) of the payment obligations under all Programme Notes; and

Minimum Total Assets Test: the Value of the sum of the Total Assets and the Supplementary Collateral must be equal to or greater than the amount which is 105 per cent. of the outstanding principal amount of all Programme Notes (each as defined in Condition 2.3).

Breach of any of the Asset Tests will not lead to a contractual acceleration of the Notes.

For so long as any of the Series 2 Notes (as defined in Condition 9.1) remains outstanding, the Notes will be covered by the same Cover Pool as the Series 2 Notes. To ensure contractual parity with the Series 2 Notes, the Notes shall benefit from the Cross-Default (as defined in “*Structure Overview*”). The key effect of the Cross-Default is that, for so long as any of the Series 2 Notes remains outstanding, the Noteholders of any Series issued after the date of this Base Prospectus will receive the benefit of, *inter alia*, the covenants (including the Series 2 Asset Tests (as defined and set out in “*Series 2 Asset Tests*”)) and the Series 2 Events of Defaults (as defined in “*Structure Overview*”). Thus if one of the Series 2 Asset Tests is breached and the Note Trustee (i) certifies to the Issuer that such breach is, in its opinion, materially prejudicial to the interests of the Noteholders of the Series 2 Notes and (ii) declares the Series 2 Notes to be immediately due and repayable, such event will result in the Notes also becoming immediately due and repayable.

The Issuer has also undertaken in the Trust Deed to comply with the following additional test (the “**Additional Test**”), the breach of which will not lead to a contractual acceleration of the Notes:

Present Value Test: the net present value of the Total Assets, Supplementary Collateral (and interest receivable in respect thereof) and any hedging or derivative contracts must exceed the aggregate of the net present value of all of the Programme Notes when discounted at the then prevailing interest rates. This test shall be repeated assuming a 1.00 per cent. parallel shift up and down in yield curves.

The Issuer will confirm compliance with the Asset Tests, the Series 2 Asset Tests (for so long as any of the Series 2 Notes remains outstanding) and the Additional Test to Moody’s (or any other Rating Agency (as defined in Condition 2.3)) and the Note Trustee on a quarterly basis (or, in the event that the rating assigned to Sampo Bank plc by Moody’s (or any other Rating Agency) is downgraded below P-1 (or such rating by such Rating Agency that complies with such Rating Agency’s current counterparty criteria), on a monthly basis) and within fourteen Business Days of any request therefor in writing by Moody’s (or such other Rating Agency) or the Note Trustee. No third party will verify such compliance, save that the FIN-FSA shall monitor, on a monthly basis, whether the Minimum Eligible Receivables Test is met in relation to all Programme Notes.

Loan Register

All Mortgage Loans are entered in the Register (as defined in Condition 2.3) in accordance with Section 20 of the MCBA. According to Section 14.1 of the MCBA as in force at the date of this Base Prospectus, a loan to be entered in the Register must meet certain criteria: (i) the loan-to-value ratio, being the ratio of the balance of the loan to the value of the relevant property securing such Mortgage Loan, (“**LTV**”) of a loan may not exceed 100 per cent. of the value of the residential mortgage property; and (ii) the loan must not be a non-performing loan (*järjestämätön luotto*, as defined in FIN-FSA regulations). Further, for determining the adequacy of the cover assets, a residential Mortgage Loan may be included in the Cover Pool only up to an LTV of 70 per cent. If a loan exceeds this limit, the Noteholders and other secured

creditors will not have a security interest over the portion of the loan in excess of the 70 per cent LTV threshold. According to Section 16 of the MCBA, the net present value of the assets entered on the Register (subject to the 70 per cent LTV limit) must exceed the net present value of the payables under the Programme Notes by at least two per cent. Derivatives contracts entered on the Register are taken into account when determining the adequacy of the Cover Pool.

Valuation of Collateral

The value of the relevant residential mortgage property is assessed and determined in connection with the credit decision or as a separate credit decision.

The collateral values of housing properties and Shares are updated automatically in the system on a quarterly basis using price indexes received from Statistics Finland. If the automatic index revision cannot be performed due to incomplete collateral system data, the collateral must be revised separately at least once a year.

The system generates a message in the branch's activity list regarding the date on which the collateral value must be revised at the latest. The message will be generated a month before the collateral revision date.

The collateral will be set to zero two months after the collateral revision date if it has not been revised. As a result, there will be three months for revising the collateral after the system's reminder message. The Issuer only accepts or acquires collateral that is located or incorporated in Finland. Pursuant to the MCBA, an external valuation report has to be obtained on the security of any residential Mortgage Loan in excess of €3,000,000. Any failure to comply with such origination criteria in respect of the valuation of a property may have an adverse effect on the ability of the Issuer to make payments under the Notes.

Risk classification of borrowers

Loan customer risk is appraised before the credit decision is made. The risk associated with a specific borrower is addressed based on the existing customer relationship, an analysis of an ability to repay the debt, taking into consideration the customer's available cash flow and a verification of the information in the public registers of delinquent payments. A stress test, which takes into account a higher loan servicing cost (arising as a result of an assumed increase in interest rates), is conducted in conjunction with any new credit decision.

Risks related to Notes generally

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

EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**Savings Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for

amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above.

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, 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. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

Change of law

The Conditions are based on English law (or, in respect of provisions relating to coverage of the Notes, the Receipts and the Coupons pursuant to the MCBA, Finnish law) 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 or Finnish law or administrative practice after the date of this Base Prospectus.

Reliance on Euroclear and Clearstream, Luxembourg

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary, or as the case may be, a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or, as the case may be, the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

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

The Note Trustee may agree to modification of the Conditions and the Trust Deed without the Noteholders' prior consent

Pursuant to the Conditions and the Trust Deed, the Note Trustee and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification (subject to certain exceptions as provided in the Trust Deed) of the Conditions or the Trust Deed which, in the opinion of the Note Trustee, is not prejudicial to the interests of the Noteholders, Receiptholders or Couponholders; or
- (b) any modification of the Notes, the Receipts, Coupons or Talons relating thereto or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or an error

which, in the opinion of the Note Trustee, is proven or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders.

In addition, in relation to any redenomination of the Notes from time to time pursuant to and in accordance with Condition 3, the Note Trustee may from time to time and at any time without any consent or sanction of the Noteholders concur with the Issuer in making such other changes to the Conditions as may in the opinion of the Note Trustee be necessary to conform them to conventions then applicable to instruments denominated in euro. The Note Trustee may at its discretion require that notification be given to the Noteholders in accordance with Condition 13 of any such changes.

Meetings of Noteholders

The Conditions 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.

Acceleration pursuant to the Cross-Default

For so long as any of the Series 2 Notes (as defined in Condition 9.1) remains outstanding, the Notes will be covered by the same Cover Pool as the Series 2 Notes. To ensure contractual parity with the Series 2 Notes, the Notes shall benefit from the Cross-Default (as defined in “*Structure Overview*”). The key effect of the Cross-Default is that, for so long as any of the Series 2 Notes remains outstanding, the Noteholders of any Series issued after the date of this Base Prospectus will receive the benefit of, *inter alia*, the covenants (including the Series 2 Asset Tests (as defined and set out in “*Series 2 Asset Tests*”)) and the Series 2 Events of Defaults (as defined in “*Structure Overview*”). Thus if the Note Trustee declares the Series 2 Notes to be immediately due and repayable following, for example, a breach of one of the Series 2 Asset Tests, such event will result in the Programme Notes becoming immediately due and repayable.

The Series 2 Events of Default from which the Noteholders of any Series issued after the date of this Base Prospectus will benefit by virtue of the Cross-Default are, however, not mirrored in the terms of the Mortgage Loans entered as collateral in the Register (as defined in Condition 2.3) and, accordingly, it is unlikely that there will be, at such time, sufficient funds available from the contractually due payments under such Mortgage Loans to be able to repay any accelerated amounts under the contractual terms of the Notes at the accelerated time under the contractual terms of the Notes. As such, it is envisaged that Noteholders will be paid the scheduled interest payments under the Notes as and when they had originally fallen due under the Conditions. If the Issuer is placed in liquidation or declared bankrupt, an attorney appointed by the FIN-FSA represents the interests of the Noteholders and supervises the management of the Cover Pool and their conversion into cash, as well as the contractual payments to be made to the Noteholders. However, as referred to above, an insolvency of the Issuer will not accelerate payments due under the Mortgage Loans and, accordingly, it is unlikely that there will be, at such time, sufficient funds available from the contractually due payments under such Mortgage Loans to be able to repay any accelerated amounts under the contractual terms of the Notes at the accelerated time under the contractual terms of the Notes.

The Series 2 Events of Default contain events of defaults relating to the bankruptcy of the Issuer (“**Bankruptcy Events of Default**”). The Issuer has been advised by its counsel that a contractual acceleration under both the Series 2 Notes and (pursuant to the Cross-Default) the Notes due to a Bankruptcy Event of Default will be unenforceable in a Finnish court of law. In such circumstances, the Noteholders would have to rely on their rights under the MCBA and/or applicable Finnish bankruptcy law. This scenario could result in the Noteholders receiving payment later than they would have done had the acceleration of the Notes due to a Bankruptcy Event of Default pursuant to the Cross-Default been effective.

The Series 2 Events of Default also contain non-bankruptcy events of defaults (such as breach of the Series 2 Asset Test) ("**Non-Bankruptcy Events of Default**"). With respect to Non-Bankruptcy Events of Default, although not explicitly prohibited, it is possible that a Finnish court of law would not enforce a contractual acceleration due to a Non-Bankruptcy Event of Default. Such an acceleration could arguably result in outcomes that are contrary to the aims of the MCBA and/or the Finnish law principle of equal treatment of *pari passu* creditors. In such circumstances, the Noteholders would have to rely on their rights under the MCBA and/or (if the Issuer is subsequently placed in liquidation or declared bankrupt) applicable Finnish bankruptcy law. This scenario could result in the Noteholders receiving payment later than they would have done had the acceleration of the Notes due to a Non-Bankruptcy Event of Default pursuant to the Cross-Default been effective.

Risks related to the market generally

Market generally

Since the second half of 2007 and into 2010, disruption in the global credit markets, coupled with the re-pricing of credit risk and the deterioration of the housing markets in the United States and elsewhere, have created difficult conditions in the financial markets. These conditions have resulted in historic volatility, less liquidity or no liquidity, widening of credit spreads and a lack of price transparency in certain markets, both primary and secondary, including with respect to the covered bond markets. These adverse market conditions have resulted in the failures of a number of financial institutions in the United States and Europe and unprecedented action by governmental authorities, regulators and central banks around the world. While such market conditions have shown signs of improvement in certain sectors of the global credit markets, it is difficult to predict whether, or to what extent, such market improvement will continue, how long the adverse market conditions will continue to exist, or if the Issuer's business, investments, results of operations and financial condition will be adversely affected. Additionally, there can be no assurance that the market for covered notes will continue to recover or to the same degree as other recovering global market sectors. The impact on the Issuer's business, investments, results of operations and financial condition may be exacerbated by persisting volatility in the financial sector and the capital markets. Accordingly, all of these factors could adversely affect the Issuer's business, investments, results of operations and financial condition in future periods.

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.

Credit Ratings may not reflect all risks

Notes issued under the Programme are expected to be rated by Moody's. The Issuer may also issue unrated Notes. The ratings assigned by Moody's address the expected loss experienced by investors by the Final Extended Maturity Date (as defined in Condition 6.2). In Moody's opinion, the structure allows for timely payment of interest and ultimate payment of principal at par on or before the relevant Final Extended Maturity Date. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors. The rating 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. A security rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn at any time in Moody's absolute discretion. In addition Moody's may revise its methodology on which the ratings are based, which

may have an adverse effect on the ratings of the Notes. If any rating assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced.

DOCUMENTS INCORPORATED BY REFERENCE

The Annual Report and Accounts of the Issuer (the “**Annual Reports**”) for the financial years ended 31 December 2009 and 31 December 2008 and the Interim Report of the Issuer (the “**Interim Report**”) for the financial half year ended 30 June 2010 have, in each case, been filed with the CSSF and shall be incorporated in, and form part of, this Base Prospectus.

The sources of the financial statements (including, as applicable, auditors’ report thereon and notes thereto) in the Annual Reports and the Interim Report of the Issuer incorporated by reference herein are as follows:

<i>Information</i>	<i>Source</i>
Audited Income Statement for the Issuer for the year ended 31 December 2008	2008 Annual Report pg. 5
Audited Balance Sheet for the Issuer for the year ended 31 December 2008	2008 Annual Report pg. 6
Audited Cash Flow Statement for the Issuer for the year ended 31 December 2008	2008 Annual Report pg. 8
Notes to the accounts for the year ended 31 December 2008	2008 Annual Report pg. 10-14
Audit Report for the Issuer for the year ended 31 December 2008	2008 Annual Report pg. 17-18
Audited Income Statement for the Issuer for the year ended 31 December 2009	2009 Annual Report pg. 6
Audited Balance Sheet for the Issuer for the year ended 31 December 2009	2009 Annual Report pg. 7
Audited Cash Flow Statement for the Issuer for the year ended 31 December 2009	2009 Annual Report pg. 9
Notes to the accounts for the year ended 31 December 2009	2009 Annual Report pg. 11-15
Audit Report for the Issuer for the year ended 31 December 2009	2009 Annual Report pg. 18-19
Unaudited Income Statement for the Issuer for the first half year ended 30 June 2010	2010 Interim Report pg. 5
Unaudited Balance Sheet for the Issuer for the first half year ended 30 June 2010	2010 Interim Report pg. 6
Unaudited Cash Flow Statement for the Issuer for the first half year ended 30 June 2010	2010 Interim Report pg. 8
Notes to the accounts for the first half year ended 30 June 2010	2010 Interim Report pg. 9

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

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF 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 office of the Principal Paying Agent for the time being in London.

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 prospectus supplement 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”**) and, together with the Temporary Global Note, the **“Global Notes”**) which, in either case, will:

- (i) where such Global Note is intended to be issued in new global note (**“NGN”**) form, as stated in the applicable Final Terms, 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
- (ii) where such Global Note is 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 Principal Paying Agent.

The NGN form has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the **“Eurosystem”**) and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

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 for interests in a Permanent Global Note of the same Series 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 is improperly withheld or refused.

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) if the Permanent Global Note is not intended to be issued in NGN form) of the Permanent Global Note without any requirement for certification.

The applicable Final Terms will specify that the Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, **“Exchange Event”** means that (i) if applicable, the Notes have become immediately due and repayable pursuant to Condition 9.1, (ii) 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 or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 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 Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying 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 Principal Paying Agent.

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all receipts and 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, receipts 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, receipts 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 Principal Paying 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.

In relation to any Notes 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.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Note Trustee, having become bound so to proceed, fails to do so within a reasonable period and the failure shall be forthcoming.

PRO FORMA FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[Date]

FINAL TERMS

Sampo Housing Loan Bank plc

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €5,000,000,000
Euro Medium Term Covered Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Base Prospectus dated 24 November 2010 (as supplemented from time to time, the “**Base Prospectus**”), which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”).

This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and on the offer of the Notes described herein is only available on the basis of the combination of the Base Prospectus and these Final Terms. Copies of the Base Prospectus are obtainable during normal business hours at [address] [and] [website] save that, if the Notes described herein are unlisted Notes, these 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 Note Trustee or, as the case may be, the relevant Paying Agent as to its holding of such Notes and identity.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Base Prospectus dated [original date], which constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 24 November 2010, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. Full information on the Issuer and on the offer of the Notes described herein is only available on the basis of the combination of the Base Prospectus dated [original date] and 24 November 2010 and these Final Terms. Copies of the Base Prospectus dated [original date] and 24 November 2010 are obtainable during normal business hours at [address] [and] [website] save that, if the Notes described herein are unlisted Notes, these 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 Note Trustee or, as the case may be, the relevant Paying Agent as to its holding of such Notes and identity.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[When completing final terms or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a prospectus supplement under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to be £100,000 or its equivalent in any other currency. In any event the minimum denomination should be €100,000 or its equivalent in the relevant currency.]

1. Issuer: Sampo Housing Loan Bank plc

2. (a) Series Number: []

(b) Tranche Number: []

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)

3. Specified Currency or Currencies: []

4. Aggregate Nominal Amount of Notes []
[admitted to trading]:

[(a)] Series: []

[(b)] Tranche: []

5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]

6. Specified Denominations: []

(Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:

“€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.”)

(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required.)

(a) Calculation Amount: []

(If only one Specified Denomination, insert the Specified Denomination.

If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

7. (a) Issue Date: []

(b) Interest Commencement Date: [specify/Issue Date/Not Applicable]

(N.B. An Interest Commencement Date will not be relevant

for certain Notes, for example Zero Coupon Notes.)

8. Maturity Date: [Fixed rate - specify date/
Floating rate - Interest Payment Date falling in or nearest to
[specify month]]
9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
- (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. Status of Notes: The Notes will be direct, unconditional and unsubordinated obligations of the Issuer and rank *pari passu* among themselves with respect to the statutory priority in accordance with the MCBA. To the extent that claims of the Note Trustee (on behalf 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 MCBA, the residual claims of the Note Trustee (on behalf of the Noteholders) will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer.
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi annually/quarterly/monthly] in arrear]
(If payable other than annually, consider amending Condition 4)

- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date (or, in the event that the maturity of a Note is extended beyond the Maturity Date, up to and including the Note Maturity Date relating to the relevant Note)]/[specify other]
(N.B. This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form)
- (d) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(Applicable to Notes in definitive form)
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
- (f) [Determination Date(s): [] in each year
(Insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon)

N.B. This will need to be amended in the case of regular Interest Payment Dates which are not of equal duration

N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))]
- (g) Calculation Agent (for the purposes of Condition 4.3): Principal Paying Agent / []
- (h) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
- 16. Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraph of this paragraph)
- (a) Specified Interest Period(s): []
- (b) Specified Interest Payment Dates: [] in each year up to and including the Maturity Date
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (d) Additional Business Centre(s): []
- (e) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]

- (f) Party responsible for []
calculating the Rate of
Interest and Interest Amount
(if not the Principal Paying
Agent):
- (g) Screen Rate Determination:
- Reference Rate: []

*(Either EURIBOR, LIBOR or other, although additional
information is required if other – including fallback
provisions in the Agency Agreement)*
 - Interest Determination []
Date(s):

*(Second day on which commercial banks are open for
general business (including dealings in foreign exchange
and foreign currency deposits) prior to the start of each
Interest Period if LIBOR (other than Sterling or euro
LIBOR), first day of each Interest Period if Sterling LIBOR
and the second day on which the TARGET2 System is
open prior to the start of each Interest Period if EURIBOR
or euro LIBOR)*
 - Relevant Screen []
Page:

*(In the case of EURIBOR, if not Reuters EURIBOR01
ensure it is a page which shows a composite rate or
amend the fallback provisions appropriately)*
- (h) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (i) Margin(s): [+/-] [] per cent. per annum
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/365 or Actual/Actual (ISDA)

Actual/365 (Fixed)

Actual/365 (Sterling)

Actual/360

30/360, 360/360 or Bond Basis]

30E/360 or Eurobond Basis

Other]

(See Condition 4 for alternatives)

- (m) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

17. Zero Coupon Note Provisions [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Any other formula/basis of determining amount payable: []
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions [Redemption and Purchase - Early Redemption Amounts] (c) and [- Late Payment on Zero Coupon Notes] apply/specify other]

(Consider applicable day count fraction if not U.S. dollar denominated)

18. Index Linked Interest Note Provisions [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

- (a) Index/Formula: [provide or annex details]
- (b) Calculation Agent [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent): []

- (d) Provisions for determining Coupon where calculated by reference to Index and/or Formula is impossible or impractical: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (e) Specified Period(s): []
- (f) Specified Interest Payment Dates: []
- (g) Business Day Convention: *[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]*
- (h) Additional Business Centre(s): []
- (i) Minimum Rate of Interest: [] per cent. per annum
- (j) Maximum Rate of Interest: [] per cent. per annum
- (k) Day Count Fraction: *[Actual/365 or Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360, 360/360 or Bond Basis
30E/360 or Eurobond Basis
Other]*

(See Condition 4 for alternatives)

- 19.** Dual Currency Interest Note Provisions *[Applicable/Not Applicable]*
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (a) Rate of Exchange/method of calculating Rate of Exchange: *[provide or annex details]*
- (b) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent): []
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*

or impracticable:

- (d) Person at whose option []
Specified Currency(ies) is/are
payable:

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount(s) per Calculation Amount/specify other/see Appendix [] per Calculation Amount and method, if any, of calculation of such amount(s):
- (c) If redeemable in part:
- (i) Minimum Redemption Amount []
- (ii) Maximum Redemption Amount []
- (d) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

21. Investor Put: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount(s) per Calculation Amount/specify other/see Appendix [] per Calculation Amount of each Note and method, if any, of calculation of such amount(s):

- (c) Notice period (if other than []
as set out in the Conditions):

(N. B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)

22. Final Redemption Amount per Calculation Amount/specify other/see Appendix [] per Calculation Amount/specify other/see Appendix

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

23. Early Redemption Amount per Calculation Amount payable on redemption for taxation reasons or (if applicable) pursuant to Condition 9.1 and/or the method of calculating the same (if required or if different from that set out in Condition 6.6): [[] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]
[Permanent Global Note exchangeable for Definitive Notes only upon an Exchange Event]
25. New Global Note: [Yes] [No]
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]
(Note that this item relates to the place of payment and not Interest Period end dates, to which items 15(b), 16(d) and 18(h) relate)
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]

29. Details relating to Instalment Notes:

(a) [Instalment Amount(s)]: [Not Applicable/give details]

(b) [Instalment Date(s)]: [Not Applicable/give details]

30. Redenomination applicable: Redenomination [not] applicable
(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))

31. Other final terms or special conditions: [Not Applicable/give details]

[(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a prospectus supplement under Article 16 of the Prospectus Directive.)]

DISTRIBUTION

32. (a) If syndicated, names of Managers: [Not Applicable/give names]

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)

(b) Date of [Subscription] []
Agreement

(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).

(c) Stabilising Manager (if any): [Not Applicable/give name]

33. If non-syndicated, name of relevant Dealer: []

34. Additional selling restrictions: [Not Applicable/give details]

[In respect of the U.S Selling Restrictions, specify if Regulation S Category 2 restrictions do not apply to the Notes. Specify whether TEFRA C Rules apply or whether TEFRA Rules are not applicable. If “Not Applicable” is specified, TEFRA D Rules will apply.]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the regulated market of the Luxembourg Stock Exchange and listing on the official list of the Luxembourg Stock Exchange of Notes described herein pursuant to the €5,000,000,000 Euro Medium Term Covered Note Programme of Sampo Housing Loan Bank plc.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*]]] has been extracted from [*specify source*]. 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 [*specify source*], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of Sampo Housing Loan Bank plc:

By:

By:

Duly authorised

cc. The Bank of New York Mellon as Principal Paying Agent

PART B – OTHER INFORMATION

1. LISTING

- (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 regulated market of the Luxembourg Stock Exchange and the Official List of the Luxembourg Stock Exchange]] 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 Luxembourg Stock Exchange and the Official List of the Luxembourg Stock Exchange]] with effect from [].] [Not Applicable.]
- (b) Estimate of total expenses related to admission to trading: [].

2. RATINGS

Ratings: The Notes [are expected to be / will not be] rated [[●] by Moody's] [[●] by [other rating agency]].

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

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

[Save as discussed under the heading “Subscription and Sale” in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.
- Amend as appropriate if there are other interests]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a prospectus supplement under Article 16 of the Prospectus Directive.)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer: []
- [(ii)] Estimated net proceeds: []
- [(iii)] Estimated total expenses: []

[(N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)]

5. YIELD (*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.

6. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Index-linked or other variable-linked Notes only*)

[Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

7. PERFORMANCE OF RATE[S] OF EXCHANGE (*Dual Currency Notes only*)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

8. OPERATIONAL INFORMATION

(a) ISIN Code: []

(b) Common Code: []

(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/give name(s) and number(s)]

(d) Delivery: Delivery [against/free of] payment

(e) Names and addresses of []
additional Paying Agent(s) (if
any):

(f) New Global Note intended to be [Not Applicable] [Yes] [No]
held in a manner which would
allow Eurosystem eligibility:

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if “yes” is selected in which case the Notes must be issued in NGN form]*

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 may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. 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.

This Note is one of a Series (as defined below) of Notes issued by Sampo Housing Loan Bank plc (the "**Issuer**") constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 24 November 2010 (the "**Programme Date**") and made between the Issuer, Sampo Bank plc and The Bank of New York Mellon (in such capacity, the "**Note Trustee**", which expression shall include any other person or persons from time to time acting as note trustee).

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 each Specified Denomination in the Specified Currency (each as defined in the applicable Final Terms (as defined below));
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

References herein to "**NGN**" shall mean a Temporary Global Note or a Permanent Global Note in either case where the applicable Final Terms specify the Notes as being in NGN form.

The Notes, the Receipts (as defined below) 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 24 November 2010 and made between the Issuer, Sampo Bank plc, the Note Trustee and The Bank of New York Mellon as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor agent). The Principal Paying Agent and any other paying agents from time to time appointed by the Issuer pursuant to and in accordance with the Agency Agreement are jointly referred to herein as the "**Paying Agents**" and are each a "**Paying Agent**".

Interest bearing definitive Notes have, unless otherwise indicated in the applicable Final Terms, interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, 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. Definitive Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "**applicable Final Terms**" are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Note Trustee acts for the benefit of the holders for the time being of the Notes (the “**Noteholders**” or “**holders**”, which expression shall, in relation to any Notes, mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Receipts (the “**Receiptholders**”) and the holders of the Coupons (the “**Couponholders**”, which expression shall, unless the context otherwise requires, include the holders of the Talons) and for the holders of each other Series of Notes issued by the Issuer in accordance with the provisions of the Trust Deed.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing) 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) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement (each as defined below) are available for inspection during normal business hours at the office for the time being of the Note Trustee in London being, at the Programme Date, One Canada Square, London E14 5AL and at the specified office of each of the Paying Agents. Copies of this Base Prospectus and the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the Note Trustee or, as the case may be, the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed and the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed 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 Trust Deed 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) specified in the applicable Final Terms. 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, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer, the Note Trustee and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note, Receipt 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. as operator of the Euroclear System (“**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 or proven error) shall be treated by the Issuer, the Note Trustee 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, the Note Trustee 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. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Note Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error or an error established as such to the satisfaction of the Note Trustee, be conclusive and binding on all concerned.

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 AND ISSUER COVENANT RELATING TO ASSET TESTS**

2.1 *Status of the Notes*

The Notes and any relative Receipts and Coupons are direct, unconditional and unsubordinated obligations of the Issuer. The Notes will be covered in accordance with the MCBA and will rank *pari passu* among themselves in respect of the statutory priority in accordance with the MCBA. To the extent that claims of the Note Trustee (on behalf 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 MCBA, the residual claims of the Note Trustee (on behalf of the Noteholders) will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer.

2.2 *Issuer Covenant relating to Asset Tests*

For so long as any of the Notes is outstanding (and without prejudice to any obligations of the Issuer under, or any mandatory requirements of, the MCBA), the Issuer shall ensure that each of the Asset Tests is satisfied at all times.

For the purposes of this Condition 2.2:

- (i) the “**Minimum Eligible Receivables Test**” is satisfied if the Value of the sum of the Eligible Receivables and the Supplementary Collateral is equal to or greater than the outstanding principal amount of all Programme Notes;
- (ii) the “**Statutory Net Present Value Test**” is satisfied if the net present value (as calculated according to the MCBA) of the sum of the Eligible Receivables and the Supplementary Collateral is equal to or greater than 102 per cent. of the net present value (as calculated according to the MCBA) of the payment obligations under all the Programme Notes; and

- (iii) the “**Minimum Total Assets Test**” is satisfied if the Value of the sum of the Total Assets and the Supplementary Collateral is equal to or greater than the amount which is 105 per cent. of the outstanding principal amount of all Programme Notes.

2.3 Definitions

For the purposes of the Conditions:

“**Asset Tests**” means the Minimum Eligible Receivables Test, the Statutory Net Present Value Test and the Minimum Total Assets Test (each as defined in Condition 2.2);

“**Current Value**” means, in relation to the Property which secures a Mortgage Loan, the Market Valuation of such Property as adjusted from time to time to meet with the statutory requirements under the MBCA and/or any other applicable legislation in Finland from time to time and as entered on the Register in respect of that Property;

“**Eligible Bank**” means a bank or other financial institution whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least:

- (i) P-1 by Moody's; or
- (ii) such rating by any other Rating Agency that complies with such Rating Agency's current counterparty criteria;

“**Eligible Cash**” means, at any time, the principal amount or principal amounts then standing to the credit of an account or accounts in the name of the Issuer with an Eligible Bank;

“**Eligible Mortgage Loan**” means a Mortgage Loan which has been entered on the Register and which satisfies the following conditions:

- (i) such Mortgage Loan is a Housing Loan;
- (ii) such Mortgage Loan was originated by a member of the Sampo Bank Group in accordance with its standard underwriting criteria at the time of origination;
- (iii) at the time of entering such Mortgage Loan on the Register, at least one payment of interest has been made by the borrower or borrowers in respect of such Mortgage Loan or no such payments have yet fallen due for payment;
- (iv) the Property securing such Mortgage Loan is located in Finland or, in the case of Property comprised of Shares, the relevant company is incorporated in Finland;
- (v) each borrower under the relevant Mortgage Loan is an individual resident in, or a citizen of, Finland and has an identified social security number in Finland;
- (vi) insurance against loss caused by reason of damage caused by fire was in place at the time of origination of the relevant Mortgage Loan;
- (vii) the loan to value ratio of such Mortgage Loan does not at any time exceed 100 per cent.;
- (viii) such Mortgage Loan is secured by a first ranking security over the relevant Property; and
- (ix) at the time of entering such Mortgage Loan in the Register, the borrower under such Mortgage Loan is not in default of its payment obligations thereunder and has not been in such default at any time during the immediately preceding 90 days.

“Eligible Receivable” means an Eligible Mortgage Loan, or a portion thereof, representing no more than:

- (i) as prescribed by the MCBA as at 24 November 2010, 70 per cent. of the Current Value of the relevant Property; or
- (ii) if the MCBA (including transitory provisions thereof) no longer prescribes the percentage set out in (i) above, such other percentage of Current Value of the relevant Property as is permitted by the MCBA and/or any other applicable legislation in Finland from time to time;

“Housing Loan” means a Mortgage Loan secured by Property intended primarily for residential purposes, in each case, as referred to in Section 2, Subsection 2a of the MCBA;

“Interest Rate Swap Agreement” means an interest rate swap or other hedging transaction entered or to be entered into by the Issuer for the purpose of hedging against interest rate exposure or for general risk management purposes;

“Market Valuation” means, in relation to any Property:

- (i) the amount determined as the market value of such Property in the most recent external or independent internal valuation of such Property obtained by a member of the Sampo Bank Group at the time or after the relevant Mortgage Loan was originated; or
- (ii) if no such external or independent internal valuation of such Property is available, the purchase price paid by the relevant borrower or borrowers for such Property at the time the relevant Mortgage Loan was originated;

“MCBA” means the Finnish Act on Mortgage Credit Bank Operations (*Laki kiinnitysluottopankkitoiminnasta* 688/2010), as amended from time to time;

“Moody’s” means Moody’s Investors Service Limited;

“Mortgage Loan” means a mortgage loan from time to time owned by the Issuer together with:

- (i) the mortgage over the relevant Property; and
- (ii) any other collateral,

which secure such mortgage loan (**“Loan Security”**);

“Other Eligible Receivable” means the portion of an Eligible Mortgage Loan which is not an Eligible Receivable;

“Programme” means the €5,000,000,000 (as increased from time to time) Euro Medium Term Covered Note Programme established by the Issuer for the purpose of the issue of series of covered notes by the Issuer from time to time including the Notes of this series;

“Programme Notes” means all covered notes of all series from time to time issued and outstanding under the Programme;

“Property” means, in relation to a Mortgage Loan:

- (i) the land and buildings or a leasehold relating thereto referred to in Chapter 16, Section 1 and Chapter 19, Section 1, respectively, of the Land Code (*Maakaari* 540/1995, as amended); or
- (ii) the Shares,

which secure such Mortgage Loan;

“Rating Agency” means Moody’s Investors Service Limited or any other rating agency that rates any or all of the Issuer, Sampo Bank plc or covered notes (including Programme Notes) issued by them and, in any such case, any successor thereto;

“Register” means the register of Programme Notes and the collateral covering them which the Issuer is required to maintain pursuant to Section 20 of the MCBA;

“Sampo Bank Group” means Sampo Bank plc and any company which is a Subsidiary of Sampo Bank plc;

“Shares” means shares in a housing company referred to in Chapter 1, Section 2 of the Housing Companies Act (*Asunto-osakeyhtiölaki* 1599/2009, as amended), shares comparable thereto, participations and rights of occupancy;

“Subsidiary” means a company which is a subsidiary of another company for the purposes of chapter 8, Section 12 of the Finnish Companies Act (624/2006, as amended);

“Supplementary Collateral” means:

- (i) further to the definition of “supplementary collateral” in the MCBA as at 24 November 2010:
 - (a) notes or other debt instruments issued by the Republic of Finland (or other states with corresponding credit risk), European Communities, Bank of Finland (or other corresponding central banks), Finnish municipalities (or municipalities of other EEA states corresponding to Finnish municipalities) or other Finnish public-sector organisations (such as Finnish Government business enterprises, the Social Insurance Institution, joint municipal organisations, the Municipal Guarantee Board and the Province of Åland Islands) or by a credit institution outside the Issuer’s consolidated group;
 - (b) a guarantee given by such public-sector organisation or credit institution;
 - (c) credit insurance provided by an insurance company outside the Issuer’s consolidated group; or
 - (d) cash deposited with the Bank of Finland or a deposit bank,

provided that (A) Supplementary Collateral may only be used in case (1) Eligible Receivables have not yet been granted or entered into the Register or (2) the amount of the Eligible Receivables entered into the Register is insufficient, due to repayments, to cover the outstanding principal amount of the Programme Notes; (B) receivables with credit institutions may not exceed 15 per cent. of the aggregate amount of all collateral in the cover pool; and (C) Supplementary Collateral does not exceed 20 per cent. (or such larger amount as may be approved by the Finnish Financial Supervisory Authority (the **“FIN-FSA”**) on the application of the Issuer for a specific reason and a specified period of time) of the aggregate amount of all the collateral entered into the Register; or

- (ii) if the MCBA no longer prescribes the definition set out in (i) above, such other supplementary collateral as is permitted by the MCBA and/or any other applicable legislation in Finland from time to time;

“Total Assets” means:

- (i) Eligible Receivables; and
- (ii) Other Eligible Receivables; and

“Value” means:

- (i) in relation to an Eligible Mortgage Loan, an amount equal to the book value of such Eligible Mortgage Loan entered on the Register;
- (ii) in relation to Eligible Cash, the principal amount standing to the credit of the relevant account or accounts in which such Eligible Cash is deposited; and
- (iii) in relation to Supplementary Collateral, the outstanding principal amount of the relevant Supplementary Collateral.

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, the Receiptholders and the Couponholders, on giving prior notice to the Note Trustee, the Paying Agents, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 13, 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 and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Note Trustee and the Principal Paying 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 competent listing authority, the stock exchange (if any) on which the Notes may be listed and/or quotation system (if any) on which the Notes may be quoted and/or traded and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes held (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 in the denominations of at least euro 100,000 and (but only to the extent of any remaining amounts less than euro 100,000) euro 0.01 and such other denominations as the Note Trustee and the Principal Paying 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, Receipts 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 and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying 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, the Receipts 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 the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
 - (ii) in the case of definitive Notes, by applying the Rate of Interest to 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;

- (g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Principal Paying Agent and the Note Trustee, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

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 Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

“euro” and the symbol **“€”** mean 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 or (in the case of Zero Coupon Notes) any date, in each case 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; and

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

4. **INTEREST**

4.1 *Interest on Fixed Rate Notes until Maturity Date*

Subject to Conditions 4.3 and 4.7, each Fixed Rate Note bears interest from (and including) the Interest Commencement Date specified in the applicable Final Terms 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.

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, in the case of the first Fixed Interest Period, the Interest Commencement Date) to (but excluding) the next (or, in the case of the first Fixed Interest Period, first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); 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 and Index Linked Interest Notes until Maturity Date*

(a) *Interest Payment Dates*

Subject to Conditions 4.3 and 4.7, each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date at a rate equal to the Rate of Interest 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 (in the Conditions, **"Interest Period"** means the period from (and including) an Interest Payment Date (or, in the case of

the first Interest Period, the Interest Commencement Date) to (but excluding) the next (or, in the case of the first Interest Period, the first) Interest Payment Date).

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)(ii) 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, Helsinki and any 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 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 and Index Linked Interest 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 Principal Paying Agent under an interest rate swap transaction if the Principal Paying 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 either (a) if the applicable Floating Rate Option is based on the London interbank offered rate (“**LIBOR**”) or on the Euro-zone interbank offered rate (“**EURIBOR**”), the first day of that Interest Period or (b) in any other case, as specified in the applicable 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.

(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 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question (as indicated in the applicable Final Terms) plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying 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 Principal Paying 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 (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at such time the Principal Paying Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks (as defined below) or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate

per annum) for deposits in the Specified Currency for the relevant Interest Period to the leading banks in the London inter-bank market as at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, to leading banks in the Euro-zone inter-bank market as at 11.00 a.m. (Brussels time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded as provided above) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation as provided above, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded as provided above) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately 11.00 a.m. (London time) in the case of LIBOR, or 11.00 a.m. (Brussels time) in the case of EURIBOR, on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, of the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately 11.00 a.m. (London time), in the case of LIBOR or, 11.00 a.m. (Brussels time) in the case of EURIBOR, on the relevant Interest Determination Date, any one or more banks selected by the Principal Paying Agent for the purpose (which bank or banks shall be so selected after consultation with the Issuer and shall not include any bank or banks which in the opinion of the Issuer is not or are not suitable for such purpose) informs the Principal Paying Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market, or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, 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).

In this paragraph, the expression “**Reference Banks**” means, in the case of (A) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (B) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared and “**Euro-zone**” means the region comprised of member states of the European Union that have adopted the euro as the single currency in accordance with the Treaty on European Union.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR,

the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(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 Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, 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. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes or Index Linked Interest 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 or an Index Linked Interest 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; and

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

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.

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

The Principal Paying 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, the Note Trustee and any competent listing authority, stock exchange and/or quotation system on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed, quoted and/or traded and notice thereof to be published in accordance with Condition 13 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 competent listing

authority, stock exchange and/or quotation system on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and/or traded and to the Noteholders in accordance with Condition 13. 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) *Determination or Calculation by Note Trustee*

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraph (b)(i) or (ii) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (c) above, the Note Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Note Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as applicable.

(g) *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, whether by the Principal Paying Agent or, if applicable, the Calculation Agent or the Note Trustee, shall (in the absence of wilful default, bad faith and manifest error or proven error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents, the Note Trustee and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Note Trustee 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 4.7. In that event and subject to Condition 5.5, interest shall be payable in arrear on the outstanding principal amount of such Notes 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 determined by the Calculation Agent two Payment Days (as defined in Condition 5.5) after the Maturity Date in respect of the first Extended Interest Period and thereafter two Payment Days prior to each Extended Interest Payment Date in respect of the Extended Interest Period commencing on the Maturity Date in respect of the first Extended Interest Period or, as applicable, such Extended Interest Payment Date (each, an “**Extended Interest Determination Date**”).
- (i) The Extended Rate of Interest applicable to the Notes for each Extended Interest Period shall be the aggregate of:
- (A) the Extended Interest Relevant Margin (as defined in Condition 4.3(b)(ii) below); and
- (B) the rate determined in accordance with Condition 4.2(b)(ii) where:
- (aa) Specified Interest Period is one month;
- (bb) Reference Rate and Relevant Screen Page are as specified in the applicable Final Terms, or in case they are not so specified, Reuters EURIBOR01 for Notes denominated in euros and Reuters LIBOR01 for Notes denominated in another currency; and
- (cc) Interest Determination Date is the Extended Interest Determination Date defined in Condition 4.3 above.
- (ii) for the purpose of this Condition 4.3, the “**Extended Interest Relevant Margin**” shall be 0.50 per cent. per annum, unless otherwise specified in the applicable Final Terms.
- (c) The Calculation Agent will, as soon as practicable after 11.00 a.m. (Brussels time) on each Extended Interest Determination Date, determine the Extended Rate of Interest applicable to, and calculate the amount of interest payable on, the Notes (each, an “**Extended Interest Amount**”) for the relevant Extended Interest Period. The Extended Interest Amount for an Extended Interest Period shall be calculated by applying the Extended Rate of Interest to the outstanding principal amount of the Notes on the first day of such Extended Interest Period and multiplying the sum by the number of days in the relevant Extended Interest Period, divided by 360 and rounding the resultant figure to the nearest euro 0.01 (euro 0.005 being rounded upwards).
- (d) The Calculation Agent will cause the Extended Rate of Interest and the Extended Interest Amount for the Note 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 13 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.
- (e) 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.

- (f) 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 *Interest on Dual Currency Interest Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

4.5 *Interest on Index Linked Notes*

In the case of Index Linked Notes or Dual Currency Notes, where the rate or amount of interest falls to be determined by reference to an Index and/or a Formula or, as the case may be, a Rate of Exchange (each as specified in the applicable Final Terms), the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms and payment shall otherwise be made in accordance with Condition 5.

4.6 *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

4.7 *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 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 Note Trustee or the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

5. **PAYMENTS**

5.1 *Method of payment*

Subject as provided below:

- (a) payments in respect of definitive Notes in a Specified Currency other than euro and U.S. Dollars 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;
- (b) payments in respect of definitive Notes 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; and

- (c) payments in respect of definitive Notes in U.S. Dollars will be made by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 5, means the United States of America (including the States and District of Columbia and its possessions)) or by a cheque drawn on a United States Bank.

In no event will payment be made by a cheque mailed to an address in the United States.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

References to Specified Currency will include any successor currency under applicable law.

5.2 *Presentation of definitive Notes, Receipts and Coupons*

Payments of principal in respect of definitive Notes (if issued) will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) 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 (or, in the case of part payment of any sum due, endorsement) 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 and its possessions)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or 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 (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) 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, Dual Currency Note, Index Linked 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 or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note if the Global Note is not intended to be issued in NGN form at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

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 or, as the case may be, the Note Trustee 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 or, as the case may be, the Note Trustee 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, Receipt 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) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) any 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 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 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (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;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.6); and
- (g) 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 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6. **REDEMPTION AND PURCHASE**

6.1 *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner 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 fails to redeem a Series of Notes in full at their Final Redemption Amount on the Maturity Date or within two Payment Days thereafter, the maturity of the outstanding principal amount of such Notes not redeemed on the Maturity Date or within two Payment Days thereafter will be automatically extended to the first Monthly Extended Maturity Date (as defined below).

If the Issuer fails to 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**”). The Issuer shall give Noteholders (in accordance with Condition 13), the Principal Paying Agent and the Calculation Agent notice of its intention to redeem at the Final Redemption Amount per Calculation Amount all or part only of the outstanding principal amount of a Series of Notes at least five Payment Days prior to the relevant Monthly Extended Maturity Date or, as applicable, the Final Extended Maturity Date. Any failure by the Issuer to notify such persons (other than the Principal Paying Agent) shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Monthly Extended Maturity Date or, as applicable, the Final Extended Maturity Date or give rise to rights in any such person. 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**”.

- (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 Issuer redeems part and not all of the outstanding principal amount of a Series of Notes, the redemption proceeds shall be applied rateably across such Notes and the outstanding principal amount of such Notes shall be reduced by the amount of such redemption.
- (e) 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 further covered notes are applied by the Issuer on issue in redeeming in whole or in part such Notes in accordance with the terms hereof.
- (f) For the purposes of this Condition 6.2, “**Monthly Extended Maturity Date**” means the numerical date in each calendar month after the Maturity Date that corresponds with the numerical date on which the Maturity Date falls in the month that the Maturity Date falls, *provided that* if (a) in relation to any month, no such corresponding numerical date occurs in such month (by reason of the month in which the Maturity Date falls being longer than such month), then the Monthly Extended Maturity Date for such month shall be the last day of such month, provided that such day does not fall more than 365 calendar days after the Maturity Date or (b) in relation to any month, such corresponding numerical date is not a

Payment Day, the Monthly Extended Maturity Date for such month shall be the Payment Day preceding such 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 neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Note Trustee, the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Note Trustee that:

- (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 Note Trustee 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 the Note Trustee will be entitled to accept the certificate as sufficient evidence of satisfaction of the conditions precedent set out above in which event it shall be conclusive and binding on the Noteholders, the Couponholders and the Receiptholders.

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 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 13; and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Note Trustee and the Principal Paying 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 13 not less than 15 days prior to the date fixed for redemption. 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 13 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 in the applicable Final Terms, upon the holder of any Note of the relevant Series giving to the Issuer in accordance with Condition 13 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms and conditions specified in the applicable Final Terms, 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 any Note the holder of such Note must, if such 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 relevant Paying Agent and to the Note Trustee 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 Principal Paying 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 depositary or common safekeepers, as appropriate, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice 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 and Condition 9.1, 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 (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid 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, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

- (c) in the case of a Zero Coupon Note, at an amount (the “**Amortised Face Amount**”) calculated in accordance with the following formula:

Early Redemption Amount = $RP \times (1 + AY)^y$ where:

“**RP**” means the Reference Price specified in the applicable Final Terms;

“**AY**” means the Accrual Yield specified in the applicable Final Terms expressed as a decimal; and

“**y**” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

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

6.7 *Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 6.6.

6.8 *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6 and the applicable Final Terms.

6.9 *Purchases*

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

6.10 *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, 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 6.9 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

6.11 *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.3, 6.4 or 6.5 above or upon its becoming due and repayable as provided in Condition 9.1 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.6(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or Note Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 13.

7. TAXATION

All payments of principal and interest in respect of the Notes, Receipts 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, Receipts 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, Receipts 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, Receipt or Coupon:

- (a) presented for payment in any Tax Jurisdiction; and/or
- (b) the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; and/or
- (c) in circumstances where such withholding or deduction would not be required if the holder or any person acting on his behalf had obtained and/or presented any form or certificate or had made a declaration of non-residence or similar claim for exemption upon the presentation or making of which the holder would have been able to avoid such withholding or deduction; and/or
- (d) 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); and/or
- (e) 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 (the “**Savings Directive**”) or any law implementing or complying with, or introduced in order to conform to, such Directive; and/or
- (f) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; and/or
- (g) in such other circumstances as may be specified in the applicable Final Terms.

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 Note Trustee or the Principal Paying 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 13.

8. **PRESCRIPTION**

The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten 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. **CROSS-DEFAULT AND ENFORCEMENT**

9.1 *Automatic acceleration upon Series 2 Notes being declared due and payable*

For so long as any of €1,000,000,000 3.75 per cent. Covered Notes due 2011 (the “**Series 2 Notes**”) issued by the Issuer on 19 September 2006 remains outstanding, if the Series 2 Notes become due and repayable pursuant to Condition 9.1 of the terms and conditions of the Series 2 Notes, all Programme Notes shall automatically become immediately due and repayable at their Early Redemption Amount, calculated as provided in Condition 6.6 (or in the case of Zero Coupon Notes, at their Amortised Face Amount), together with accrued but unpaid interest (if any) to the date of repayment.

9.2 *Enforcement*

The Note Trustee may, at its discretion and without further notice, take such action against the Issuer as it may think fit to enforce the provisions of the Trust Deed and/or the Conditions, but it shall not be bound to take any such action unless (i) it shall have been so directed by an Extraordinary Resolution of the holders of all Programme Notes or so requested in writing by the holders of at least a majority in nominal amount of all Programme Notes and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No holder of Notes of any Series or the Receipts or Coupons relating thereto shall be entitled to proceed against the Issuer unless the Note Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

9.3 *Consolidation, Merger and Sale of Assets*

The Issuer may, without the consent of Noteholders, consolidate with, or merge into, or sell, transfer, lease or convey its assets substantially as an entirety to any other entity, provided that (i) such successor entity expressly assumes the obligations of the Issuer under the Notes and any Coupons (as applicable) including any additional amounts (and legal opinions from Finnish lawyers, English lawyers and, if the jurisdiction of the successor entity is not Finland or England, lawyers of the same jurisdiction as the successor entity are provided in respect thereof), and (ii) after giving effect to the transaction, (if applicable) the Notes shall not have become immediately due and repayable pursuant to Condition 9.1, and provided that two authorised signatories of the Issuer certify to such effect.

10. **REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying 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, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

11. **PAYING AGENTS**

The Issuer is entitled, with the prior written approval of the Note Trustee (such approval not to be unreasonably withheld or delayed), 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 a Principal Paying Agent;
- (b) so long as the Notes are listed quoted and/or traded on or by any competent listing authority, on any stock exchange or quotation system, 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 competent listing authority, stock exchange or quotation system;
- (c) there will at all times be a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to the Savings Directive 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 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 insolvency, 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 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances, the Note Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receipholders 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.

12. **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 Principal Paying 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.

13. **NOTICES**

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, the Luxembourg Stock Exchange's website, www.bourse.lu. It is expected that publication for the purposes of (a) 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 competent listing authority, stock exchange or quotation system on/or by which the Notes are for the time being

listed, quoted and/or traded or by which they have been admitted to listing, quotation and/or 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. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Note Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) 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, quoted and/or traded on or by any competent listing authority, stock exchange or quotation system and the rules of that competent listing authority, stock exchange or quotation system so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

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 Principal Paying 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 Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Trust Deed 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 Terms and Conditions of the Notes or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Note Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting convened to consider a resolution proposed as an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders for the time being outstanding whatever the nominal amount of the Notes for the time being outstanding so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Terms and Conditions of the Notes, the Receipts or the Coupons or the Trust Deed (including postponing the date of maturity of such 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, varying the method of calculating the rate of interest or reducing the minimum or maximum rate of interest on the Notes, altering the currency of payment of the Notes and the Receipts or the Coupons relating thereto or modifying the majority required to pass an Extraordinary Resolution), the quorum shall be one or more persons holding or representing not less than three-quarters 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 a clear majority 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 Receiptholders and Couponholders.

The Trust Deed provides that a resolution which in the opinion of the Note Trustee affects more than one Series of Programme Notes but does not give rise to a conflict of interest between the holders of the Programme Notes of any of the Series so affected shall be deemed to be duly

passed if passed at a single meeting of the holders of the Programme Notes of all the Series so affected.

Where in these Conditions or the Trust Deed reference is made to “an Extraordinary Resolution of the Noteholders of all Programme Notes” such a resolution shall be deemed to be duly passed if passed at a single meeting of the holders of the Programme Notes outstanding of all Series.

The Note Trustee and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification (subject to certain exceptions as provided in the Trust Deed) of the Terms and Conditions of the Notes or the Trust Deed which, in the opinion of the Note Trustee, is not prejudicial to the interests of the Noteholders, Receiptholders or Couponholders; or
- (b) any modification of the Notes, the Receipts, Coupons or Talons relating thereto or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or an error which, in the opinion of the Note Trustee, is proven or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

The Note Trustee may also waive or authorise any breach or proposed breach of the Terms and Conditions of the Notes or the provisions of the Trust Deed in relation to the Notes which, in its opinion, is not materially prejudicial to the interests of the Noteholders.

15. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders 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.

16. **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.

17. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

17.1 *Governing law*

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

The Issuer irrevocably agrees, for the benefit of the Note Trustee, the Noteholders, the Receiptholders 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 Trust Deed, the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons) and accordingly submits 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 Note Trustee, the Noteholders, the Receiptholders and the Couponholders may take any suit, action or proceedings (together referred to as **"Proceedings"**) arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

17.2 *Appointment of Process Agent*

The Issuer appoints Danske Bank A/S (London Branch) at its registered office for the time being at 75 King William Street, London EC4N 7DT as its agent for service of process, and undertakes that, in the event of Danske Bank A/S (London Branch) 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.

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 MCBA, and the Issuer's general business principles as outlined below in "*Description of the Issuer*" including, without limitation, the financing or refinancing of the acquisition of mortgage loans from Sampo Bank plc and the refinancing of previous issues of Notes under the Programme as well as repayment of unsecured indebtedness obtained for the purpose of such refinancing.

DESCRIPTION OF THE ISSUER

The Issuer conducts business as a mortgage bank licensed under the MCBA (as defined in “*Structure Overview*”). The Issuer has obtained a licence from the FIN-FSA (as defined in “*Structure Overview*”) to engage in mortgage credit business.

The legal name of the Issuer is Sampo Housing Loan Bank plc and its registered office is located at Hiililaiturinkuja 2, Helsinki, FI-00075 SAMPO BANK, Finland (telephone: +358 10 546 0000). The Issuer was incorporated on 7 February 2000 as a public limited company under the name Housing Loan Bank of Finland plc (*Suomen Asuntoluottopankki Oyj*). With effect from 11 April 2005, the name of the Issuer was changed to Sampo Housing Loan Bank plc. The Issuer operates pursuant to the MCBA, the Act on Commercial Banks and Other Credit Institutions of Limited Liability Company Form 1501/2001 (*laki liikepankeista ja muista osakeyhtiömuotoisista luottolaitoksista*), the Credit Institutions Act (as defined in “*Risk Factors*”) and the Companies Act 624/2006 (*osakeyhtiölaki*) and it is registered in Helsinki, Finland under the registration number 1579488-6. The operations of the Issuer are supervised by the FIN-FSA.

The Issuer has one class of ordinary shares, and its authorised and issued share capital amounts to €41,050,000 consisting of 41,050 shares. Sampo Bank plc holds 100 per cent. of the issued share capital of the Issuer. The Articles of Association of the Issuer provide that the authorised and issued share capital of the Issuer must not be less than €40,000,000 or more than €100,000,000.

The business of the Issuer

The Issuer commenced its business operations in April 2000, when it was the first Finnish mortgage bank to issue covered notes. The first two tranches (amounting to approximately €8.1 million) were targeted to domestic retail subscribers. Mortgage loans funded also by a loan facility from Sampo Bank plc were granted until early 2002.

According to the revised business plan adopted in early 2005, the Issuer acquires mortgage loans from Sampo Bank plc and issues Notes under the Programme.

So far the Issuer has issued two series of Notes under the Programme, each amounting to €1 billion. The first series of Notes issued in September 2005 was redeemed in September 2010, while the second series will mature in September 2011. To collateralise the Notes, the Issuer maintains a portfolio of eligible mortgage loans acquired from Sampo Bank plc, supplemented by eligible supplementary collateral.

Capital adequacy

As at 30 June 2010 the capital adequacy of the Issuer (as extracted from the unaudited interim report) was as follows:

SAMPO HOUSING LOAN BANK PLC

CAPITAL ADEQUACY	€1,000	€1,000	€1,000
	At 30 June 2010 unaudited	At 31 December 2009 audited	At 30 June 2009 unaudited
Share capital	41,050.00	41,050.00	41,050.00
Share premium capital	35,000.00	35,000.00	35,000.00
Distributable capital	56,601.81	51,605.41	42,642.81

Tier 1	132,651.81	127,655.41	118,692.81
Tier 2 (subordinated liabilities)	40,000.00	40,000.00	40,000.00
TOTAL CAPITAL AFTER DEDUCTIONS	172,651.81	167,655.41	158,692.81
RISK-WEIGHTED ASSETS (ON-AND OFF-BALANCE SHEET)	889,651.85	888,183.85	943,219.07
CAPITAL REQUIREMENT (8 % of risk-weighted assets)	71,172.15	71,054.71	75,457.53
Credit and counterparty risk	68,415.14	68,297.70	73,258.09
Market risk	0.00	0.00	0.00
Operational risk	2,757.01	2,757.01	2,199.44
CAPITAL ADEQUACY RATIO, %			
Total capital / risk-weighted assets	19.41%	18.88%	16.82%
Tier 1 capital / risk weighted assets	14.91%	14.37%	12.58%

The Capital adequacy ratio has been calculated in accordance with the Credit Institutions Act, Section 5:44-48§ and 54-66§. For calculation of credit and operational risk's risk-weighted assets, Sampo Bank Group applies the standard method.

Management

The board of directors of the Issuer is comprised of the following members:

<u>Name</u>	<u>Position on the board of the Issuer</u>	<u>Principal activities performed at entities other than the Issuer</u>
Aki Palo	Chairman	Head of Credit, Sampo Bank plc
Kirsi Autiosalo	Member	First Vice President, Accounts, Market Risk & ALM, Sampo Bank plc
Jukka Huotari	Member	Chief Legal Counsel, Sampo Bank plc

The managing director of the Issuer is Jari Raassina.

Except for the managing director, the Issuer currently has no employees, as it purchases the services it requires from Sampo Bank plc in accordance with various service agreements.

In respect of the members of the management and supervisory bodies of the Issuer there are no potential conflicts between their duties to the Issuer and their other private interests and/or other duties.

DESCRIPTION OF THE LOAN ORIGINATOR AND SERVICER

SAMPO BANK PLC

Sampo Bank plc ("**Sampo Bank**") has since 1 February 2007 been a fully owned subsidiary of Danske Bank A/S ("**Danske Bank**" and, together with its subsidiaries, "**Danske Bank Group**"). Its predecessor Postipankki commenced operations in 1887. Sampo Bank conducts banking business in Finland as part of the Danske Bank Group and its operations are fully integrated with those of the Danske Bank Group.

Sampo Bank is a deposit bank referred to in the Credit Institutions Act. In addition, it is governed, *inter alia*, by the Act on Commercial Banks and Other Credit Institutions of Limited Liability Company Form (1501/2001) and the Companies Act (624/2006), in particular by its provisions relating to public companies. The operations of Sampo Bank are supervised by the FIN-FSA.

Sampo Bank was registered in the Trade Register on 1 November 2001 and its Business ID is 1730744-7. Its registered office is at Hiililaiturinkuja 2, Helsinki, FI-00075 SAMPO BANK, Finland.

Sampo Bank offers banking services to individual, corporate and institutional customers through its own branches and outlets as well as through web and telephone banking. Its network serves as a distribution channel also to savings and investment products and services of other companies belonging to the Danske Bank Group.

Description of Business

Sampo Bank Group consists of the parent bank Sampo Bank plc and the principal subsidiaries Realty World Ltd, Sampo Fund Management Company Ltd and the Issuer.

Total assets of Sampo Bank Group as at 31 December 2009 were EUR 24.868 billion and the revenues in 2009 EUR 1.17 billion. As at 31 December 2009 its market share of both the EUR-denominated lending by domestic financial institutions and of the domestic EUR deposits was 11.9 per cent. (Source: Bank of Finland and Sampo Bank).

Sampo Bank has currently more than 1.1 million personal customers and approximately 100,000 corporate and institutional customers in Finland. The number of branches has gradually increased in recent years, and the current number is 121. Services relating to savings and investing (including mutual funds) offered by companies belonging to the Danske Bank Group form an essential part of the customer service of Sampo Bank in addition to the traditional banking services like lending, accounts, cash management, and payment and card services. In addition, Sampo Bank offers to its customers life and pension insurances provided by Mandatum Life Insurance Company Limited.

In order to emphasise its customer-oriented business approach, Sampo Bank revised its business organisation in the spring of 2010, whereby new divisions for corporate, retail and private banking were set up. Sampo Bank's business is divided into five regional finance centres: Southern Finland (located in Helsinki, Espoo and Vantaa), Western Finland (Turku), Central Finland (Tampere), Eastern Finland (Lahti) and Northern Finland (Oulu). The most demanding functions such as Private Bank, cash management and investment services are concentrated in the finance centres. The finance centres are also responsible for major corporate customers. Banking activities include also units that serve the largest corporate customers (Corporate Banking) and public sector entities, associations and other institutions (Institutions). Sampo Finance –unit conducts leasing and other finance company business.

Danske Bank has had a branch in Finland since 1997. Its current activities consist mainly of financing and cash management services offered to large and medium sized companies as well stockbrokerage (Danske Markets Equities) and Corporate Finance operations offered as part of Danske Markets.

Private Banking

Sampo Bank Private Banking operates as a part of Sampo Bank under the finance centres in Espoo, Helsinki, Hämeenlinna, Jyväskylä, Kouvola, Kuopio, Lahti, Mikkeli, Oulu, Pori, Salo, Seinäjoki, Tampere, Turku ja Vaasa.

Private Banking specialises in providing demanding and comprehensive asset management and banking services for private persons, institutions and enterprises.

Danske Markets

As part of Danske Markets, Sampo Bank is responsible for operations in the interest rate, derivatives and foreign exchange markets and for offering related products to Finnish corporate customers.

Danske Capital

Danske Capital offers asset management services mainly to corporate and institutional customers. It is also responsible for the investment operations of Sampo Bank's mutual funds and through Sampo Fund Management Company Ltd for the administration of the mutual funds. For research and preparing of investment strategies, the large portfolio management and analysing resources of the Danske Bank Group are also available.

Other Specialised Units

In addition, Sampo Bank's specialised units include Wealth Management (responsible for supporting the branches by providing the best available asset management services and products), Corporate Banking (serving major corporate customers), Institutions, and Service Centre (provider of functions such as IT services, account and payment services, securities operations, trade finance, collection and logistics).

Financial Highlights

Financial information in the table below is based on the audited Financial Statements 31 December 2009 of Sampo Bank

Sampo Bank Group	<i>(EUR million)</i>		
	2009	2008	change
Total operating income	698.0	740.9	- 42.9
Total operating expenses	- 438.0	- 507.3	69.3
Profit before loan impairment charges	260.0	233.6	26.4
Impairment losses on loans and receivables	- 227.3	- 52.3	- 175.0
Profit before taxes	32.7	181.3	- 148.6
Total assets	24,868	29,592	- 4,724
Loans and receivables	22,658	26,091	- 3,433
Financial assets at fair value through p/l	0	0	0

Trading portfolio assets	1,348	2,831	- 1,483
Capital adequacy ratio (%) ¹	14.9	14.3	0.6
Core (tier 1) capital ratio (%) ²	13.7	12.4	1.3

Sampo Bank is subject to regulation governing credit institutions, including the Credit Institutions Act, which is based on the Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast). The Credit Institutions Act requires, *inter alia*, Sampo Bank Group to maintain at all times a risk-based capital adequacy ratio of at least 8 per cent.

Sampo Bank is subject to inspection and supervision by the FIN-FSA, in connection with the Bank of Finland, which requires Sampo Bank to submit its 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 Sampo Bank's operations comply with the Credit Institutions Act, the Securities Markets Act of 1989, as amended, and regulations guidelines issued by the FIN-FSA as well as other applicable laws and regulations.

Management

As at the date of this Base Prospectus, the Board of Directors of Sampo Bank includes the following persons:

Thomas F. Borgen

Chairman of the Board

Head of International banking activities and Danske Markets, Danske Bank

Per Damborg Skovhus

Vice Chairman of the Board

Head of Group Credits, Danske Bank

Lars Andreassen

Acting CFO, Danske Bank

Mikael Ericson

Head of Corporate Banking, Danske Bank

Niels-Ulrik Moustén

Head of Danske Capital, Danske Bank

Esko Mäkeläinen

Industrial Advisor, CapMan Plc

Chairman of the Board of Directors, Walki Group Oy

Chairman of the Board of Directors, Maintpartner Oy

Georg Schubiger

Chief Operating Officer, Danske Bank

¹ Sampo Bank Group's capital adequacy ratio has been calculated in accordance with the Credit Institutions Act, Sections 5:44-48§ and 54-66§. For calculation of credit and operational risk's risk-weighted assets, Sampo Bank Group applies the standard method.

² Sampo Bank Group's capital adequacy ratio has been calculated in accordance with the Credit Institutions Act, Sections 5:44-48§ and 54-66§. For calculation of credit and operational risk's risk-weighted assets, Sampo Bank Group applies the standard method.

Maija Strandberg

Managing Director, ALSO Finland Oy

The members of the Board of Directors have been elected for an indefinite period.

The Managing Director of Sampo Bank is Ilkka Hallavo and the Deputy Managing Director is Risto Tornivaara.

The business address of the members of the Board of Directors, the Managing Director and the Deputy Managing Director is P.O.B 1548, FI-00075 SAMPO BANK and their visiting address is Hiililaiturinkuja 2, 00180 Helsinki.

There are no conflicts of interest between the duties of the members of the Board of Directors, the Managing Director and the Deputy Managing Director and their private or other duties.

DESCRIPTION OF THE SALE AND SERVICING DOCUMENTS

On 19 August 2005, Sampo Bank plc as seller (the “**Seller**”) and the Issuer as purchaser entered into a loan sale and purchase agreement (such loan sale and purchase agreement as amended and/or restated on 2 September 2005 and as further amended and restated from time to time, the “**Loan Purchase Agreement**”). Under the terms of the Loan Purchase Agreement, the Seller agreed to sell and the Purchaser agreed to purchase Mortgage Loans from time to time together with the related Loan Security. The initial sale of Mortgage Loans was completed on 20 August 2005 (the “**Initial Closing Date**”) pursuant to which the Purchaser acquired a portfolio of Mortgage Loans (the “**Initial Mortgage Loans**”) together with the related Loan Security for such Initial Mortgage Loans. The aggregate outstanding principal amount of the Initial Mortgage Loans at the Initial Closing Date was not less than €1.1 billion.

Under the terms of the Loan Purchase Agreement, the Seller and the Purchaser may from time to time agree, respectively, to sell and to purchase further portfolios of Mortgage Loans (“**Further Mortgage Loans**”) and the related Loan Security therefor. Also under the terms of the Loan Purchase Agreement the Seller and the Purchaser may agree that Substitute Loans may be sold to, and acquired by, the Issuer as described further below.

References in this Base Prospectus to the “**Mortgage Loans**” include all Mortgage Loans from time to time owned by the Issuer (including Initial Mortgage Loans, Further Mortgage Loans or Substitute Loans) and references in this section of this Base Prospectus to the “**Closing Date**” on any sale of a Mortgage Loan are references to the date upon which the sale of such Mortgage Loan to the Issuer is completed.

Legal title to, and all rights and benefits in, each Mortgage Loan (including, but not limited to, the benefit of the Loan Security and any guarantee and any payments in respect of the Mortgage Loan) and all liabilities, risks and obligations, including the credit risk relating to each such Mortgage Loan, will pass to the Issuer on the relevant Closing Date.

The purchase price payable by the Issuer for each Mortgage Loan will be the aggregate of (i) the principal amount outstanding under the Mortgage Loan on the Closing Date and (ii) the interest accrued thereon but unpaid to (but excluding) the Closing Date.

After the relevant Closing Date, the Seller will execute an endorsement on each promissory note (together the “**Promissory Notes**”) evidencing each Mortgage Loan or on a separate document to the effect that it is assigned to the Issuer and give a notice of the assignment of the Mortgage Loans to each borrower in writing. At the request of the Issuer, the transfers to the Issuer of any real estate mortgage pertaining to the Mortgage Loans will be registered at the relevant local court. Each Promissory Note is a negotiable promissory note governed by Chapter 2 of the Finnish Promissory Notes Act (*Velkakirjalaki*, 1947, as amended). Under the Finnish Promissory Notes 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 Agreement*” below), the Promissory Notes remain in the custody of the Seller but are held on behalf of the Issuer. As the Seller is a bank, the assignment of the Mortgage Loans and the Loan Security in accordance with the Loan Purchase Agreement will, nonetheless, pursuant to Section 22, Subsection 2 of the Finnish Promissory Notes Act (*Velkakirjalaki*, 1947, as amended), be binding and effective with respect to the Seller's creditors.

The Issuer has not made or caused to be made (or will make or cause to be made) on its behalf any enquiries, searches or investigations in relation to any Mortgage Loans or Loan Security acquired from the Seller. The Issuer has not made and will not make any enquiry, search or investigation at any time in relation to compliance by the Seller or any other person with the Origination Criteria (as defined in the Loan Purchase Agreement) 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 Mortgage Loan or the Loan Security acquired from the Seller. In relation to all aforesaid matters concerning the Mortgage Loans and the Loan Security and the circumstances in which advances were made to borrowers prior to the

acquisition by the Issuer of the relevant Mortgage Loans and the Loan Security, the Issuer will rely entirely on the representations and warranties to be given by the Seller to the Issuer contained in the Loan Purchase Agreement.

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

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

- (i) the Seller has full ownership of the Mortgage Loans and the Mortgage Loans are transferable and assignable to the Issuer and are free and clear of any security interest, mortgage, pledge or other encumbrance and of any option, redemption or similar right;
- (ii) no payment default has occurred in respect of any Mortgage Loan and continued for a period of 90 days prior to the Closing Date;
- (iii) each Mortgage Loan and its Loan Security and the nature and circumstances of each borrower satisfies the requirements of the MCBA; and
- (iv) at the Closing Date, each Mortgage Loan fulfils the Origination Criteria.

Substitution

In respect of any Mortgage Loan and Loan Security that is re-acquired by the Seller, the Seller and the Issuer may agree that a Substitute Loan be sold by the Seller to the Issuer on the terms and conditions of the Loan Purchase Agreement. Any Substitute Loan to be sold by the Seller to the Issuer shall fulfil the Origination Criteria and the representations and warranties of the Seller set out in the Loan Purchase Agreement shall be deemed to have been given by the Seller 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 Mortgage Loan and any accrued interest thereon but unpaid to (but excluding) a business day to be agreed by the Issuer and the Seller and is payable by the Issuer against the assignment of the Substitute Loan by the Seller to the Issuer on such business day.

Servicing Agreement

Pursuant to the terms of the servicing agreement entered into on 19 August 2005 by and between Sampo Bank plc (as the “**Servicer**”) and the Issuer as amended and restated from time to time (the “**Servicing Agreement**”) (and certain other related service agreements between the Servicer and the Issuer), the Servicer has agreed as servicer to keep the promissory notes and any other documents and instruments evidencing the Mortgage Loans (the “**Promissory Notes**”) and the Loan Security in custody and to receive and collect payments on behalf of the Issuer.

The Servicer has agreed to manage, service, administer and make collection on the Mortgage Loans 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 the Servicer to be held on behalf of the Issuer as provided for under Section 22 of the Finnish Promissory Notes Act.

The Servicer has agreed to monitor (i) the value of Loan Security for the Mortgage Loans so as to ensure that the Loan Security for the Mortgage Loans at all times fulfils the requirements set forth in Section 16 of the MCBA and (ii) the average maturity of the Mortgage Loans and the aggregate amount of the accrued interest on the Mortgage Loans so as to ensure that the collateral entered into the Register at all times fulfils the requirements set forth in Section 17 of the MCBA.

Further, the Servicer has agreed to collect all amounts due under the Mortgage Loans when they become due, and take care of the calculating, invoicing, collection and posting of all payments under the Mortgage Loans. The Servicer has undertaken to ensure that any payments made in respect of the Mortgage Loans shall be credited without delay to the Issuer's bank account with Sampo Bank plc. The 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, the Servicer has agreed to prepare any reports that the Issuer is required to prepare pursuant to any applicable laws and regulations. The Servicing Agreement also imposes certain reporting obligations on the Servicer and includes certain provisions with respect to the Issuer's access to records and accounts.

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

The 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 Loan Purchase Agreement or any other service agreements between the Servicer and the Issuer.

In the event of a material breach by the Servicer of its obligations under the 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 the Servicer upon the expiry of not less than a 3 months notice period.

The Servicing Agreement may be terminated upon the expiry of not less than 12 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), 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 Mortgage Loans 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 Notes are not adversely affected as a result of such termination.

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

The Issuer has also covenanted in the Trust Deed that, upon the Servicer (or the Issuer, if at such time the Servicer and the Issuer are the same entity) ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's (or any other Rating Agency) of at least Baa3 (or such rating by such Rating Agency that complies with such Rating Agency's current counterparty criteria), the Issuer will use reasonable efforts to enter, within 60 days, a replacement or new servicing agreement, as applicable, with a third party with suitable experience and credentials, unless Moody's (or any other Rating Agency) confirms that the failure to appoint a third party servicer would not have an adverse effect on its then current ratings of the Notes.

CHARACTERISTICS OF THE QUALIFYING COVER POOL ASSETS

The purpose of the Asset Tests (as defined in Condition 2.3), the Additional Test (as defined below) and the statutory requirements of the MCBA are to ensure that the Issuer has sufficient 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 MCBA requires the Issuer to continuously ensure that (a) the average term to maturity of Notes outstanding under the Programme is shorter than 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 in the Register exceeds the total amount of interest payable on the Notes outstanding under the Programme (see “*Act on Mortgage Credit Bank Operations*” below).

For the purposes of the asset coverage tests contained in the MCBA, the MCBA currently provides that the Cover Pool may only be comprised of (a) mortgage loans up to an LTV of 70 per cent. of the current value of the shares or real estate placed as collateral for such mortgage loan that have been entered as collateral for the Programme Notes in the Register and (b) supplementary collateral (as defined in the MCBA).

Asset Tests

The Issuer has undertaken in the Conditions to comply with the Minimum Eligible Receivables Test, the Statutory Net Present Value Test and the Minimum Total Assets Test (which together comprise the Asset Tests for the purposes of the Conditions) (each as defined in Condition 2.2), breach of any of which will not lead to a contractual acceleration of the Notes.

The Minimum Eligible Receivables Test is determined by reference to whether the aggregate Value of the sum of the Eligible Receivables and the Supplementary Collateral is equal to or greater than the outstanding principal amount of all Programme Notes (each as defined in Condition 2.3).

The Statutory Net Present Value Test is determined by reference to whether the net present value (as calculated according to the MCBA) of the sum of the Eligible Receivables and the Supplementary Collateral is equal to or greater than 102 per cent. of the net present value (as calculated according to the MCBA) of the payment obligations under all Programme Notes.

The Minimum Total Assets Test is determined by reference to whether the aggregate Value of the sum of the Total Assets and the Supplementary Collateral is equal to or greater than 105 per cent. of the outstanding principal amount of all Programme Notes (each as defined in Condition 2.3).

For so long as any of the Series 2 Notes (as defined in Condition 9.1) remains outstanding, the Notes will be covered by the same Cover Pool as the Series 2 Notes. To ensure contractual parity with the Series 2 Notes, all Programme Notes have the benefit of the Cross-Default (as defined in “*Structure Overview*”). One of the key effects of the Cross-Default is that, for so long as any of the Series 2 Notes remains outstanding, the Noteholders of any Series issued after the date of this Base Prospectus will receive the benefit of, *inter alia*, the Series 2 Asset Tests (as defined and set out in “*Series 2 Asset Tests*”).

For the purposes of the Asset Tests, all Eligible Mortgage Loans must be originated by a member of the Sampo Bank Group in accordance with its standard underwriting criteria at the time of origination. The borrowers under the Eligible Mortgage Loans are all individuals resident in or citizens of Finland, each of whom has an identified social security number in Finland. The Property securing each Eligible Mortgage Loan is located or incorporated in Finland. All Eligible Mortgage Loans are governed by Finnish law.

Additional Test

The Issuer has also undertaken in the Trust Deed to comply with the following additional test (the “**Additional Test**”), breach of which will not lead to a contractual acceleration of the Notes:

the **“Present Value Test”**, which is satisfied if each of the Present Value, the Upwards Adjusted Present Value and the Downwards Adjusted Present Value of the Total Assets, Supplementary Collateral (and interest receivable in respect thereof) and any Net Hedging Amounts Receivable exceeds, respectively, the Present Value, the Upwards Adjusted Present Value and the Downwards Adjusted Present Value of the outstanding principal amount of all Programme Notes and interest payable in respect thereof.

For the purposes of the Additional Test:

“Downwards Adjusted Present Value” means, on any date in relation to Total Assets and the Supplementary Collateral, Net Hedging Amounts Receivable and the principal amount of all Programme Notes, the amount which would be the Present Value thereof on such date if all applicable interest rates upon the basis of which such calculation was made were decreased by one hundred basis points (1.00 per cent.) per annum;

“Net Hedging Amounts Receivable” means, on any date, all net amounts receivable by the Issuer (if any) under any Interest Rate Swap Agreements on such date (expressed as a positive figure) or, as the case may be, all net amounts payable by the Issuer (if any) under any Interest Rate Swap Agreements on such date (expressed as a negative figure);

“Present Value” means:

- (i) in relation to the Total Assets, Supplementary Collateral and Net Hedging Amounts Receivable, the net present value of the outstanding principal amount of such Total Assets and Supplementary Collateral (and the interest receivable thereunder) and of the aggregate amount of such Net Hedging Amounts Receivable calculated, in each case, by discounting such principal amount (and the interest receivable thereunder) back from the maturity date of such Total Assets or Supplementary Collateral or, as the case may be, the scheduled Termination Dates under the relevant Interest Rate Swap Agreements to the date on which the calculation of the Present Value is being made at the then prevailing swap rates; and
- (ii) in relation to the outstanding principal amount of all Programme Notes, the aggregate of the net present value of the outstanding principal amount of each such Programme Note and interest payable thereunder calculated in each case by discounting such outstanding principal amount and such amount of interest back from the maturity date of the relevant Programme Note to the date on which such calculation is being made at the then prevailing swap rates; and

“Upwards Adjusted Present Value” means on any date in relation to Total Assets, Supplementary Collateral, Net Hedging Amounts Receivable and the principal amount of all Programme Notes, the amount which would be the Present Value thereof on such date if all applicable interest rates upon the basis of which such calculation was made were increased by one hundred basis points (1.00 per cent.) per annum.

There is no restriction on the law(s) by which Supplementary Collateral must be governed.

Characteristics of the Mortgage Loans and their obligors

The general characteristics of the obligors include, but are not limited to:

- (a) Each obligor is citizen of or resident in Finland identified by social security number;
- (b) At least one of the obligors is alive;
- (c) At least one of the obligors is over 18 years of age;
- (d) The obligor is not an employee of Sampo Bank Group;

- (e) The obligor has had no borrower defaults or reschedulings by court order; and
- (f) On the date of inclusion in the Cover Pool the obligor has no significant public payment defaults (verified in *Suomen Asiakastieto Oy*'s register).

All of the Mortgage Loans were originated by a member of the Sampo Bank Group in accordance with its standard underwriting criteria at the time of origination only. There are no rights or obligations to make further advances in any of the loans included in the Cover Pool.

The principal lending criteria include but are not limited to the following:

- (a) the customer is creditworthy;
- (b) the customer has sufficient repayment ability for the repayment of the loan;
- (c) public payment defaults are verified in *Suomen Asiakastieto Oy*'s register;
- (d) bank's internal payment defaults are verified in Sampo Bank's internal payment default register;
- (e) the customer is of age and has legal capacity;
- (f) the customer is not so old that the repayment of the loan might be endangered; and
- (g) loan-to-value ratio normally being no more than 80 per cent.; if the loan-to-value ratio exceeds 80 per cent., the customer's repayment ability and the collateral position must be assessed particularly responsibly and carefully.

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

The terms and conditions of the pledges relating to the Property contain a provision according to which the pledgor undertakes to maintain the fire insurance of the Property. The originator of the Mortgage Loan has also insured the property, in case the debtor were to neglect his/her own fire insurance and an accident were to happen.

The Cover Pool is managed only to the extent where paid, prepaid or ineligible Mortgage Loans are replaced with new ones or eligible Supplementary Collateral.

The asset and liability management of the Issuer will be dealt with by Sampo Bank plc in accordance with the Servicing Agreement.

ACT ON MORTGAGE CREDIT BANK OPERATIONS

The following is a brief summary of certain features of the MCBA (as defined in “Structure Overview”) as of the date hereof. 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.

General

The MCBA entered into force on 1 August 2010. It enables the issue of covered notes (*katetut joukkolainat*) which are debt instruments secured by a cover pool of qualifying assets (each a “**cover pool**”). The MCBA regulates which assets can be used as collateral for the covered notes and the quality of such assets. They are issued by specialised mortgage credit banks (such as the Issuer) or any licensed credit institution 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 MCBA and may issue regulations for risk management and internal control in respect of mortgage credit business operations. If an issuer does not comply with the provisions of the MCBA or the conditions of the license granted by the FIN-FSA, the FIN-FSA shall lay down a period in which the issuer must fulfil any requirements set by the FIN-FSA. If such requirements are not fulfilled within the set period, the FIN-FSA may cancel the issuer’s authorisation to engage in mortgage credit 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 MCBA 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 assets in the cover pool and in issuing covered notes and also prove that it intends to engage in mortgage credit business on a regular and sustained basis. An issuer must have put the appropriate organisational structure and resources into place.

Register of Covered Notes

The MCBA requires an issuer to maintain a register (the “**register**”) for the covered notes and the collateral which forms the cover pool. 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 relevant 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 MCBA requires that the information shall be entered in the register no later than on the first business day following the issue of the covered note and information on the granting or acquisition of a mortgage loan or public-sector loan or a supplementary collateral (see “*Quality of the Cover Pool Assets*” and “*Supplementary Collateral*” below) which is placed as collateral for the covered notes shall be entered in the register no later than one business 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 under the MCBA). 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 MCBA and the terms and conditions of the covered notes. Accordingly, the cover pool is dynamic in the sense that an issuer may supplement or substitute assets in the cover pool.

The register is maintained by the relevant issuer. The FIN-FSA monitors the management of the register, including the due and proper recording of assets. The information in the register shall 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 MCBA 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 Land Code (*Maakaari* 540/1995, as amended); or (ii) shares in a housing company referred to in Chapter 1, Section 2 of the Housing Companies Act (*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 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 applying the procedure set out in Section 58 of the Credit Institutions Act (*Laki luottolaitostoiminnasta* 121/2007, as amended), 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.

Supplementary collateral may only be used as collateral for covered notes on a temporary basis and in the circumstances set out in the MCBA (see “*Quality of the Cover Pool Assets*” and “*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.

Unless the terms of the covered notes indicate otherwise, at least 90 per cent. of the collateral shall consist of housing loans, public sector loans and supplementary collateral.

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. An 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 MCBA seeks to protect covered noteholders by requiring that the outstanding principal amount and net present value of the covered notes must be covered at all times by matching assets in the cover pool. This

is achieved by Section 16 of the MCBA which provides that (a) the total value of assets in the cover pool must always exceed the aggregate outstanding principal amount of the covered notes and (b) the net present value of assets in the cover pool must always be at least 2 per cent. above the net present value of the liabilities under the covered notes.

According to the legislative proposal relating to the MCBA (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 (subject to the limitation applying to the valuation of such assets in the cover pool) applying the market rate of interest, prevailing from time to time.

Requirements relating to liquidity

Under Section 17 of the MCBA, an 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, an issuer shall further ensure that the total amount of interest accrued from the assets in the cover pool, during any 12-month period, is sufficient to cover the total amount payable to the holders of covered notes as interest and to the counterparties of derivative transactions as payments under such derivative transactions. Before the commencement of liquidation or bankruptcy proceedings against an 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 MCBA

To determine the value of the assets in the cover pool in order to provide the matching cover required by Sections 16 and 17 of the MCBA, an 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 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 assets in the cover pool in calculating the matching cover.

Derivative transactions concluded in order to hedge the covered notes and any assets provided as collateral for the derivative transaction shall be taken into account for the purposes of Sections 16 and 17 of the MCBA.

Supplementary Collateral

Up to 20 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 aggregate amount of the collateral in the Cover Pool (as defined below) may temporarily consist of supplementary collateral, as defined in the MCBA, including: (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 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 (other than one belonging to the same consolidated group as the Issuer). However, the aggregate amount of notes or other debt instruments issued by credit institutions, guarantees given by credit institutions and deposits with credit institutions may not exceed 15 per cent of the aggregate amount of all collateral in the Cover Pool. Supplementary collateral is only permitted where eligible mortgage loans have not yet been granted or registered as collateral for the Notes or the total amount of collateral does not fulfil the provisions provided for in Sections 16 and 17 of the MCBA.

Intermediary Loans

The MCBA allows deposit banks and credit institutions 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. In addition the debtor 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

An 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 and shall, after such registration, form part of the cover pool.

Set-off

A creditor of an issuer may not set-off its claim against a mortgage loan or a public-sector loan entered in the register if it is within the scope of the priority of payment of the holders of covered notes as provided for in Section 25 of the MCBA nor against an intermediary loan.

Prohibition on Transfers, Pledges, Execution and Precautionary Measures

An 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. 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 institution nor may precautionary measures be directed at it.

Preferential Right in the Event of Liquidation or Bankruptcy

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

Under Section 25 of the MCBA, notwithstanding the liquidation or bankruptcy of the issuer, a covered note shall be paid until its maturity in accordance with the terms and conditions of the covered note from the funds accruing on the assets in the cover pool before other claims. The funds accruing from collateral for covered notes after the commencement of liquidation or bankruptcy proceedings against the issuer shall be entered in the register as collateral for such covered notes. In bankruptcy proceedings the bankruptcy administrator must ensure due maintenance of the register.

Collateral entered in the register in accordance with the MCBA may not be recovered pursuant to Section 14 of the 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 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 legislative proposal relating to the MCBA (HE 42/2010), payments deriving from

loans to be booked as non-performing and proceeds from disposal of loans or enforcement of collateral shall, nonetheless, be firstly used for payment of covered notes up to their preferential portion.

The position set out above in respect of Section 25 of the MCBA applies *mutatis mutandis* to the counterparties of the derivative transactions entered in the register and to the providers of any loan securing liquidity for the issuer in liquidation or bankruptcy (each such loan being a “**bankruptcy liquidity loan**”). These parties have an equal right with the holders of the covered notes to payment from the funds, entered in the register as collateral for the covered notes, and from the payments relating to them, and accordingly, such derivative transactions and bankruptcy liquidity loans rank *pari passu* with the covered notes with respect to such assets in the cover pool.

The bankruptcy administrator may, upon the demand or with the consent of the supervisor appointed by the FIN-FSA (see “*Management of Cover Pool Assets During the Liquidation or Bankruptcy of the Issuer*” below), 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 pool, as provided for in Section 16 of the MCBA, considerably exceed the total amount of the covered notes and it is apparent that the collateral to be transferred shall not be necessary to fulfil the obligations in respect of the covered notes, derivative transactions and bankruptcy liquidity loans.

Management of Cover Pool Assets During the Liquidation or Bankruptcy of the Issuer

When an issuer has entered into liquidation or bankruptcy proceedings, the FIN-FSA shall, without delay, appoint a supervisor in accordance with Section 29 of the Act on the Financial Supervisory Authority (*Laki Finanssivalvonnasta* 878/2008, as amended) to protect the interests of holders of covered notes, the counterparties of the derivative transactions entered in the register and the providers of any bankruptcy liquidity loan 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 holders of covered notes, the counterparties of the derivative transactions entered in the register and the providers of any loan bankruptcy liquidity loan. Under Section 26 of the MCBA, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, conclude derivatives transactions necessary for hedging against risks relating to the covered notes and the relevant collateral as well as, where necessary, sell a sufficient amount of collateral for the covered notes in order to fulfil the obligations relating to the covered notes. In addition, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, have a right to conclude contractual arrangements to secure liquidity or take out bankruptcy liquidity loans.

Funds which accrue on the collateral of covered notes after the commencement of liquidation or bankruptcy of the issuer and the bank accounts related to the collateral and its income shall be entered in the register. Correspondingly, a bankruptcy liquidity loan taken under Section 26 of the MCBA and each bank account into which any such funds are deposited shall be entered in the register.

The bankruptcy administrator may, with the permission of the FIN-FSA, transfer the liability for a covered note and the corresponding collateral to another mortgage credit bank, deposit bank or credit 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 MCBA unless the terms of the covered note provide otherwise.

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

If the requirements for the cover pool, as provided for in Sections 16 and 17 of the MCBA, cannot be fulfilled, the bankruptcy administrator must, upon the request or approval of the supervisor, accelerate the covered notes and sell the assets in the cover pool 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, the counterparties of the derivative transactions entered in the register and the providers of any loan bankruptcy liquidity loan. Notwithstanding the liquidation or bankruptcy of the debtor of the intermediary loan, an issuer's obligations under the covered notes must be paid for the full term of the covered notes, in accordance with their contractual terms, from the collateral entered in the register before other claims can be met, following, where applicable, what is provided for in Section 25 of the MCBA 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 relevant 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 covered notes to comply with its obligations under the covered notes.

INTEREST RATE SWAPS

The Issuer may enter into one or more interest rate swap transactions (each an “**Interest Rate Swap Transaction**”) in order to hedge against 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 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. Details of any such Interest Rate Swap Transaction must be entered in the Register and shall form part of the Cover Pool.

If it does so, then, pursuant to each Interest Rate Swap Transaction, the swap counterparty will receive from the Issuer, on each payment date under the Interest Rate Swap Transaction, an amount calculated by reference to a floating rate or a fixed rate, as the case may be, multiplied by the Notional Amount (as defined in such Interest Rate Swap Transaction) and the Issuer will receive from the swap counterparty, on each payment date under the Interest Rate Swap Transaction, an amount calculated by reference to a floating rate or fixed rate, as the case may be, multiplied by the Notional Amount.

The Issuer currently anticipates that each Interest Rate Swap Transaction entered into between the Issuer and a swap counterparty will be evidenced by a confirmation and such confirmation will supplement and form part of an agreement between the Issuer and such swap counterparty in the form of a 1992 ISDA Master Agreement (Multicurrency - Cross Border) or a 2002 ISDA Master Agreement (Multicurrency - Cross Border), each as published by the International Swaps and Derivatives Association Inc. (“**ISDA**”) (each such agreement an “**Interest Rate Swap Agreement**”) and that the terms of each such Interest Rate Swap Agreement will contain 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/or may require certain amendments to be made. Each Interest Rate Swap Agreement will be terminable by one or both of the parties if the Cross-Default or a Termination Event (each as defined in the relevant Interest Rate Swap Agreement) occurs.

In the event that the Issuer is required to withhold or deduct an amount in respect of tax from payments due from it to a swap counterparty, the Issuer will not be required pursuant to the terms of the relevant Interest Rate Swap Agreement to pay the swap counterparty such amounts as would otherwise have been required to ensure that the swap counterparty received the same amounts that it would otherwise have received had such withholding or deduction not been made.

In the event that a swap counterparty is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the swap counterparty will be required pursuant to the terms of the relevant Interest Rate Swap Agreement to pay the Issuer such additional amounts as are required to ensure that the Issuer receives the same amounts that it would have received had such withholding or deduction not been made.

Upon the early termination of an Interest Rate Swap Agreement, the Issuer or the relevant swap counterparty may be liable to make a termination payment to the other party. The amount of any termination payment will be based on the market value of the relevant terminated Interest Rate Swap Transaction. The market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained).

In the event that the Issuer enters into an Interest Rate Swap Agreement with Sampo Bank plc and the short-term, unsecured and unsubordinated debt obligations of Sampo Bank plc, its successor or any guarantor, as applicable, are downgraded below “P-1” by Moody’s (or below such rating by any other Rating Agency that complies with such Rating Agency’s current counterparty criteria), Sampo Bank plc will be required to either:

- (a) pledge collateral on terms and in an amount acceptable to Moody’s (or such other Rating Agency);
- or

- (b) at its own cost transfer all of its rights and obligations under the Interest Rate Swap Agreement to a third party, provided that such third party's short-term, unsecured and unsubordinated debt obligations are rated "P-1" by Moody's (or such rating by any other Rating Agency that complies with such Rating Agency's current counterparty criteria).

The Issuer currently anticipates that in the event that the Issuer enters into an Interest Rate Swap Agreement with any swap counterparty other than Sampo Bank plc, the short term unsecured and unsubordinated debt obligations of such swap counterparty must be rated at least as highly as P-1 by Moody's (or as highly as such rating by any other Rating Agency that complies with such Rating Agency's current counterparty criteria) or the swap must be cash-collateralised.

Under the MCBA the obligations resulting from a swap or other derivatives contract shall be fulfilled towards the Issuer in accordance with the contract terms notwithstanding a bankruptcy or liquidation of the Issuer, unless otherwise provided by the terms of the relevant derivatives contract.

Under the MCBA, the counterparty to a derivatives contract entered in the Register will rank *pari passu* with the holders of Notes in respect of the assets in the Cover Pool in the liquidation or bankruptcy of the Issuer.

The funds accruing from the Notes' collateral after the commencement of the liquidation or bankruptcy proceedings in relation to the Issuer are, under the MCBA, entered in 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 MCBA shall also be applied to the funds accrued to the Issuer after the commencement of liquidation of the liquidation or bankruptcy proceedings on the basis of derivatives contracts entered into the Register.

SERIES 2 ASSET TESTS

The asset tests of the Series 2 Notes (the “**Series 2 Asset Tests**”) are set out in Conditions 2.2 and 2.3 of the terms and conditions of the Series 2 Notes. The Series 2 Asset Tests are set out below:

2.2 Issuer Covenant relating to Asset Tests

For so long as any of the Notes are outstanding (and without prejudice to any obligations of the Issuer under, or any mandatory requirements of, the MBA), the Issuer shall ensure that each of the Asset Tests is satisfied at all times.

For the purposes of this Condition 2.2:

- (i) the “**Minimum Eligible Receivables Test**” is satisfied if the Value of the sum of the Eligible Receivables and the Supplementary Collateral is equal to or greater than the outstanding principal amount of all Programme Notes; and
- (ii) the “**Minimum Total Assets Test**” is satisfied if the Value of the sum of the Total Assets and the Supplementary Collateral is equal to or greater than the amount which is 105 per cent. of the outstanding principal amount of all Programme Notes.

2.3 Definitions

For the purposes of these Conditions:

“**Asset Tests**” means the Minimum Eligible Receivables Test and the Minimum Total Assets Test (each as defined in Condition 2.2);

“**Current Value**” means, in relation to the Property which secures a Mortgage Loan, the sum of:

- (i) the Market Valuation of such Property; and
- (ii) 75 per cent. of the Reference Index Valuation Change, if the Reference Index Valuation Change is a positive figure, or 100 per cent. of the Reference Index Valuation Change, if the Reference Index Valuation Change is zero or a negative figure.

“**Eligible Bank**” means a bank or other financial institution whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by the Rating Agency;

“**Eligible Cash**” means, at any time, the principal amount or principal amounts then standing to the credit of an account or accounts in the name of the Issuer with an Eligible Bank;

“**Eligible Mortgage Loan**” means a Mortgage Loan which has been entered on the Register and which satisfies the following conditions:

- (i) such Mortgage Loan is a Housing Loan;
- (ii) such Mortgage Loan was originated by a member of the Sampo Group in accordance with its standard underwriting criteria at the time of origination;
- (iii) at least one payment of interest has been made by the borrower or borrowers in respect of such Mortgage Loan or no such payments have yet fallen due for payment;
- (iv) the Property securing such Mortgage Loan is located in Finland or, in the case of shares in a housing company, is incorporated in Finland;

- (v) each borrower under the relevant Mortgage Loan is an individual resident in, or a citizen of, Finland and has an identified social security number in Finland;
- (vi) insurance against loss caused by reason of damage caused by fire was in place at the time of origination of the relevant Mortgage Loan;
- (vii) at the time at which such Mortgage Loan was entered on the Register, the relevant borrower or borrowers was or were not, and had not been within the immediately preceding four years, bankrupt or the subject of a court judgement requiring them to make a payment of money or subject to debt reorganisation pursuant to the Act on Debt Reorganisation of Private Individuals (1993/57);
- (viii) such Mortgage Loan is secured by a first ranking security over the relevant Property; and
- (ix) the borrower under such Mortgage Loan is not in default of its payment obligations thereunder and has not been in such default at any time during the immediately preceding 90 days.

“Eligible Receivable” means an Eligible Mortgage Loan where the then current loan to value ratio does not exceed 60 per cent. (based on the Current Value of the relevant Property and the outstanding principal amount of the relevant Eligible Mortgage Loan);

“Housing Loan” means a Mortgage Loan secured by Property intended primarily for residential purposes, in each case, as referred to in section 2, subsection 1a of the MBA;

“Interest Rate Swap Agreement” means an interest rate swap or other hedging transaction entered or to be entered into by the Issuer for the purpose of hedging against interest rate exposure or for general risk management purposes;

“Market Valuation” means, in relation to any Property:

- (i) the amount determined as the market value of such Property in the most recent independent valuation of such Property obtained by a member of the Sampo Group at the time or after the relevant Mortgage Loan was originated; or
- (ii) if no such independent valuation of such Property is available, the purchase price paid by the relevant borrower or borrowers for such Property at the time the relevant Mortgage Loan was originated;

“MBA” means the Finnish Act on Mortgage Credit Banks (*Kiinnitysluottopankkilaki* 1240/1999), as amended from time to time;

“Moody’s” means Moody’s Investors Service Limited;

“Mortgage Loan” means a mortgage loan from time to time owned by the Issuer together with the mortgage over the relevant Property which secures such mortgage loan and any other security (**“Loan Security”**) for such mortgage loan;

“Other Eligible Receivable” means an Eligible Mortgage Loan where the then current loan to value ratio exceeds 60 per cent. but does not exceed 85 per cent. (based on the Current Value of the Property and the outstanding principal amount of the relevant Eligible Mortgage Loan);

“Programme” means the €5,000,000,000 (as increased from time to time) Euro Medium Term Covered Note Programme established by the Issuer for the purpose of the issue of series of mortgage backed notes by the Issuer from time to time including the Notes of this series;

“Programme Notes” means all Notes of all series from time to time issued under the Programme;

“Property” means, in relation to a Mortgage Loan:

- (i) the land and buildings or a leasehold relating thereto; or
- (ii) the shares in a housing company referred to in section 1 of the Housing Companies Act (809/1991),

which secure such Mortgage Loan;

“Rating Agency” means Moody’s Investors Service Limited;

“Reference Index” means:

- (i) the price indices for detached houses 1985=100;
- (ii) the price indices for blocks of flats 2000=100; and
- (iii) the price indices for terraced houses 2000=100,

as published by the Statistics Finland;

“Reference Index Valuation Change” means, in relation to any Property, an amount (which may be positive or negative) determined as follows:

$$\text{RIVC} = \left(\frac{A - B}{B} \right) \times C$$

RIVC is the Reference Index Valuation Change;

A is the index figure determined under the Reference Index which is available for the most recent period covered by such Reference Index;

B is the figure determined under the Reference Index which is available:

- (1) where the Market Valuation is determined in accordance with paragraph (i) of the definition of Market Valuation, for the period during which the relevant valuation was obtained;
- (2) where the Market Valuation is determined in accordance with paragraph (ii) of the definition of Market Valuation, for the period during which the relevant Mortgage Loan was originated; or
- (3) where no such index figure is available for the period referred to in sub-paragraphs (1) or (2) above, for the first period after the date of the relevant valuation or, as the case may be, the date on which such Mortgage Loan was originated for which the Reference Index made available an index figure; and

C is the Market Valuation of such Property;

“Register” means the register of mortgage-backed notes which the Issuer is required to maintain pursuant to Section 10 of the MBA;

“Sampo Group” means Sampo plc and any company which is a Subsidiary of Sampo plc;

“Subsidiary” means a company which is a subsidiary of another company for the purposes of chapter 8, section 12 of the Finnish Companies Act (624/2006, as amended);

“Supplementary Collateral” means:

- (i) notes or other debt instruments issued by the Republic of Finland (or other states with corresponding credit risk), European Communities, Bank of Finland (or other corresponding central banks), Finnish municipalities (or municipalities of other EEA states corresponding to Finnish municipalities) or other Finnish public-sector organisations (such as Finnish Government business enterprises, the Social Insurance Institution, joint municipal organisations, the Municipal Guarantee Board and the Province of Åland Islands);
- (ii) notes or other debt instruments issued by a credit institution outside the Issuer's consolidated group; or
- (iii) a guarantee given by such public-sector organisation or credit institution,

provided that (A) Supplementary Collateral may only be used in case (1) Eligible Receivables have not yet been granted or entered into the Register or (2) the amount of the Eligible Receivables entered into the Register is insufficient, due to repayments, to cover the outstanding principal amount of the Programme Notes; and (B) Supplementary Collateral does not exceed 20 per cent. (or such larger amount as may be approved by the Finnish Financial Supervision Authority (the **“FSA”**) on the application of the Issuer for a specific reason and a specified period of time) of the aggregate amount of all the collateral entered into the Register;

“Total Assets” means:

- (i) Eligible Receivables; and
- (ii) Other Eligible Receivables; and

“Value” means:

- (i) in relation to an Eligible Mortgage Loan, an amount equal to the book value of such Eligible Mortgage Loan entered on the Register (as defined in the MBA);
- (ii) in relation to Eligible Cash, the principal amount standing to the credit of the relevant account or accounts in which such Eligible Cash is deposited; and
- (iii) in relation to Supplementary Collateral, the outstanding principal amount of the relevant Supplementary Collateral."

TAXATION

Finnish Taxation

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

Taxation of Notes

Under present Finnish domestic tax law payments in respect of the Notes, the Receipts and the Coupons will be exempt from all taxes, duties, fees and imports of whatever nature, imposed or levied by or within the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein, except such taxation the holder of the Note, Receipt or Coupon to which any such payment relates is subject to thereon by reason of such holder being connected with the Republic of Finland otherwise than solely by his holding of such Note, Receipt or Coupon or the receipt of income therefrom.

Finnish Capital Gains Taxes

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

Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the "**Laws**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the Savings Directive and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required

format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 20 per cent. and will be levied at a rate of 35 per cent. as of 1 July 2011. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 20 per cent.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the “**Law**”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

EU Savings Directive

Under the Savings Directive, Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to an individual resident in another Member State, except that for a transitional period, Luxembourg and Austria will instead operate a withholding system unless during that period they elect otherwise (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). Certain other jurisdictions, including Switzerland, adopted equivalent legislation which imposes a withholding tax in substantially the same circumstances as envisaged by the Savings Directive. Holders of the Notes who are individuals should note that should any payment in respect of the Notes be subject to withholding imposed as a consequence of the Savings Directive or under the equivalent legislation, no additional amounts would be payable by the Issuer pursuant to the provisions of Condition 7 of the Terms and Conditions.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the Commission's advice on the need for changes to the Savings Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the “**Programme Agreement**”) dated 24 November 2010, agreed with the Issuer and the Loan Originator 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 and the Loan Originator have jointly and severally agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future 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 certain transactions exempt from the registration requirements of 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 it will send to each dealer to which it sells any Notes 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.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

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 legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) at any time to fewer than 100 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
- (d) 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 (d) 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 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 includes any relevant implementing measure in each Relevant Member State.

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) 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 Financial Services and Markets Act 2000 (the “**FSMA**”) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) 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 has not been prepared to comply with the standards and requirements applicable under Finnish law, including the Finnish Securities Markets Act (495/1989) as amended and it has not been approved by the Finnish Financial Supervisory Authority. 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 other than in compliance with all applicable provisions of the laws of Finland, including the Finnish Securities Markets Act (495/1989) and any regulation issued thereunder, as supplemented and amended from time to time.

France

Each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, the Notes to the public in France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France this Base Prospectus, the applicable Final Terms or any other offering material relating to the Notes and that such offers, sales and distributions have been and will only be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in accordance with Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to professional investors (*operatori qualificati*) (the “**Professional Investors**”), as defined pursuant to 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 (the Italian Securities Exchange Commission) Regulation No. 11971 of 14 May 1999, as amended from time to time (“**Regulation No. 11971**”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this 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 securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Japan

Each Dealer has confirmed and each further Dealer appointed under the Programme will be required to confirm, its understanding that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the “**FIEA**”) and, accordingly, undertakes that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA, and any other applicable laws, regulations and ministerial guidelines of Japan.

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.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 14 September 2005. The update of the Programme was authorised by a resolution of the Board of Directors of the Issuer dated 23 November 2010.

Listing of Notes

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The listing of the Programme in respect of Notes is expected to be granted on or before 25 November 2010.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available in electronic or hard copy format from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London:

- (a) the trade register extract and Articles of Association (with an English translation thereof) of the Issuer;
- (b) the most recent publicly available non-consolidated audited financial statements of the Issuer beginning with such non-consolidated audited financial statements in respect of the financial years ended 31 December 2008 and 31 December 2009 (with an English translation thereof). The Issuer currently prepares audited non-consolidated accounts on an annual basis;
- (c) the most recent publicly available unaudited interim financial statements of the Issuer beginning with such unaudited interim financial statements for the period ended 30 June 2010. The Issuer currently prepares unaudited non-consolidated interim accounts on a semi-annual basis;
- (d) the Programme Agreement, the Agency Agreement, the Trust Deed and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (e) a copy of this Base Prospectus;
- (f) any future Base Prospectus and supplements thereto, including Final Terms (save that a Final Terms relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer, Note Trustee 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 Luxembourg Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at www.bourse.lu.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Series 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.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer since 30 June 2010 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2009.

Litigation

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering at least the 12 months prior to the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

Independent Auditors

The auditors of the Issuer are Ernst & Young Oy, Authorised Public Accountants, who have audited the Issuer's accounts, without qualification, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the EU with relevant interpretations issued by the International Financial Reporting interpretation Committee for each of the financial years ended on 31 December 2008 and 31 December 2009, respectively. The auditors of the Issuer have no material interest in the Issuer. The auditors of the Issuer are members of the Finnish Institute of Authorised Public Accountants (*KHT-yhdistys - Föreningen CGR ry*).

Reports

The Trust Deed provides that the Note Trustee may rely on reports or other information from professional advisers and other experts in accordance with the provisions of the Trust Deed, whether or not any such report or other information, or engagement letter or other document entered into by the Note Trustee and the relevant person in connection therewith, contains any monetary or other limit on the liability of the relevant person.

Post-Issuance Reporting

The Issuer has no intention of providing post-issuance transaction information regarding Notes to be admitted to trading and the performance of the underlying collateral.

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.

ISSUER

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FI-00075 SAMPO BANK
Finland

NOTE TRUSTEE

The Bank of New York Mellon

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United Kingdom

ARRANGERS AND DEALERS

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United Kingdom

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Denmark

ISSUING AND PRINCIPAL PAYING AGENT

The Bank of New York Mellon

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