

## BASE PROSPECTUS



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

### **EUR 15,000,000,000 Programme for the Issuance of Debt Instruments**

On 10 March 1992 Pohjola Bank plc (the "**Bank**") established a Programme for the Issuance of Debt Instruments (the "**Programme**"). This base prospectus (the "**Base Prospectus**") supersedes the previous Base Prospectus dated 3 June 2014. Any Instruments (as defined below) issued under the Programme after the date hereof are issued subject to the provisions set out herein. This does not affect any Instruments issued prior to the date hereof.

This Base Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of instruments ("**Instruments**") issued under the Programme (other than Non-PD Instruments (as defined below)) described in this Base Prospectus during the period of twelve months after the date hereof. Applications have been made for such Instruments to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FCA and to trading on the regulated market of the London Stock Exchange plc (the "**London Stock Exchange**"), which is a regulated market for the purposes of the Markets in Financial Instruments Directive (2004/39/EC).

The Programme also permits Instruments to be issued on the basis that they will not be admitted to listing, trading on a regulated market for the purposes of the Markets in Financial Instruments Directive in the European Economic Area and/or quotation by any competent authority, stock exchange and/or quotation system or may be admitted to listing, trading and for quotations by each other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Bank and the relevant Dealer ("**Non-PD Instruments**"). Any Conditions not contained herein which are applicable to each Tranche (as defined in "*Terms and Conditions of the Instruments*") of Non-PD Instruments will be set out in a pricing supplement.

The FCA has neither reviewed nor approved the information contained in this Base Prospectus in relation to any issuance of Non-PD Instruments.

This Base Prospectus supersedes and replaces any previous Information Memorandum, Base Prospectus or Supplemental Base Prospectus relating to the Programme.

The Instruments have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered, sold or delivered in the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the Securities Act.

The Bank's long-term senior debt has been rated AA- (with negative outlook) by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), Aa3 (with negative outlook) by Moody's Investors Service Ltd ("**Moody's**") and A+ (with stable outlook) by Fitch Ratings Limited ("**Fitch**"). S&P, Moody's and Fitch are established in the European Economic Area ("**EEA**") and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Tranches of Instruments issued under the Programme will be rated or unrated. Where a Tranche of Instruments is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Instruments already issued. Where a Tranche of Instruments is rated, the applicable rating(s) will be specified in the relevant Final Terms (or Pricing Supplement, as applicable).

**Investing in Instruments issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Bank to fulfil its obligations under the Instruments are discussed under "Risk Factors" below.**

*(Arranger for the Programme)*

**Citigroup**

*(Dealers for the Programme)*

**Barclays  
BofA Merrill Lynch  
Crédit Agricole CIB  
Deutsche Bank  
J.P. Morgan  
Pohjola Bank plc  
UBS Investment Bank**

**BNP PARIBAS  
Citigroup  
Credit Suisse  
DZ BANK AG  
Nomura  
The Royal Bank of Scotland**

Dated 17 February 2015

## IMPORTANT NOTICES

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

Each Tranche (as defined herein) of Instruments will be issued on the terms set out herein under "Terms and Conditions of the Instruments" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or as amended, supplemented and/or replaced in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") or, in the case of Non-PD Instruments, as amended, supplemented and/or replaced by a document specific to such Tranche of Non-PD Instruments (the "**Pricing Supplement**") as described under "Final Terms, Drawdown Prospectuses and Pricing Supplements" below. In the case of a Tranche of Instruments which is the subject of a Drawdown Prospectus or a Pricing Supplement, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus or Pricing Supplement (as applicable) unless the context requires otherwise. This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Instruments which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. The Bank has confirmed to the dealers (the "**Dealers**") named under "Subscription and Sale" that this Base Prospectus is true and accurate in all material respects and not misleading; 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 herein the omission of which would make this document as a whole or the expression of any such opinions or intentions misleading; and that all reasonable care has been taken by the Bank to ensure that such is the case. The Bank has further confirmed to the Dealers that this Base Prospectus (subject to being completed by the Final Terms or amended or supplemented by the Drawdown Prospectus or Pricing Supplement (as applicable)) contains all such information as investors and their professional advisers would reasonably require, and reasonably expect to find, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Bank and its subsidiaries taken as a whole and of the rights attaching to the relevant Instruments.

The Bank has not authorised the making or provision of any representation or information regarding the Bank or the Instruments other than as contained or incorporated by reference in this Base Prospectus, in the Dealership Agreement (as defined herein) or any Final Terms or as approved for such purpose by the Bank or such other information as is in the public domain. Any such representation or information should not be relied upon as having been authorised by the Bank, the Dealers or any of them.

The Instruments may be offered and sold (i) outside the United States to non-U.S. persons in reliance on Regulation S ("**Regulations S**") under the Securities Act and (ii) within the United States to "qualified institutional buyers" (each a "**QIB**") as defined in and in reliance on Rule 144A ("**Rule 144A**") under the Securities Act. Prospective purchasers are hereby notified that sellers of the Instruments may be relying on the exemption from provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Instruments and distribution of this Base Prospectus see "*Subscription and Sale*".

**THE INSTRUMENTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF INSTRUMENTS OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of us or any of the Dealers or the Arranger to subscribe for, or purchase, any of the Instruments.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Instrument shall, in

any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial situation of the Bank since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented. However, the Bank will in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of the Instruments.

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

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Instruments and should not be considered as a recommendation by the Bank, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Instruments.

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

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

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

In this Base Prospectus references unless otherwise specified, to "Dollars", "United States Dollars" and "U.S.\$" are to the currency of the United States of America, references to "Euro", "EUR" and "€" are to the single 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, references to "Pounds Sterling" and "£" are references to the currency of the United Kingdom, references to "Japanese Yen" and "¥" are references to the currency of Japan and references to a "Member State" are references to a Member State of the European Economic Area.

## NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955 ("RSA 421-B"), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

### AVAILABLE INFORMATION

The Bank has agreed that, for so long as any Instruments are "restricted securities" as defined in Rule 144(a) (3) under the Securities Act, it will during any period that it is neither a reporting company under section 13 or 15(d) of the United States Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, to any holder or beneficial owner of Instruments or any prospective purchaser designated by any such holder or beneficial owner, upon request of such holder, beneficial owner or prospective purchaser, in connection with a transfer or proposed transfer of any such Instruments, pursuant to Rule 144A or otherwise, the information required to be delivered pursuant to Rule 144A (d)(4) under the Securities Act.

### STABILISATION

In connection with the issue of any Tranche of Instruments, the Dealer or Dealers (if any) acting as the stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) may over-allot Instruments or effect transactions with a view to supporting the market price of the Instruments at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilising manager(s) (or persons acting on behalf of a stabilising manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Instruments 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 Instruments and 60 days after the date of the allotment of the relevant Tranche of Instruments. Any stabilisation action or over-allotment must be conducted by the relevant stabilising manager(s) (or person(s) acting on behalf of any stabilising manager(s)) in accordance with all applicable laws and rules.

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## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

1. the audited consolidated financial statements (including the auditors' report thereon and notes thereto) in respect of the years ended 31 December 2013 (except for the eighth paragraph (entitled "Outlook for 2014") under the heading "Report by the Board of Directors for 2013" on page 1 and "Outlook for 2014" on page 51 of the Audited 2013 Financial Statements) and 31 December 2012 of Pohjola Group (as defined on page 75);
2. the unaudited consolidated financial statements of the Pohjola Group for the period 1 January to 31 December 2014 (except for the seventh paragraph under the heading "Pohjola Group in 2014" on page 1 and the section entitled "Outlook for 2015" on page 16);
3. the terms and conditions set out on pages 7-25 of the information memorandum dated 23 April 2004 (the "**2004 Conditions**");
4. the terms and conditions set out on pages 17-35 of the base prospectus dated 2 November 2005 (the "**2005 Conditions**");
5. the terms and conditions set out on pages 28-48 of the base prospectus dated 11 November 2009 (the "**2009 Conditions**");
6. the terms and conditions set out on pages 30-50 of the base prospectus dated 5 November 2010 (the "**2010 Conditions**");
7. the terms and conditions set out on pages 27-51 of the base prospectus dated 7 November 2011 (the "**2011 Conditions**");
8. the terms and conditions set out on pages 28-48 of the base prospectus dated 1 June 2012 (the "**2012 Conditions**");
9. the terms and conditions set out on pages 32-56 of the base prospectus dated 30 May 2013 (the "**2013 Conditions**"); and
10. the terms and conditions set out on pages 29-53 of the base prospectus dated 3 June 2014 (the "**2014 Conditions**").

Copies of the documents containing the information incorporated by reference in this Base Prospectus can be obtained, free of charge, from the registered office of the Bank as set out at the end of this Base Prospectus or the Bank's website at <http://www.pohjola.com>. For the avoidance of doubt, the Bank's website is not incorporated by reference in this Base Prospectus.

Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant for the investor or is covered elsewhere in this Base Prospectus.

If the information incorporated by reference in this Base Prospectus itself incorporates any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Base Prospectus.

The Bank will in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of the Instruments.

If the terms of the Programme are modified or amended in a manner that would make this Base Prospectus, as supplemented, inaccurate or misleading, a new Base Prospectus or supplement will be prepared.

## OVERVIEW OF THE PROGRAMME

*The following overview of the Programme does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in the "Terms and Conditions of the Instruments" below or elsewhere in this Base Prospectus have the same meanings in this overview.*

Issuer:	Pohjola Bank plc
Arranger:	Citigroup Global Markets Limited
Dealers:	Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, J.P. Morgan Securities plc, Merrill Lynch International, Nomura International plc, Pohjola Bank plc, The Royal Bank of Scotland plc, UBS Limited and any other dealer appointed from time to time by the Bank. The Bank may also issue Instruments to any other person or institution.
Fiscal Agent:	Deutsche Bank AG, London Branch
Principal Registrar:	Deutsche Bank Trust Company Americas, Corporate Trust and Agency Services
Programme Amount:	EUR 15,000,000,000 (or its approximate equivalent in other currencies), subject to any duly authorised increase or decrease.
Final Terms, Drawdown Prospectus or Pricing Supplement:	Instruments issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms, (2) pursuant to a Drawdown Prospectus, or (3) in the case of Non-PD Instruments, pursuant to this Base Prospectus and the associated Pricing Supplement. The terms and conditions applicable to any particular Tranche of Instruments will be the Terms and Conditions of the Instruments as completed by the relevant Final Terms or, as the case may be as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus or Pricing Supplement.
Listing and Admission to Trading:	Applications have been made for Instruments (other than Non-PD Instruments) to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FCA and to trading on the regulated market of the London Stock Exchange.
Form of Instruments:	Instruments may be issued in bearer form or in registered form.

In respect of Instruments issued in bearer form, each Tranche of Instruments will initially be in the form of either a temporary global Instrument or a permanent global Instrument, in each case as specified in the relevant Final Terms. Each global Instrument which is not intended to be issued in new global instrument form (a "**Classic Global Instrument**" or "**CGI**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date (the "**Issue Date**") with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each global Instrument which is intended to be issued in new global instrument form (a "**New Global Instrument**" or "**NGI**"), as specified in the relevant Final Terms, will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each temporary global Instrument will be exchangeable for a permanent global Instrument or, if so specified in the relevant Final Terms, for Instruments in definitive form. Certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a temporary global Instrument or receipt of any payment of interest in respect of a temporary global Instrument.

Each permanent global Instrument will be exchangeable for Definitive Instruments in accordance with its terms. Definitive Instruments will, if interest-bearing, have

Coupons attached and, if appropriate, a Talon for further Coupons.

In respect of Instruments issued in registered form, each Tranche of registered Instruments will be in the form of either Individual Registered Instruments or a Global Registered Instrument, in each case as specified in the relevant Final Terms. Each Global Registered Instrument which is not intended to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), as specified in the relevant Final Terms, will be registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Instrument will be deposited on or about the issue date with the common depository. Each Global Registered Instrument intended to be held under the New Safekeeping Structure, as specified in the relevant Final Terms, will be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Registered Instrument will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Instruments in registered form may not be exchanged for Instruments in bearer form.

Status:	Instruments may be issued on a subordinated or an unsubordinated basis as specified in the relevant Final Terms.
Negative Pledge:	None.
Cross-Default/Cross-Acceleration:	None.
Currencies:	Instruments may be denominated in any currency (including, without limitation, Euro, Japanese Yen, Pounds Sterling and United States Dollars), subject to compliance with all applicable legal or regulatory requirements.
Issuance:	The Instruments will be issued on a syndicated or non-syndicated basis. Instruments will be issued in series (each a " <b>Series</b> "). Each Series may comprise one or more Tranches issued on different Issue Dates. The Instruments of each Series will all be subject to identical terms except that the Issue Date and the amount of the first payment of interest may be different in respect of different Tranches. The Instruments of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Instruments of different denominations. Further Instruments may be issued as part of an existing Series.
Issue Price:	Instruments may be issued at par or at a discount or premium to par. The price and amount of Instruments to be issued under the Programme will be determined by the Bank and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Maturities:	Any maturity or with no fixed maturity date, subject in all cases, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Redemption:	Instruments may be redeemable at par or at 101 per cent. of their nominal amount, as may be specified in the relevant Final Terms, or such other amount as may be specified in the relevant Pricing Supplement.
Optional Redemption:	Subject to certain Conditions, Instruments may be redeemed before their stated maturity at the option of the Bank (either in whole or in part) and/or the Holders of Instruments to the extent (if at all) specified in the relevant Final Terms.
Interest:	Instruments may be interest-bearing or non-interest bearing or a combination of the two. Interest (if any) may accrue at a fixed or floating rate and may vary during the lifetime of the relevant series.



Denominations:	No Instruments may be issued under the Programme with a minimum denomination of less than EUR100,000 (or its equivalent in another currency). Subject thereto, Instruments will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Early Redemption:	Subject to certain Conditions, early redemption will be permitted for taxation reasons as mentioned in "Terms and Conditions of the Instruments - Early Redemption for Taxation Reasons" and, if so specified in the relevant Final Terms for Tier 2 Instruments only, following a Capital Event as mentioned in "Terms and Conditions of the Instruments – Early Redemption Following a Capital Event", but will otherwise be permitted only to the extent specified in the relevant Final Terms.
Taxation:	Payments in respect of Instruments will be made without withholding or deduction in respect of any taxes, duties, assessments or governmental charges imposed or levied by or on behalf of the Republic of Finland or any political subdivision thereof or any authority therein or thereof having power to tax, unless required by law. In such event, payments by the Bank will, subject to customary exceptions, be increased - see " <i>Terms and Conditions of the Instruments - Taxation</i> ".
Redenomination:	The applicable Final Terms may provide that certain Instruments may be redenominated in Euro. The relevant provisions applicable to any such redenomination are contained in Condition 16.
Governing Law:	The Instruments, all related contractual documentation and any non-contractual obligations arising out of or in connection with them will be governed by English law save for the subordination provisions in Condition 3B which are governed by Finnish law.
Enforcement of Instruments in Global Form:	In the case of Instruments in global form, individual investors' rights will be governed by a Deed of Covenant dated 17 February 2015, a copy of which will be available for inspection at the office of the Fiscal Agent for the time being.
Ratings:	<p>The Bank's long-term senior debt has been rated AA- (with negative outlook) by S&amp;P, Aa3 (with negative outlook) by Moody's and A+ (with stable outlook) by Fitch. S&amp;P, Moody's and Fitch are established in the EEA and registered under the CRA Regulation.</p> <p>Tranches of Instruments issued under the Programme will be rated or unrated. Where a Tranche of Instruments is rated, such rating will not necessarily be the same as the rating(s) assigned to the Bank's long-term senior debt or Instruments already issued. Where a Tranche of Instruments is rated, the applicable rating(s) will be specified in the relevant Final Terms.</p>
Clearing Systems:	Euroclear, Clearstream, Luxembourg and any other clearing system as may be specified in the relevant Final Terms.
Selling and Transfer Restrictions:	<p>For a description of certain restrictions on offers, sales and deliveries of Instruments and on the distribution of offering material in the United States of America, the United Kingdom, Japan, the Republic of Finland and the Republic of Italy, see "<i>Subscription and Sale</i>" section on page 96 of the Base Prospectus.</p> <p>There are restrictions on the transfer of Instruments sold pursuant to Regulation S under the Securities Act prior to the expiration of the relevant distribution compliance period and on the transfer of Instruments sold pursuant to Rule 144A under the Securities Act.</p>

## RISK FACTORS

*Prospective investors should read the entire Base Prospectus. Words and expressions defined in the "Terms and Conditions of the Instruments" below or elsewhere in this Base Prospectus have the same meanings in this section. Investing in the Instruments involves certain risks. Set forth below are risk factors that the Bank believes are the principal risks involved in an investment in the Instruments but other factors may exist which the Bank may not consider to be significant based on information currently available to it or which it may not currently be able to anticipate. The Bank believes that the following may affect its ability to fulfil its obligations under Instruments issued under the Programme. If any of these risks materialise, the price of the Instruments may decline and the investors could lose all or part of their investment. Prospective investors should read the detailed information set out elsewhere in this Base Prospectus and reach their own views regarding the risks inherent in investing in Instruments issued under the Programme prior to making any investment decision. Except as otherwise indicated, these factors may or may not occur and the Bank is not in a position to express a view on the likelihood of any such factor occurring:*

### **Risks Relating to the Operations of Pohjola Group**

#### ***Risks Relating to Planned Structural Changes in Pohjola Group***

As at the date of this Base Prospectus, the Bank is a wholly owned subsidiary of the OP Cooperative. Pohjola Group is in the process of considering potential structural changes whereby, for example, the Non-life Insurance and Asset Management business segments may be transferred from Pohjola Group to the OP Cooperative's direct ownership. Other options under consideration are (i) the combination of the businesses of Helsinki OP Bank Plc and Pohjola Bank plc under joint management and (ii) the separation of Pohjola Group's central banking operations (currently part of the Bank) into a separate subsidiary, wholly owned by the OP Cooperative. The Terms and Conditions of the Notes allow the Bank to make various permitted reorganisations in line with the abovementioned proposals. (See "*Information On OP Financial Group and the OP Cooperative - Recent Events - OP Financial Group continues the planning of structural arrangements*").

The potential restructuring would be expected to generate synergy benefits. The majority of the synergies are expected to be generated at the OP Cooperative Consolidated (as described on page 83) level. Notwithstanding the above, if all or part of the abovementioned restructuring proposals or any alternative restructuring proposals are carried out, the Pohjola Group's or the Bank's business and its financial condition may be impacted by the implementation. For example, the transfers of the Asset Management and Non-life Insurance business segments would decrease Pohjola Group's earnings and balance sheet. Other restructuring options might reduce total income generated by the Bank's businesses as compared with the current position. Such restructurings, if completed, could have a material adverse effect on the Pohjola Group's or the Bank's business, results of operations and financial condition.

Regardless of the manner by which a restructuring may be made, the intention is that all the current operations of the Bank would remain in 100 per cent. direct or indirect ownership of the OP Cooperative. All banking operations of OP Group would continue to be covered by the joint and several liability scheme (see "*Information On OP Financial Group and the OP Cooperative - Recent Events - OP Financial Group continues the planning of structural arrangements*"). Notwithstanding the foregoing, there is no assurance that the restructuring will be successfully implemented and this could have a negative impact on the Bank's business, results of operations and financial condition.

#### ***Business Conditions and General Economy***

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

Uncertainties and disruptions in the global credit markets and the economic crisis in the Eurozone, coupled with the repricing of credit risk, have created increasingly difficult conditions in the financial markets during the last few years. These conditions have resulted in historic volatility, less liquidity,

widening of credit spreads and a lack of price transparency in certain markets. Moreover these conditions have resulted in the failures of a number of financial institutions, *inter alia*, in the United States and Europe, as well as unprecedented action by governmental authorities and central banks around the world. As a result of the crisis in the world economy, the continued economic problems in the Eurozone and the substantial recovery packages implemented to address these concerns, the economic outlook is still overshadowed by a government debt crisis, which has been reflected as uncertainty in the financial market.

Factors such as the liquidity of the global financial markets, level and volatility of equity prices, exchange rates, commodity prices and interest rates, inflation, and availability and cost of credit could materially affect the activity level of the Bank's customers. Higher interest rates could adversely affect the values of balance sheet and off-balance sheet assets of the Bank by increasing the risk that a greater number of its customers would be unable to meet their obligations. Increasing volatility could also cause losses in the Bank's trading portfolios. The continuity of financial uncertainty and possible economic fluctuations may result in a decline in the volume of transactions that the Bank executes for its customers and, therefore, lead to a decline in the income it receives from fees and commissions. For example, a higher level of domestic or foreign interest rates or a downturn in the securities markets could affect the flows of assets under management and the fees the Bank earns for managing assets.

It is difficult to predict how long these conditions will exist or whether they will worsen and how the Bank's business, results of operations and financial condition will be adversely affected. These conditions may lead to growing credit losses as the Bank's customers may be unable to meet their payment obligations.

In the opinion of the Bank's management, there is still significant uncertainty about economic prospects and the operating environment. The main risks of the Bank are, in the near future, associated with developments in credit spreads, interest rates, share prices and share price volatility, loan impairments and funding costs, as well as the general operating environment. The Bank's management may be able to mitigate such possibly negative effects on investment and trading by carefully selecting investment assets, diversifying risks, promoting the Bank's personnel's professional skills and carrying out risk management effectively. Nevertheless, developments in the general operating environment are generally beyond the control of the Bank's management. The insufficient recovery of the markets or deterioration and deepening of the economic downturn could have a material adverse effect on the Bank's business, results of operations or financial condition.

### ***Credit Risks***

The most significant risk for a bank is credit risk. Estimating the potential write-downs in the Bank's loan portfolio is difficult and depends on many factors, including general economic conditions, credit rating migration of customers and counterparties, management of credits by customers or changes in their ability to repay loans, the realisation value of collateral positions, structural and technological changes within industries and other external factors such as legal and other regulatory requirements.

The objective of credit risk management is to price the customer a specific credit risk and include it in credit margins as well as to minimise it by using collaterals and financial covenants. Estimating and pricing credit risks as well as the realisation value and time of collaterals is, however, uncertain, and therefore the possible write-downs could adversely affect the Bank's business, results of operations and financial condition. There is no guarantee that loss estimates will reflect actual future losses. If such estimates prove to be inaccurate or inadequate, the Bank's business, results of operations and financial condition could be adversely affected.

The growth of the Bank's loan portfolio amounted to 5 per cent. between 31 December 2013 and 31 December 2014. Uncertainty relating to the growth of Gross Domestic Product, exports and capital spending yet exists, having possible influence on corporate payment defaults, bankruptcies, margin development, and unemployment. The Bank's loan portfolio growth could also be constrained by, among other factors, the Bank's inability to increase lending volumes to customers that meet its credit quality standards or reduced access to funding due to uncertain performance of debt capital markets influenced by factors such as governments' indebtedness.

Despite the generation of interest income, the growth of the Bank's loan portfolio may also have negative effects. The growth of the loan portfolio in the current market environment may subsequently result in loan losses as the Bank's customers may be unable to meet their obligations. If the Bank is unable to maintain its loan portfolio margin and simultaneously good credit quality, the Bank may not generate

sufficient interest income to offset any increased funding cost or it may suffer credit losses, which could have a material adverse effect on Bank's business, results of operations and financial condition. The Bank is exposed to the risk that borrowers may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. Accordingly, the Bank may experience significant credit losses, which could have a material adverse effect on its profits.

The Bank regularly reviews and analyses its loan portfolio and credit risks. Despite lower impairment charges and low level of doubtful receivables relative to the loan and guarantee portfolio, some of the Bank's corporate customers still face a challenging operating environment. The greatest uncertainty related to the Bank's risk exposure is still associated with future impairment charges on the loan portfolio. The uncertainty of the magnitude and duration of the current market situation makes it difficult to estimate the size of any future loan losses. Due to the current market situation, it is however likely that the Bank will encounter a number of non-performing loans. If the level of credit losses and non-performing loans is higher than anticipated, it may have a material adverse effect on the Bank's business, results of operations and financial condition.

### ***Concentration of Credit Risk***

A majority of the amount of the Bank's credit, guarantee and other exposure to corporate customers comprises liabilities that relate to Finnish corporate customers. The Bank's total exposure also includes relatively large customer specific credit risk concentrations. Large customer exposure includes corporate customers and non-profit customers whose direct exposure exceeds 10 per cent. of Pohjola Group's capital base. As at 31 December 2014 Pohjola Group's capital base for the purpose of calculating the large customer exposures totalled EUR 3.6 billion (EUR 2.1 billion on 31 December 2013). The amount of large customer exposures totalled EUR 0.4 billion at the end of 2014.

As at 31 December 2014, the most significant industries measured by the exposure to the corporate and housing association included Energy 11.0 per cent. (as at 31 December 2013: 7.5 per cent.), Wholesale and Retail Trade representing 10.7 per cent. (on 31 December 2013: 10.2 per cent.), Renting and Operating of Residential Real Estate representing 9.9 per cent. (on 31 December 2013: 9.9 per cent.). A total of 45 per cent. of exposures within Renting and Operating of Residential Real Estate were guaranteed by the Finnish general government. However, more than by industry specific concentration, the Bank's business, results of operations and financial condition may be adversely affected by the geographical risk concentration in Finland. The Bank's level of credit loss provisions and credit losses may increase if economic conditions in Finland do not recover as expected or if large borrowers become unable to perform their obligations. Should such events materialise, they could have a material adverse effect on the Bank's business, results of operations and financial condition.

The Bank has also participated in acquisition financing by both industrial and financial buyers (including private equity investors) in relation to several industries in Finland. In some cases the Bank has been the primary lender but in a number of instances the Bank has also taken part in financing acquisitions with a smaller share of the total financing, in which cases the Bank's abilities to influence the joint decision making of the lenders relating to, among others, actions relating to securing interests of the lenders, and possible reorganisations, are generally limited. In case, for example, companies purchased by financial buyers (including private equity investors), or other companies in whose financing the Bank has taken part, would be unable to meet their obligations, this could have a material adverse effect on the Bank's business, results of operations and financial condition.

### ***Price Development in Money, Foreign Exchange and Capital Markets***

The most significant market risks the Bank faces are interest rate, foreign exchange, credit spread risks, equity price and volatility risks. Changes in interest rate levels, yield curves and credit spreads may affect the Bank's business, results of operations and financial condition. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies as well as the Bank's earnings and may affect revenues from foreign exchange dealing. The price development of financial markets may cause changes in the value of the Bank's investment and trading portfolios, and liquidity reserves, and in the amount of revenues generated from assets under management. The Bank complies with market risk management principles and policies, which are confirmed by the Board of Directors. The purpose of the risk management principles and policies is to ensure that Pohjola Group (as defined on page 75) is not exposed to market risks that are excessive in relation to its risk-bearing capacity. However, it is difficult to predict accurately changes in economic and/or market conditions and the effects that such changes could have on the Bank's business, results of operations and financial condition. If financial markets

perform against expectations and/or if prepared estimates and predictions prove to be inaccurate or inadequate, the Bank's business, results of operations and financial condition could be adversely affected.

In addition to the changes in market prices, the illiquidity of certain markets, such as structured products, private equity or real estate markets, or the decreased liquidity of the financial markets in general can have an effect on the Bank. The Bank may either be unable to sell certain assets or it may be required to sell certain assets at a reduced price, which can have a negative impact on the Bank's business, results of operations and financial condition.

There is no certainty that the market risks involved with the uncertain economic and market conditions will not adversely affect the Bank's business, results of operations and financial condition as described above.

### ***Systemic Risks***

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

### ***Liquidity Risk and Availability of Funding***

The Bank, as the central bank of OP Financial Group (as defined on page 82, formerly known as OP-Pohjola Group), is responsible for the whole OP Group's liquidity and funding from money and capital markets. Liquidity risk means the risk of the Bank being unable to meet its payment obligations and to refinance its loans when they fall due, and to meet its obligations as a creditor. The risk could materialise if market conditions worsen substantially and the Bank is unable to maintain adequate liquidity. Furthermore, a substantial downgrade of the Bank's credit rating could adversely affect the availability and price of the Bank's funding and as a consequence weaken the Bank's results of operations and financial condition.

### ***Competition***

The financial services market remains highly competitive in the markets where the Bank operates. Innovative competition comes both from established players and a steady stream of new market entrants. The market is expected to remain highly competitive in all of the Bank's business divisions, which could adversely affect the Bank's business, results of operations and financial condition.

### ***Capital Adequacy***

The Bank's banking licence is dependent upon, among other things, the fulfilment of capital adequacy requirements in accordance with the applicable regulations which are the Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta*, [8.8.2014/610](#)), as amended or replaced, or the Act on Amalgamations of Deposit Banks (*Laki talletuspankkien yhteenliittymästä* 599/2010), as amended and the regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (Regulation (EU) No 575/2013, the "**CRD IV Regulation**"). Under these acts and regulation the Bank, as a credit institution, has since 4 November 2014 been supervised by the European Central Bank (including any successor or substituting authority thereto, the "**ECB**"), following the ECB's takeover of supervisory responsibilities from the Finnish Financial Supervisory Authority. The Bank's capital structure and capital adequacy ratio may have an effect on the Bank's credit ratings and the availability and costs of funding operations. Moreover, the absence of a sufficiently strong capital base may constrain the Bank's growth and strategic options. Significant unforeseen losses may create a situation under which the Bank is unable to maintain its desired capital structure.

Capital adequacy calculations show the ratios of the Bank's capital in relation to risk-weighted assets. The capital position is affected by, for example, profit after tax, the distribution of dividends, goodwill, changes in the fair value reserve and insurance company investments, as well as the difference between impairments and expected loan losses. Risk-weighted assets are affected by, for example, the amount of lending and the risk ratings of the loans and other receivables and assets as well as market and operational

risks. In the current market environment there is also a significant risk of decreases in credit worthiness for the Bank's customers which will increase the risk-weighted items under the current rules. Furthermore, the Bank's capital adequacy is related to the availability of additional capital in the future. The Bank's non-life insurance companies must also fulfil capital adequacy requirements set for non-life insurance companies. If the non-life insurance companies are not able to fulfil these capital adequacy requirements, the Bank could be required to capitalise the insurance companies or this could affect the Bank's growth and attainment of strategic goals.

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

#### ***Risks Related to Derivatives Positions***

The Bank is engaged in derivatives business both for its customers and for its own account by trading in derivatives instruments, such as forwards, futures, foreign exchange agreements and options. As at 31 December 2014, the total derivatives nominal value was EUR 253,527 million (EUR 221,803 million as at 31 December 2013) of which the nominal value of the interest rate derivatives was EUR 220,684 (EUR 199,378 million as at 31 December 2013). Fair value for derivatives assets was EUR 6,374 million (EUR 3,494 million as at 31 December 2013) and derivatives liabilities EUR 6,243 million (EUR 3,297 million as at 31 December 2013). In recent years the Bank's derivatives business has grown and the variety of derivatives products offered has increased. The value of derivatives contracts depends on, *inter alia*, changes in the value of the contract's underlying asset, price fluctuations, changes in interest rate levels and credit risk margins and maturity date of the contract. The risks related to the derivatives business include failures in assessing the fair value of the underlying asset or the securities, and the risk that the Bank is unable to realise the derivative position on favourable terms or at all, due to market conditions. Further, a risk related to the derivatives business is that the derivative counterparty has not understood the liabilities created for it by the contract or cannot perform its obligations, or that the collateral set by the contract counterparty to the Bank proves to be inadequate. The operational risks in derivatives business include, among other things, possible process risks related to inadequate documentation and collateral management. The materialisation of the aforementioned risks could have a material adverse effect on the Bank's business, results of operations and financial condition.

Risk management has a central role in the derivatives business and the Bank continuously develops its risk management related to its derivatives business. The growth in derivatives business places increasing demands on risk management. There can be no assurance that the Bank's risk management will be in the future able to completely manage all risks related to the Bank's derivatives business, due to, for example, possible inadequacies in systems, methods and procedures or human errors. Despite continuous development of risk management, the Bank's risk management may be insufficient to effectively manage risks related to a larger volume and more complicated instruments. Should the Bank's risk management prove to be inadequate, this could have a material adverse effect on the Bank's business, results of operations and financial condition.

In anticipation of entry into force of central counterparty clearing required by the European Market Infrastructure Regulation (Regulation (EU) No. 648/2012), the Bank started in February 2013 central counterparty clearing in London Clearing House for new interest rate derivatives covering standardised OTC derivative transactions entered into with financial counterparties.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Bank will be unable to comply with its obligations as a company with securities admitted to the Official List of the FCA or as a supervised firm regulated by the FCA.

#### ***Risk Relating to Joint Liability of the Member Credit Institutions***

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

The OP Cooperative is liable to pay to its Member Credit Institution an amount that is necessary in order to prevent the Member Credit Institution's liquidation. The OP Cooperative is liable for the debts of a Member Credit Institution that cannot be paid from the Member Credit Institution's own funds.

A Member Credit Institution is liable to pay to the OP Cooperative its own share of the amount which the OP Cooperative has paid either to another Member Credit Institution as a support action described above, or to a creditor of another Member Credit Institution as payment of a due debt for which the creditor has not received payment from his debtor. Furthermore, pursuant to the articles of association of the OP Cooperative, a Member Credit Institution has, on the insolvency of the OP Cooperative, an unlimited liability to pay the debts of the OP Cooperative as set out in Chapter 14 of the Act on Cooperatives. This could have a material adverse effect on the Bank's business, results of operations and financial condition.

Member Credit Institution's liability for the amount which the OP Cooperative has paid on behalf of one Member Credit Institution to its creditors is divided between the Member Credit Institutions in proportion to their last confirmed balance sheet totals.

Notwithstanding the joint responsibility between the Member Credit Institutions, there is no guarantee in place which directly ensures the repayment of Instruments issued under this Programme. The payment obligations under the Instruments are solely obligations of the Bank and are not obligations of, and are not guaranteed by, the OP Cooperative.

### ***Strategic Risk***

Strategic risk refers to losses incurred as a result of an erroneous business strategy. Strategic risk connected with the central priority and development policy lines for OP Financial Group's operations is reduced through continuous planning that is based on analyses and forecasts of customers' future needs, the trend in different lines of business and market areas as well as the competitive situation.

In October 2012, the Bank's Board of Directors adopted Pohjola Group's updated strategy. The updated strategy highlights the following: improving customer experience, seeking more targeted growth in order to improve return on capital, making more efficient use of OP Financial Group's competitive advantages and strengths, improving efficiency and increasing capital adequacy ratios. Banking will concentrate on deepening customer relationships by focusing growth on business and products with high capital efficiency. Non-life Insurance aims to continue its successful cross-selling and improve efficiency. Within Asset Management, the key objective is to raise investment returns of OP Mutual Funds to a competitive level and to intensify OP Financial Group's integration. There is no certainty that the can successfully cross-sell products and services to its customer base in the future.

If the Bank is unable to successfully execute its strategy, this will have a materially adverse effect on the Bank's business, results of operations and financial condition. Also, the Bank's strategy may not be competitive or may be insufficient to meet customer requirements in the future as competition increases and customer offerings develop in the markets internationally. If the Bank cannot adapt its strategy to meet these requirements, this could have a materially adverse effect on the Bank's business, results of operations and financial condition.

### ***Risks Relating to Acquisitions***

The Bank may consider strategic acquisitions and partnerships from time to time. There can be no guarantee that the Bank will be successful in the implementation of plans regarding acquisitions and strategic partnerships or that the acquisitions and the implementation thereof will be materialised according to expectations. The Bank has to base any assessment with respect to operations, profitability and other matters of potential acquisitions and partnerships on inexact and incomplete information and assumptions that may prove to be incorrect.

The Bank can give no guarantee that its expectations with regard to integration and synergies will materialise.

### ***Risks Relating to Operational Areas in the Baltic Countries***

Pohjola Group engages in non-life insurance operations in Estonia, Latvia and Lithuania through Seesam Insurance AS subsidiary. The Bank provides corporate customer services through the branch offices in all of the Baltic countries. Corporate customer services in the Baltic countries consist of payment and liquidity management and working capital, leasing and investment financing. Baltic banking activities are still minimal, amounting as at 31 December 2014 to around 4.3 per cent. of total Banking exposures.

Even though Pohjola Group has significant amount of experience in banking and non-life insurance operations in Finland, these fields in the Baltic countries differ from the Finnish market to a significant

extent, which translates into additional risks, related to a different operational environment, legislation, administrative differences, workforce regulations and taxation affairs. The economic situation in the Baltic countries is, like in emerging markets as well as in the rest of the world, currently volatile, which results a demanding business environment. The Bank has endeavoured to research the Baltic banking market, both through its own studies and through commissioned market research, but there is no certainty that the financial results from the operations in the Baltic countries will meet the Bank's expectations.

The failure of operations in the Baltic area could have an adverse effect on the Bank's business, results of operations and financial condition.

### ***Credit Risk Relating to the Bank***

Holders of the Instruments take a credit risk on the Bank. A holder's ability to receive payment under the Instruments is dependent on the Bank's ability to fulfil its payment obligations, which is in turn dependent upon the development of the Bank's business.

### ***Regulatory Compliance***

The Bank operates within a highly regulated industry and its activities are subject to extensive supervisory and regulatory regimes including, in particular, regulation in Finland, in the Baltic countries and in the European Union. The Bank must meet the requirements set forth in the regulations regarding, *inter alia*, minimum capital and capital adequacy, reporting with respect to financial information and financial condition, liabilities and payment of dividends as well as regulations regarding the amalgamation (described on pages 9-10). In addition, certain decisions made at the Bank may require advance approval or notification to the relevant authorities.

One or more supervisory authorities may apply or execute the applicable regulations. Authorities may question the Bank's activities in accordance with the applicable regulations with regard to one or more regulations. If it is found that the Bank breaches the regulations or fails to comply with them, the non-compliance could lead to fines, public reprimands, and other consequences causing damage to the Bank's reputation, enforced suspension of operations or, in extreme cases, amendment to or withdrawal of authorisation to operate. The Bank may also be liable for damages caused by the activities of the Bank.

As a result of the financial crisis, the regulatory framework for banks' capital adequacy requirements became more rigorous. The new Capital Requirement Directive and Regulation (CRD IV Directive/CRD IV Regulation) was published in the EU Official Journal on 27 June 2013. These new rules and regulations entered into force on 1 January 2014 and will implement the Basel III standards within the EU during 2014–19. These regulatory changes are aimed, for example, at improving the quality of banks' capital base, reducing the cyclic nature of capital requirements, decreasing banks' indebtedness and setting quantitative limits to liquidity risk.

From the Bank's perspective, the most important individual change in the regulations relates to the treatment of insurance holdings within a banking-led financial and insurance conglomerate. On 27 November 2013, the Bank and OP Financial Group received permission from the FFSA to treat insurance holdings within the conglomerate as risk-weighted assets. The method applied to insurance holdings leads to a risk-weight of approximately 280 per cent. The permission will be valid from 1 January 2014 until 31 December 2014 at the latest. As a result of the European Central Bank (the "ECB") taking over supervisory responsibilities for OP Financial Group as credit institution, the ECB will decide on whether any further special permission is given to OP Financial Group.

The requirements for capital buffers implemented through national legislation will add to capital requirements but the schedule for their implementation depends on national legislation which is in draft phase. The upcoming liquidity regulation will add liquidity management costs. Profitability will play a key role when preparing for regulatory changes.

As part of OP Financial Group, the Bank as credit institution was transferred to ECB's supervision from November 2014. The ECB has conducted an asset quality review (AQR) and stress test of OP Financial Group as credit institution during 2014, in which the Bank has participated.

The AQRs and stress tests are in place to make European banks more transparent and to ensure that they have sufficient capital. A total of 130 European banks took part in the new type of review carried out using uniform principles and a tight schedule.



The results of the comprehensive assessment were published on 26 October 2014 (see "*Information on OP Financial Group and the OP Cooperative – Recent Events*").

Changes in the insurance sector's Solvency II regulations aim to improve the quality of insurance companies' capital base, improve their risk management, increase the risk-based capital requirements and harmonise insurance sector solvency requirements in Europe. Some parts of the regulations are still being processed, and the regulations are scheduled to come into effect at the beginning of 2016.

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

- monetary policy, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investors' decisions to invest in particular markets in which the Bank operates;
- changes in the regulatory requirements, for example in the derivatives markets;
- changes in competitive and pricing environments; and
- changes in the financial reporting environment.

Changes in legislation, regulations and procedures of the authorities, interpretations concerning their application as well as court decisions could adversely affect the business, results of operations and financial condition as well as the trading price of the shares of the Bank.

#### ***Legal and Litigation Risks***

The Bank's customers' or counterparties' claims against the Bank may result in legal proceedings. These risks include, among other, potential liability for the sale of unsuitable products to its customers (mis-selling) or managing customer portfolios against customer instructions due to, for example, human error or negligence, as well as potential liability for the advice that the Bank provides to participants in securities transactions, or liability under securities or other laws in connection with securities offerings. Should the Bank be found to have breached its obligations, it may be obligated to pay damages. Such potential litigation could also have a negative impact on the Bank's reputation among its customers and counterparties. Furthermore, the Bank may face material adverse consequences if contractual obligations were not enforceable as intended or they were enforced in a manner adverse to the Bank or in case it would become apparent that the Bank's intellectual property rights or systems were not adequately protected or in operating condition.

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

#### ***Tax Risks***

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

#### ***Risk Management***

Core values, strategic goals and financial targets form the basis for risk and capital adequacy management at the Bank. The purpose of the Bank's risk management is to identify threats and opportunities affecting strategy implementation. The objective is to help achieve the targets set in the strategy by ensuring that risks are proportional to the Bank's risk-bearing capacity.

Even though the Bank's personnel follow the guidelines issued on risk management and implement measures which mitigate losses, there can be no certainty that these measures would be fully adequate to manage and control risks. Some of the qualitative tools and metrics used by the Bank for risk management purposes are based upon the use of observed historical market behaviour as well as future predictions. These tools and metrics may fail to predict or predict incorrectly future risk exposures which could lead to losses for the Bank. Factors described above or any other failure in risk management could

cause substantial losses and adversely affect the Bank's business, results of operations and financial condition.

### ***Operational Risks***

Operational risk refers to the risk of financial loss or other harmful consequences resulting from inadequate or failed processes, systems or external events. Operational risk may also materialise in terms of loss or deterioration of reputation or trust.

The most significant, identified operational risks pertain to systems, business processes, the accuracy of documentation, and the allocation of resources.

Operational risks are qualitative in nature and the Bank cannot ever fully hedge against them. Operational risk management is aimed at ensuring that no unforeseeable financial consequences or loss of reputation arise from operational risks.

The occurrence of any of these risks could adversely affect the Bank's business, results of operations and financial condition.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Bank will be unable to comply with its obligations as a company with securities admitted to the Official List of the FCA or as a supervised firm regulated by the FCA.

### ***System and Information Security Risks***

The Bank's daily operations involve a large number of transactions, many of which are highly complex and which rely on the secure processing, storage and transfer of confidential and other information in the Bank's IT systems and information networks. Even though the Bank utilises protective systems, the Bank's IT system, equipment and network may be susceptible to unauthorised use, computer viruses and other harmful factors.

Furthermore, the Bank's operations depend on confidential and secure data processing. As part of its business operations, the Bank stores personal and banking and insurance specific information provided by its customers which in Finland and in the Baltic countries are subject to certain regulations concerning privacy protection and banking secrecy. The Bank may accrue substantial costs in case information security risks materialise. Solving the system and information security problems may cause interruptions or delays in the Bank's customer service, which could have an adverse effect on Bank's reputation and prompt customers to abandon the Bank's services or to present the Bank with claims for compensation. Furthermore, if the Bank fails to effectively implement new IT systems or to adapt to new technological developments, it may incur substantial additional expenses or be unable to compete successfully in the market. Any one of the aforementioned factors could have an adverse effect on the Bank's business, results of operations or financial condition.

Furthermore, the Bank relies to a considerable extent on its parent organisation's, the OP Cooperative's, subsidiary OP-Services Ltd with regards to maintaining IT systems and providing IT services. Even though the Bank has sought to secure the provision of IT services that are critical to its operations by contractual arrangements, and by also using alternative service providers with regard to certain IT service elements, any failure by OP-Services Ltd and its cooperating partners to maintain IT systems or deliver agreed services as the Bank requires could have a material adverse effect on the Bank's business.

### ***Possible Interruptions to the Bank's Business Operations***

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

### ***Risks Relating to the Outflow of Assets under Management***

Should the current financial situation lead to a significant outflow of assets under management by Pohjola Asset Management or if the investments of Pohjola Asset Management develop in an unsatisfactory manner, current customers could choose to decrease, withdraw or transfer their assets to another asset manager. A poor success in investment operations could thus decrease the amount of fees and commissions of Pohjola Asset Management. Furthermore, if Pohjola Asset Management could not continue to provide satisfactory asset management services, it might not be able to attract new customers or increase the amount of the current customers' assets under management. Therefore, should Pohjola Asset Management not succeed in its investment operations, this could have a negative impact on the Bank's business, results of operations and financial condition.

### ***Risks Relating to Brand, Reputation of the Bank and Market Rumours***

Among other factors, the Bank relies on its well-known and good brand and reputation in Finland when competing for customers. During the current turbulent market environment, having a good reputation is of particular importance both in the banking, asset management and the insurance sector as financial institutions are particularly impacted by rumours and speculation regarding their solvency and their ability to access liquidity. The Bank can to a certain extent influence its own reputation. However, the brand and reputation of the Bank can also be affected by other external factors outside the control of the Bank. Although the Bank has not experienced deposit or customer outflows as a result of any such rumours, there can be no certainty that any rumours or speculation, whether founded or not, would not have such an impact in the future.

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

### ***Risks Relating to the Non-life Insurance Industry***

OP Financial Group's non-life business is currently centralised within Pohjola Group's non-life insurance business segment and OP Financial Group's life and pension insurance business is centralised within OP Life Assurance Company Ltd. Pohjola Group is subject to the specific risks of the non-life insurance industry, which risks affect the Bank's business, results of operations and financial condition.

### ***Non-life Insurance Industry is subject to Comprehensive Regulation***

The current business of Pohjola Group's non-life insurance operations are subject to comprehensive regulation. Examples of the regulated issues are:

- acquisition or disposition of an insurance company or of any company controlling an insurance company;
- approval or filing of policy forms;
- limitations on types and amounts of investments;
- limitations on the right to cancel or renew policies;
- the right to withdraw from markets or terminate involvement with agents;
- licensing of insurers and agents; and
- transactions between an insurance company and any of its affiliates.

In the spring of 2009, the EU adopted a new, major solvency regime applying to the insurance sector ("**Solvency II**"). The regulations are still being processed, and are scheduled to come into force at the beginning of 2016. These changes in the regulations will have also an effect on Pohjola Group through its non-life insurance companies. Changes in the insurance sector's Solvency II regulations aim to improve

the quality of insurance companies' capital base, improve their risk management, increase the risk-based solvency requirements and harmonise insurance-sector requirements in Europe. According to current interpretations, Solvency II will tighten solvency capital requirements but also increase the required capital base. The Bank considers that its Non-life business already fulfils the solvency requirement under the proposed Solvency II.

In addition, regulators perform periodic financial and market conduct examinations of insurance companies. The regulation is generally intended for the protection of policyholders rather than shareholders. There is no guarantee that existing insurance-related laws and regulations will not become more restrictive in the future or that new restrictive laws will not be enacted and, therefore, it is not possible to predict the potential effects of such laws and regulations.

#### ***Intense Competition Could Adversely Affect the Business and its Profitability***

The non-life insurance industry is highly competitive and Pohjola Group's non-life insurance business will continue to face significant competition from domestic and foreign insurance companies. The competition between companies is measured based on many factors, including, for example credit ratings, financial strength, reputation, service to policyholders and agents, product development (including interest rates credited and premium rates charged) and commissions. Changes in the competitive situation could have a material adverse effect on the Bank's business and result of operations.

#### ***Investment Risks and Actuarial Risk in the Non-life Insurance Business***

The board of directors of each of Pohjola Group's non-life insurance companies confirms the annual risk management plan setting out the relevant company's targets for its risk-bearing capacity and limiting the assumption of risk. In non-life insurance business segment, investment operations are based on investment plans and investment authorisations, confirmed annually by the board of directors of each non-life insurance company at Pohjola Group, which specify the basic allocation and range of investments by asset class, the organisation of investment, risk limits as well as decision-making powers and authority.

Non-life insurance business increases the income volatility of the Pohjola Group due to the randomness of the damage claims of non-life insurance business. The market risks of the investments of the insurance companies reflect mainly to the fair value reserves in own funds.

#### ***Risks Pertaining to the Selection and Pricing of Non-life Insurance Risks***

Pohjola Group's non-life insurance business segment's products offered to customers include, for example, private and corporate customers' property insurance, motor vehicle insurance, motor third-party liability insurance, mandatory workers compensation insurance, travel insurances and accident and health insurances to both private and corporate customers. Selecting and pricing any particular type of non-life insurance is largely based on the historical claims statistics for each type of non-life insurance product. Therefore, there cannot be full certainty of the non-life insurance products' correct pricing at the moment of sale as compared to their subsequent actual claims development.

Pohjola Group's non-life insurance business segment seeks to limit concentration risk of its non-life insurance policies by both insurance type specific and risk concentration specific limitations. Non-life insurance business segment also aims at limiting risks by focusing on including appropriate terms and conditions in its non-life insurance policy contracts. The most significant pricing risks are related to the adequacy of the risk premiums included in the pricing models of non-life insurance business segment's insurance products. It is also of great importance how effectively profitability and reported claims are monitored. Furthermore, pricing risks are connected to how well profitability and reported claims can be taken into account in the pricing of non-life insurance policies and the selection and pricing of underwriting risks. Nonetheless, there is no certainty that risks can be assessed correctly and that the insurance premiums would be sufficient to cover the payment of claims and operating expenses resulting from non-life insurance contracts. A failure in risk selection and pricing could cause substantial financial losses and have an adverse effect on the Bank's business, results of operations and financial condition.

#### ***The Adequacy of Non-life Insurance Liabilities***

The Pohjola Group attempts to define non-life insurance liabilities in a safeguarding manner so that they are likely to be sufficient to cover projected future payments arising from claims related to sold non-life insurance policies. Cash paid out in the Bank's underwriting operations primarily relate to the payment of

claims and the cost from processing these claims. Projecting non-life insurance liabilities always involves several elements of uncertainty around the incidental nature of claims development, the delay in uncovering damage or loss, cost-induced inflation or legislative amendments and the general economic development. The uncertainty related to the adequacy of the non-life insurance liabilities is greater in relation to new types of non-life insurance products, for which extensive statistics on damages paid do not yet exist, and to non-life insurance products in connection to which either uncovering of damage is slow or terms of insurance are long.

Should the insurance liabilities prove to be inadequate so that the insurance liabilities would have to be increased, this would have an adverse effect on the profitability of the non-life insurance operations, which in turn could have an adverse effect on the Bank's business, results of operations and financial condition.

#### ***Non-diversifiable Insurance Risks***

Pohjola Group's non-life insurance business segment's insurance portfolio comprises a very large number of non-life insurance policies covering damage or loss, due to which also a large number of claims is expected to be reported. According to the law of large numbers in probability theory, the numerical relative variation in the occurrence of certain events decreases when the number of said events increases. This theory is related to diversifiable insurance risks; provided that the damages or losses taking place are completely independent of each other, the numerical relative variation of the damages claims will in general decrease when the number of insurance risks in the insurance portfolio increases.

The insurance risks are, however, typically not fully independent of each other, meaning that the insurance portfolio always involves an element of non-diversifiable residual risk. The non-diversifiable risks usually involve changes taking place in the external operating environment and for example include changes in the economic environment or natural disasters, such as large-scale storms affecting the whole of Finland. Non-diversifiable risks can furthermore involve a yet unidentified, latent risk of damage, which pertains to a large number of insurance contracts. Non-diversifiable risks can be described as the biggest non-life insurance risks (underwriting risks) in monetary value for non-life insurance operations, yet having the lowest probability of occurrence. A materialisation of these risks would result in Pohjola Group's non-life insurance business segment incurring higher-than anticipated losses which would have a material adverse effect on the Bank's business, results of operations and financial condition.

#### ***Non-life Insurance Industry is Sensitive to Economic Fluctuations***

The non-life insurance industry, and particularly the non-life insurance market, is cyclical. Historically, operating results of non-life insurance companies have fluctuated significantly because of unstable and sometimes unpredictable developments, many of which are beyond the direct control of non-life insurance companies. These developments include, *inter alia*:

- price competition and price setting mechanisms;
- frequency of occurrence or severity of both natural and man-made catastrophic events;
- level of demand;
- general economic conditions; and
- changes in legislation, legal precedents and interpretations.

Possible effects of economic fluctuations may have a material adverse effect on the Bank's business, results of operations or financial condition.

#### ***Catastrophic Events, Both Natural and Man-made, May Cause Major Losses***

A catastrophic event or multiple catastrophic events may cause major losses and may have a material adverse effect on the business, results of operations or financial condition of Pohjola Group's non-life insurance companies. Examples of possible natural catastrophic events include, *inter alia*, windstorms, hurricanes, floods, other severe conditions and fires. Catastrophic events are inherently unpredictable in terms of both their occurrence and severity.

Pohjola Group's non-life insurance companies are also exposed to man-made catastrophic events which may have a material adverse effect on their business, results of operations and financial condition. It is possible that both the frequency and severity of man-made catastrophic events will increase in the future.

Claims from natural or man-made catastrophic events may cause substantial periodic volatility in Pohjola Group's non-life insurance companies' financial results and adversely affect their business, results of operations or financial condition. The Bank's ability to expand its business could also be impacted. Increases in the value and geographic concentration of insured properties and the effects of inflation may increase the magnitude of claims from catastrophic events.

The extent of a non-life insurance company's losses from catastrophic occurrences is a function of the total insured amount of losses its clients incur, the number of its clients affected, and the frequency and severity of the events. In addition, depending on the nature of the loss, the speed with which claims are made and settled, and the terms of the policies affected, a non-life insurance company may be required to make large payments upon short notice. Pohjola Group's non-life insurance companies may be forced to fund these obligations by liquidating investments rapidly and in unfavourable market conditions, or by raising funds at unfavourable costs, both of which could adversely affect the results of operations and financial condition of the Bank.

One may seek protection against catastrophic losses through reinsurance, but risks may be related to the coverage, availability and price of reinsurance. These risks may adversely affect the results of operations and financial condition of the Bank.

Although it is possible to seek protection against catastrophic losses through internal practices and principles, reinsurance and the monitoring of risk accumulations, the measures taken in Pohjola Group's non life insurance business segment may not necessarily prevent such occurrences from adversely affecting the Bank's business, results of operations or financial condition.

#### ***Adequacy of Reinsurance Coverage***

Pohjola Group's non-life insurance business segment reinsures risks exceeding a certain limit, for which it cannot take or prefers not to take sole liability, in order to decrease risks or ensure profitability. The purpose of reinsurance is to reduce the chance variation of claims incurred and increase the efficiency of capital expenditure. Only companies with adequate credit ratings are approved as reinsurers. Moreover, maximum limits have been confirmed for the amounts of risk that can be ceded to any one reinsurer. The limit depends on the nature of the risk involved and on the company's solvency. Only companies with a sufficiently high insurance financial strength rating are accepted as reinsurers. The reinsurance of non-life insurance has been arranged on a centralised basis. Retention in risk specific reinsurance is a maximum of EUR 5 million and that in catastrophe reinsurance EUR 5 million. The capacity of catastrophe reinsurance covering loss accumulation stood at EUR 150 million in 2014. In addition, claims under the short-tail business have an annual aggregate protection with a capacity of EUR 15 million.

Nonetheless, there is no certainty that the need for reinsurance and its optimisation on the basis of statistical methods and models has been determined in an adequate manner. Nor is there any certainty that one or more reinsurers will be able to fulfil their undertakings in all circumstances. Inadequate reinsurance coverage may have adverse effects on the results and financial condition of the non life insurance operations, which could, consequently, have an adverse effect on the Bank's business, results of operations and financial condition.

Turbulence in the global economy and financial markets may have an adverse impact on the reinsurance industry. This could cause financial and liquidity problems for the reinsurance companies included in Pohjola Group's non-life insurance companies' reinsurance programme. In the case of a major claim a specific reinsurance company may not be able to fulfil its obligations, which in turn may have a material adverse effect on the Bank's business, results of operations and financial condition.

#### ***Terrorist Attacks or National Security Threats May Have an Adverse Effect on Pohjola Insurance Ltd***

Threats of terrorist attacks, national security threats, military initiatives and political unrest in, *inter alia*, Ukraine, Syria, Iraq, Afghanistan and the Middle East, have had and may continue to have a material adverse effect on general economic, market and political conditions, increasing many of the risks relating to the business of non-life insurance companies. The Bank cannot predict the effects of terrorist attacks, threats to national security, military initiatives and political unrest on its business, results of operations and financial condition.

## **Risk Factors Involved with OP Financial Group's Other Business Areas**

**The factors described below are also relevant to the Bank as part of OP Financial Group.**

### ***Risk Relating to Reform of OP Financial Group Central Consolidated***

The OP Cooperative intends to consider potential structural changes to the Pohjola Group. See "*Risk Factors - Risks Relating to the Operations of Pohjola Group - Risks Relating to Planned Structural Changes in Pohjola Group*"

There is no assurance that the restructuring will be successfully implemented and this could have a materially adverse effect on OP Financial Group's business, results of operations and financial condition.

### ***Credit Risks Relating to Retail Banking***

Estimating the potential write-downs in OP Financial Group's retail loan portfolio is difficult and depends on many factors. Unemployment and the interest rate level are the most significant general economic factors which might adversely affect retail customers' ability to repay their loans. Furthermore, fluctuations in housing prices and general activity in the housing market could adversely affect both customers' debt servicing ability as well as the realisation value of collaterals. Therefore, this could have a negative impact on OP Financial Group's business, results of operations and financial condition.

### ***Risks Relating to the Outflow of Deposits***

Deposits comprise a major share of OP Financial Group's funding. Should the current financial situation lead to a significant outflow of deposits OP Financial Group's funding structure would change substantially and the average cost of funding would increase. Furthermore, this would jeopardise the OP Financial Group's liquidity and it would be unable to meet its current and future cash flow and collateral needs, both expected and unexpected, without affecting its daily operations or overall financial position. Therefore, this could have a negative impact on OP Financial Group's business, results of operations and financial condition.

### ***Risks Relating to Interest Rate Income***

Income generation in retail banking is significantly affected by changes in the interest rate level. Interest rate risk arises when interest rate fixing periods or interest rate bases for assets and liabilities are mismatched. Net interest income comprises a substantial part of OP Financial Group's total income. Changes in the interest rate level could adversely affect OP Financial Group's business, results of operations and financial condition. Therefore, this could have a negative impact on OP Financial Group's business, results of operations and financial condition.

### ***Investment Risk Associated with Life Insurance Operations***

Investment operations play an important role in the life insurance business. A life insurance company invests in order to ensure customer profit, to obtain assets covering insurance liabilities, and to gain a profit on insurance premiums invested. Achieving long term return targets for investment requires controlled risk-taking. Should the market prices of investment instruments change adversely this could decrease the market values of investment portfolio and deteriorate profitability of investment operations.

### ***Underwriting Risk in Life Insurance Operations***

The greatest underwriting risks associated with Life Insurance have to do with mortality, life expectancy (that is, longevity), work disability, customer behaviour and operating expenses. These factors are crucial in determining underwriting risk, because insurance premiums and the amount of insurance liabilities are based on assumptions based on these factors. Changes in mortality, life expectancy, work disability, customer behaviour and operating expenses could adversely affect the profitability of life insurance operations. Moreover, this could deteriorate the profitability of the OP Financial Group.

### ***Strategic risk***

Strategic risks are managed by analysing the risks when drawing up the strategy and by continually monitoring and analysing changes in the operating environment and the realisation of the strategy. Strategic risk is reduced by regular planning, based on analyses and forecasts of customer needs, the development of different sectors and market areas, and the competition situation. The strategic policies

are processed extensively within the Group before being confirmed. Although strategic risks are managed carefully it is still possible that strategic risk may have a materially adverse effect on OP Financial Group's business, results of operations and financial condition.

If OP Financial Group is unable to successfully execute its strategy, this will have a materially adverse effect on OP Financial Group's business, results of operations and financial condition. Also, OP Financial Group's strategy may not be competitive or may be insufficient to meet customer requirements in the future as competition increases and customer offerings develop in the markets internationally. If OP Financial Group cannot adapt its strategy to meet these requirements, this could have a materially adverse effect on OP Financial Group's business, results of operations and financial condition.

## **Risk Relating to the Instruments**

### ***EU Savings Directive***

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, each Member State of the European Union (each an "**EU Member State**") is required to provide to the tax authorities of another EU Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other EU Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain EU Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a EU Member State. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a EU Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

If a payment were to be made by or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax to be withheld from that payment pursuant to the Directive, neither the Bank nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Instrument as a result of the imposition of such withholding tax. The Bank is, however, required to maintain a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. EU Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

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

### ***Payments on certain Notes may be subject to U.S. withholding tax under FATCA***

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

While the Instruments are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate



investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Bank's obligations under the Instruments are discharged once it has paid the common depositary or common safekeeper for the clearing systems (as bearer or registered holder of the Instruments) and the Bank has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries.

### ***Implementation of Basel III / CRD IV***

The rules applicable to the capital of financial institutions are being changed across the European Union in order to implement the Basel III measures issued by the Basel Committee on Banking Supervision. The European legislative package consists of a fourth capital requirements Directive and a new capital requirements Regulation, collectively known as "**CRD IV**". The CRD IV Regulation entered into force in Finland on 1 January 2014. The CRD IV Directive was implemented in Finland through a new Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta*, [8.8.2014/610](#)), which came into force on 15 August 2014.

CRD IV introduces significant changes in the prudential regulatory regime applicable to banks including: increased minimum capital ratios; changes to the definition of capital and the calculation of risk weighted assets; and the introduction of new measures relating to leverage, liquidity and funding. CRD IV permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the CRD IV leverage ratio, which are not expected to be finally implemented until 2018. Minimum capital requirements came into force from 1 January 2014 without transitional measures. According to a Finnish Act on Credit Institutions capital conservation buffer will be applied from 1 January 2015, countercyclical capital buffer could be set as early as January 2015 and O-SII buffer will be applied from 1 January 2016 onwards.

CRD IV requirements adopted in Finland may change, whether as a result of further changes to CRD IV agreed by EU legislators, binding regulatory technical standards to be developed by the European Banking Authority (the "**EBA**") or changes to the way in which the ECB interprets and applies these requirements to banks (including as regards individual model approvals granted under CRD II and III). This may result in a need for further management actions to meet the changed requirements, such as: increasing capital, reducing leverage and risk weighted assets, modifying legal entity structure (including with regard to issuance and deployment of capital and funding for the OP Financial Group) and changing the OP Financial Group's business mix or exiting other businesses and/or undertaking other actions to strengthen the Bank's capital position.

### ***European resolution regime and loss absorption at the point of non-viability***

#### ***Recovery and Resolution Directive***

On 6 May 2014, the EU Council adopted the European Union directive establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"). The BRRD was published in the Official Journal of the European Union in June 2014. The BRRD sets out the necessary steps and powers to ensure that bank failures across the EU are managed in a way which eliminates the risk of financial instability and minimises costs for taxpayers. The BRRD sets out a minimum standard of harmonisation and needs to be adopted through local legislation before it becomes effective.

The BRRD contemplates that powers will be granted to supervisory authorities including (but not limited to) the introduction of a statutory "write-down and conversion power" and a "bail-in" power, which will give the relevant resolution authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Instruments) of a failing financial institution and/or to convert certain debt claims (which could include the Instruments) into another security, including equity instruments of the surviving OP Financial Group entity, if any. The majority of measures set out in the BRRD (including the write-down and conversion powers relating to Tier 1 capital instruments and Tier 2 capital instruments) are required to be implemented with effect from 1 January 2015, with the bail-in power for other eligible liabilities (which could include any Securities that are not

Tier 1 or Tier 2 capital instruments) to apply from 1 January 2016 at the latest. In accordance with the Finnish implementation of the BRRD, the bail-in powers of the national authorities were implemented with effect from 1 January 2015 by a new legislation package that was passed on 19 December 2014, including *inter alia*, the new Finnish Act on Crisis Resolution of Credit Institutions and Investment Service Companies (*Laki luottolaitosten ja sijoituspalveluyritysten kriisintarkkaisuista*, 19.12.2014/1192).

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

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

Until finally implemented, it is not possible to assess the full impact of the BRRD on the OP Financial Group and on holders of the Instruments, and there can be no assurance that, once it is implemented, the manner in which it is implemented or the taking of any actions by the relevant resolution authority currently contemplated in the BRRD would not adversely affect the rights of holders of the Instruments, the price or value of an investment in the Instruments and/or the Bank's ability to satisfy its obligations under the Instruments.

Article 518 of the CRD IV Regulation states that by 31 December 2015, the European Commission should review and report whether the CRD IV Regulation should be amended so as to include write-down and conversion powers to ensure that relevant capital instruments fully absorb losses at the point of non-viability of the issuing institution and before any other resolution action is taken. There is a risk that such an amendment would result in the Instruments being used to absorb losses on the occurrence of a non-viability event.

#### *Single Resolution Mechanism*

The BRRD is complemented by the directly binding regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (the "**SRM**"). The primary scope of the SRM is the euro area and SRM will, once in force, be applied to the OP Financial Group, including the Bank, as a primary recovery and resolution code instead of the Finnish implementation measures relating to the BRRD. The SRM establishes a single European resolution board (the "**Resolution Board**") having resolution powers over the institutions that are subject to the SRM, thus replacing or exceeding the powers of the national authorities. The Resolution Board will draw up and adopt a resolution plan for the entities subject to its powers, including the Bank. It will also determine, after consultation with competent authorities, a minimum requirement for own funds and eligible liabilities subject to write-down and conversion powers which the Issuer will be required to meet at all times. The Resolution Board will also use the powers of early intervention as set forth in the SRM, including the power to require an institution to contact potential purchasers in order to prepare for resolution of institution. The Resolution Board will have the authority to exercise the specific resolution powers pursuant to the SRM similar to those of the national authorities under the BRRD. The resolution tools available for the Resolution Board include the sale of business tool, the bridge institution tool, the asset separation tool and the bail-in tool as further specified in the SRM. The use of one or more of these tools will be included in a Resolution Scheme to be adopted by the Resolution Board.

Pursuant to the SRM, the bail-in tool may be applied to recapitalise an institution to restore its ability to comply with the licensing conditions and to sustain market confidence in the institution or to convert claims or debts to equity or reduce their principal amount. The bail-in tool covers bonds and notes issued

by the institution subject to resolution measures, but certain defined instruments are excluded from the scope, such as covered bonds.

The provisions relating to resolution plans and cooperation between the Resolution Board and the national authorities will be applied as of 1 January 2015. The resolution powers of the Resolution Board will take effect from 1 January 2016.

#### *Rules relating to BRRD and the SRM*

There remains uncertainty regarding the ultimate nature and scope of these powers and, when implemented, how they would affect the Bank, the Pohjola Group, the OP Financial Group and the Notes. Accordingly, it is not yet possible to assess the full impact of the BRRD or the SRM. The Notes may however be part of the claims and debts in respect of which the resolution authorities, including the Resolution Board, could use the bail-in powers to write-down or convert the principal of the Notes. There can be no assurances that, once the SRM takes effect or the BRRD is implemented, the fact of its implementation or the taking of any actions currently contemplated (including any earlier implementation of such requirements in Finland (including retrospectively, if and to the extent the BRRD is implemented retrospectively so as to apply to the Notes)) would not adversely affect the price or value of an investment in Notes subject to the provisions of the BRRD or the SRM and/or the ability of the relevant Issuer to satisfy its obligations under such Notes. Until fully implemented, the Issuers cannot predict the precise effects of the bail-in power and the write-down and conversion power and its use in relation to the Notes. Prospective investors in the Notes should consult their own advisors as to the consequences of the SRM and the implementation of the BRRD.

#### *EBA Consultation Paper on the minimum requirement for own funds and eligible liabilities under BRRD.*

On 28 November 2014, the European Banking Authority (the "EBA") published a consultation paper setting out draft regulatory technical standards ("RTS") on the criteria for determining the minimum requirement for own funds and eligible liabilities ("MREL") under BRRD. In order to ensure the effectiveness of bail-in and other resolution tools introduced by BRRD, BRRD requires that all institutions must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities, with effect from 1 January 2016 (or if earlier, the date of national implementation of BRRD). The draft RTS provide for resolution authorities to allow institutions a transitional period of up to four years to reach the applicable MREL requirements.

Unlike the FSB's proposals, the RTS do not set a minimum EU-wide level of MREL, and the MREL requirement applies to all credit institutions, not just to those identified as being of a particular size or of systemic importance. Each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution.

The MREL requirement for each institution will be comprised of a number of key elements, including the required loss absorbing capacity of the institution (which will, as a minimum, equate to the institution's capital requirements under CRD IV, including applicable buffers), and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Other factors to be taken into consideration by resolution authorities when setting the MREL requirement include: the extent to which an institution has liabilities in issue which are excluded from contributing to loss absorption or recapitalisation; the risk profile of the institution; the systemic importance of the institution; and the contribution to any resolution that may be made by deposit guarantee schemes and resolution financing arrangements.

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

The EBA's proposals are in draft form, and may therefore be subject to change. As a result, it is not possible to give any assurances as to the ultimate scope and nature of any resulting obligations, or the impact that they will have on the Bank, the Pohjola Group or the OP Financial Group once implemented. If the EBA's proposals are implemented in their current form however, it is possible that the Bank and/or

other members of the Pohjola Group may have to issue a significant amount of additional MREL eligible liabilities in order to meet the new requirements within the required timeframes. If the Bank or the Pohjola Group were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other operations.

***There May not be an Active Trading Market for the Instruments***

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

***The Instruments May be Redeemed Prior to Maturity***

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

In addition, if in the case of any particular Tranche of Instruments the relevant Final Terms specifies that the Instruments are redeemable at the Bank's option in certain other circumstances the Bank may choose to redeem the Instruments 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 Instruments.

***The Instruments may be redeemed prior to maturity following a Capital Event***

If a Capital Event (as defined in Condition 6) occurs, the Bank may, at its option, but subject to the prior approval of the ECB (if then required), elect to redeem in whole (but not in part) the Tier 2 Instruments at either their principal amount or at 101 per cent. of their principal amount (as specified in the relevant Final Terms), together with accrued interest (if any) thereon. If the Bank redeems the Instruments in the circumstances mentioned above, there is a risk that the Instruments may be redeemed 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 Instruments.

***In certain instances the Bank could substitute or vary the terms of the Instruments***

In certain circumstances, if a Capital Event (as defined in Condition 6.08) has occurred and is continuing, the Bank may, without the consent of the Holders, but subject to the approval of the ECB (if then required), substitute the Tier 2 Instruments or vary the terms of the Tier 2 Instruments in order to ensure such substituted or varied Tier 2 Instruments continue to qualify as Tier 2 capital in accordance with the requirements of the Applicable Banking Regulations (as defined in Condition 3B.01). The terms and conditions of such substituted or varied Tier 2 Instruments may have terms and conditions that contain one or more provisions that are substantially different from the terms and conditions of the original Tier 2 Instruments, provided that the Tier 2 Instruments remain Compliant Instruments (as defined in Condition 9). While the Bank cannot make changes to the terms of the Tier 2 Instruments that, in its reasonable opinion, are materially less favourable to a Holder of such Instruments, no assurance can be given as to whether any of these changes will negatively affect any particular Holder. In addition, the tax and stamp duty consequences of holding such varied Instruments could be different for some categories of Holders from the tax and stamp duty consequences for them of holding the Instruments prior to such substitution or variation.

***Investors Will Have to Rely on the Procedures of Euroclear and Clearstream, Luxembourg***

The Instruments will be represented by the Global Instruments except in certain limited circumstances described in the Permanent Global Instrument. The Global Instruments will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described

in the Permanent Global Instrument, investors will not be entitled to receive definitive Instruments. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Instruments. While the Instruments are represented by the Global Instruments, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Bank will discharge its payment obligations under the Instruments by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Instrument must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Instruments. The Bank has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Instruments.

Holders of beneficial interests in the Global Instruments will not have a direct right to vote in respect of the Instruments. 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 Instruments will not have a direct right under the Global Instruments to take enforcement action against the Bank in the event of a default under the Instruments but will have to rely upon their rights under the Deed of Covenant.

#### ***Modification and Waiver***

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

#### ***Change of Law***

The conditions of the Instruments are based on the laws of England (and, in the case of the subordination provisions to which Condition 3B applies, the laws of Finland) in effect as at the date of issue of the relevant Instruments. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England, or, in the case of the subordination provisions to which Condition 3B applies, the laws of Finland or administrative practice after the date of this Base Prospectus.

Furthermore, the Bank operates in a heavily regulated environment and has to comply with extensive regulations in the Republic of Finland and elsewhere. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices of Finland or any other jurisdiction in which the Bank operates after the date of this Base Prospectus.

#### ***Denominations***

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

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

#### ***Tier 2 Instruments are Subordinated to Most of the Bank's Liabilities***

In the case of any Tier 2 Instruments, if the Bank is declared bankrupt and a winding up is initiated, the Bank will be required to pay the holders of senior debt and meet its obligations to all its depositors and other creditors (including unsecured creditors but excluding any obligations in respect of subordinated debt) in full before it can make any payments on the relevant Tier 2 Instruments. If this occurs, the Bank may not have enough assets remaining after these payments to pay amounts due under the relevant Tier 2 Instruments.

***As a result of the combination of the Bank and Helsinki OP Bank Plc the debtor of Instruments may change***

The OP Cooperative owns 100 per cent. of the shares and votes in the Bank. The intention of the OP Cooperative is for the businesses of the Bank and Helsinki OP Bank Plc to be combined under joint management. The schedule and the form of the combination will be more specific when the planning progresses. Therefore, it is currently unclear if the Bank will be the surviving company in the combination. Thus, the debtor of Instruments may change as a result of the combination. This may have a negative impact on the credit rating of the debtor and position of the Holders of Instruments.

#### **Risks Related to the Market Generally**

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

##### ***The Secondary Market Generally***

Instruments 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 Instruments easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

##### ***Exchange Rate Risks and Exchange Controls***

The Bank will pay principal and interest on the Instruments in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Instruments, (ii) the Investor's Currency-equivalent value of the principal payable on the Instruments and (iii) the Investor's Currency-equivalent market value of the Instruments.

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

##### ***Fixed Rate Instruments are Subject to Interest Rate Risks***

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

##### ***Credit Ratings May Not Reflect All Risks***

One or more independent credit rating agencies may assign credit ratings to the Instruments. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors which may affect the value of the Instruments. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

## **FINAL TERMS, DRAWDOWN PROSPECTUSES AND PRICING SUPPLEMENTS**

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

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

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

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

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

The Bank 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 Instruments, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Instruments.

## FORMS OF THE INSTRUMENTS

### **Bearer Instruments**

Each Tranche of bearer Instruments will initially be in the form of either a temporary global Instrument (the "**Temporary Global Instrument**"), without interest coupons, or a permanent global Instrument (the "**Permanent Global Instrument**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Instrument or, as the case may be, Permanent Global Instrument (each a "**Global Instrument**") which is not intended to be issued in new global instrument ("**NGI**") form, as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of the Instruments with a depository or a common depository for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Instrument which is intended to be issued in NGI form, as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of the Instruments with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

### ***Temporary Global Instrument exchangeable for Permanent Global Instrument***

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

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

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Instrument to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership, within 7 days of the bearer requesting such exchange.

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

The Permanent Global Instrument will be exchangeable in whole, but not in part, for Instruments in definitive form ("**Definitive Instruments**") if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 7 (*Events of Default*) occurs.

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

### ***Temporary Global Instrument exchangeable for Definitive Instruments***

If the relevant Final Terms specifies the form of Instruments as being "Temporary Global Instrument exchangeable for Definitive Instruments" then the Instruments will initially be in the form of a Temporary Global Instrument which will be exchangeable, in whole or in part, for Definitive Instruments not earlier



than 40 days after the Issue Date of the relevant Tranche of the Instruments upon certification as to non-U.S. beneficial ownership if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 7 (*Events of Default*) occurs. Interest payments in respect of the Instruments cannot be collected without such certification of non-U.S. beneficial ownership.

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

For the avoidance of doubt, if Instruments are to be issued with a minimum Specified Denomination and in integral multiples of another smaller amount in excess thereof as specified in the relevant Final Terms, the Instruments cannot be represented on issue by a Temporary Global Instrument exchangeable for Definitive Instruments

#### ***Permanent Global Instrument exchangeable for Definitive Instruments***

If the relevant Final Terms specifies the form of Instruments as being "Permanent Global Instrument exchangeable for Definitive Instruments", then the Instruments will initially be in the form of a Permanent Global Instrument which will be exchangeable in whole, but not in part, for Definitive Instruments if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 7 (*Events of Default*) occurs.

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

For the avoidance of doubt, Instruments will only be issued with a minimum Specified Denomination and in integral multiples of another smaller amount in excess thereof if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Instrument".

#### ***Terms and Conditions applicable to the Instruments***

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

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

#### **Legend concerning United States persons**

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

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

## **Registered Instruments**

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

Each Global Registered Instrument which is not intended to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), will, on or around the issue date, be registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Instrument will be deposited on or about the issue date with the common depository and will be exchangeable in accordance with its terms, and each Global Registered Instrument which is intended to be held under the New Safekeeping Structure, as specified in the relevant Final Terms, will, on or around the issue date, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and be deposited with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Certificates in accordance with its terms.

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

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

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies "in the limited circumstances described in the Global Registered Instrument", then if either of the following events occurs:
  - (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or
  - (ii) any of the circumstances described in Condition 7 (*Events of Default*) occurs.

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

### ***Terms and Conditions applicable to the Instruments***

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

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

## TERMS AND CONDITIONS OF THE INSTRUMENTS

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms (or, in the case of a Drawdown Prospectus or a Pricing Supplement, as amended, supplemented and/or replaced by such Drawdown Prospectus or Pricing Supplement), will be endorsed on each Instrument in definitive form issued under the Programme. The terms and conditions applicable to any Instrument in global form will differ from those terms and conditions which would apply to the Instrument were it in definitive form to the extent described under "Summary of Provisions Relating to the Instruments while in Global Form" below.*

The Instruments are issued in accordance with an amended and restated fiscal agency agreement (the "**Fiscal Agency Agreement**", which expression shall include any amendments or supplements thereto) dated 17 February 2015 and made between Pohjola Bank plc (the "**Bank**"), Deutsche Bank AG, London Branch in its capacity as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor to Deutsche Bank AG, London Branch in its capacity as such), Deutsche Bank Trust Company Americas, New York office, in its capacity as principal registrar (the "**Principal Registrar**", which expression shall include any successor to Deutsche Bank Trust Company Americas, New York office, in its capacity as such), Deutsche Bank Luxembourg S.A. as first alternative registrar (the "**First Alternative Registrar**", which expression shall include any successor to Deutsche Bank Luxembourg S.A. in its capacity as such) and certain other financial institutions named therein in their capacities as paying agents (the "**Paying Agents**", which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Fiscal Agency Agreement). Copies of the Fiscal Agency Agreement and the deed of covenant dated 17 February 2015 (the "**Deed of Covenant**") are available for inspection at the specified office of each of the Paying Agents, the Principal Registrar and the First Alternative Registrar. All persons from time to time entitled to the benefit of obligations under any Instruments shall be deemed to have notice of and to be bound by all of the provisions of the Fiscal Agency Agreement insofar as they relate to the relevant Instruments.

The Instruments are issued in a series (each a "**Series**"). Each Series may comprise one or more tranches (each a "**Tranche**") of Instruments. Each Tranche (except in the case of Non-PD Instruments (as defined below)) will be the subject of final terms (each a "**Final Terms**") or a drawdown prospectus (the "**Drawdown Prospectus**"). In the case of a Tranche of Instruments which will not be admitted to listing, trading on a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) in the European Economic Area and/or quotation by any competent authority, stock exchange and/or quotation system or will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Bank and the relevant Dealer ("**Non-PD Instruments**") and, accordingly, for which no base prospectus is required to be produced in accordance with Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State) (the "**Prospectus Directive**"), a pricing supplement (a "**Pricing Supplement**") will be issued describing the final terms of such Tranche of Non-PD Instruments.

In the case of a Tranche of Instruments subject to a Drawdown Prospectus or a Pricing Supplement, each reference in these "*Terms and Conditions of the Instruments*" to a Final Terms shall be read and construed as a reference to a Drawdown Prospectus or a Pricing Supplement (as applicable), unless the context requires otherwise.

A copy of the Final Terms will be available for inspection at the specified office of each of the Fiscal Agent or, as the case may be, the Principal Registrar or the First Alternative Registrar and a copy of which will, in the case of a Tranche in respect of which application has been made for admission to the Official List of the Financial Conduct Authority (the "**FCA**") and for admission to trading on the regulated market of the London Stock Exchange plc (the "**London Stock Exchange**"), be lodged with the FCA and the London Stock Exchange.

### 1. **Form and Denomination**

- 1.01 Instruments are issued in bearer form or in registered form, as specified in the relevant Final Terms.
- 1.02 Interest-bearing Definitive Instruments will, unless otherwise specified in the relevant Final Terms, have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below.

### *Form of Registered Instruments*

- 1.03 Instruments issued in registered form ("**Registered Instruments**") will be in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement. Registered Instruments will not be exchangeable for Bearer Instruments.

### *Denomination of Bearer Instruments*

- 1.04 Bearer Instruments will be in the denomination or denominations specified in the relevant Final Terms (the "**Specified Denominations**"). Bearer Instruments of one denomination will not be exchangeable after their initial delivery for Bearer Instruments of any other denomination.

### *Denomination of Registered Instruments*

- 1.05 Registered Instruments will be in the minimum Specified Denomination specified in the relevant Final Terms or integral multiples thereof provided that any Registered Instruments bearing the Private Placement Legend (as defined in Condition 2.07) will be in the denomination of not less than U.S.\$500,000 (or the U.S. dollar equivalent).

### *Currency of Instruments*

- 1.06 Instruments may be denominated in any currency (including, without limitation, Euro, Japanese Yen, Pounds Sterling and United States Dollars), subject to compliance with all applicable legal or regulatory requirements.

For the purposes of these Terms and Conditions, references to Instruments shall, as the context may require, be deemed to be to Temporary Global Instruments, Permanent Global Instruments, Definitive Instruments or, as the case may be, Registered Instruments.

## **2. Title**

- 2.01 Title to Bearer Instruments passes by delivery. References herein to the "**Holders**" of Bearer Instruments or of Coupons signify the bearers of such Bearer Instruments or such Coupons.
- 2.02 Title to Registered Instruments passes by registration in the register which is kept by the Principal Registrar or the First Alternative Registrar, as specified in the relevant Final Terms. For the purposes of these Terms and Conditions, "**Registrar**" means, in relation to any Series of Registered Instruments, the Principal Registrar or the First Alternative Registrar. References herein to the "**Holders**" of Registered Instruments signify the persons in whose names such Instruments are so registered.
- 2.03 The Holder of any Instrument or Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

### *Transfer of Registered Instruments*

- 2.04 A Registered Instrument may, upon the terms and subject to the terms and conditions set forth in the Fiscal Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum Specified Denomination specified in the relevant Final Terms) upon the surrender of the Registered Instrument to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Instrument will be issued to the transferee and, in the case of a transfer of part only of a Registered Instrument, a new Registered Instrument in respect of the balance not transferred will be issued to the transferor.
- 2.05 Each new Registered Instrument to be issued upon the transfer of Registered Instruments will, upon the effective receipt of such form of transfer by the Registrar at its specified office, be available for delivery at the specified office of the Registrar. For these purposes, a form of transfer received by the Registrar during the period of fifteen days in New York, London or, as the case may be, Luxembourg Banking Days ending on the due date for any payment on the

relevant Registered Instruments shall be deemed not to be effectively received by the Registrar until the day following the due date for such payment.

For the purposes of these Terms and Conditions, (i) "**New York Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in New York City; (ii) "**London Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and (iii) "**Luxembourg Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Luxembourg.

- 2.06 The issue of new Registered Instruments on transfer will be effected without charge by or on behalf of the Bank or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation thereto.
- 2.07 Notwithstanding the foregoing, any Instrument sold by a Dealer to a qualified institutional buyer within the meaning of Rule 144A under the Securities Act of 1933, as amended from time to time (the "**Securities Act**") will be registered in the register which is kept by the Principal Registrar or the First Alternative Registrar, as specified in the relevant Final Terms. Acceptance of any such Registered Instrument will be deemed to have been made on the basis of certain representations and warranties of such qualified institutional buyer or institutional accredited investor referred to below under "**Subscription and Sale**". Upon the transfer, exchange or replacement of Registered Instruments of any Series bearing the private placement legend (the "**Private Placement Legend**") set forth in the form of Registered Instrument scheduled to the Fiscal Agency Agreement, the Registrar shall deliver only Registered Instruments of such Series that also bear such legend unless either (i) such transfer, exchange or replacement occurs two or more years after the later of (1) the original Issue Date of Instruments of such Series or (2) the last date on which the Bank or any affiliates (as defined below) of the Bank as notified to the Registrar by the Bank as provided in the following sentence, was the beneficial owner of such Instrument (or any predecessor of such Instrument) or (ii) there is delivered to the Registrar an opinion reasonably satisfactory to the Bank of United States counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws. The Bank covenants and agrees that it will not acquire any beneficial interest, and will cause its "**affiliates**" (as defined in paragraph (a)(1) of Rule 144 under the Securities Act) not to acquire any beneficial interest, in any Registered Instrument bearing the Private Placement Legend unless it notifies the Registrar of such acquisition. The Registrar and all Holders of Instruments shall be entitled to rely without further investigation on any such notification (or lack thereof).
- 2.08 For so long as any of the Registered Instruments bearing the Private Placement Legend remain outstanding and are "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act, the Bank covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Holder of such Instruments in connection with any sale thereof and any prospective purchaser of such Instruments from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

### 3. **Status**

#### 3A. Status - Unsubordinated Instruments

- 3A.01 This Condition 3A is applicable in relation to Instruments specified in the relevant Final Terms as being unsubordinated or not specified as being subordinated.
- 3A.02 The Instruments of each Series constitute unsubordinated and unsecured obligations of the Bank and rank *pari passu* without any preference among themselves and at least *pari passu* with all other present or future unsecured and unsubordinated indebtedness of the Bank, subject to statutorily preferred exceptions.

3B. Status - Tier 2 Instruments

- 3B.01 This Condition 3B is applicable in relation to Instruments specified in the relevant Final Terms as being "**Tier 2 Instruments**". For regulatory capital purposes, Tier 2 Instruments shall constitute Tier 2 capital as defined in the Applicable Banking Regulations ("**Tier 2 Capital**").

For the purposes of the foregoing:

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Finland including, without limitation to the generality of the foregoing, the CRD IV Implementing Measures, those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the FFSA, from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Bank or to the Bank and its subsidiaries).

- 3B.02 The Tier 2 Instruments constitute direct and unsecured obligations of the Bank ranking *pari passu* without any preference among themselves. In the event of the winding up, insolvency or bankruptcy of the Bank, the claims of the Holders of Tier 2 Instruments against the Bank in respect of such Instruments (including any damages or other payments awarded for breach of any obligations (if payable)) shall (i) be subordinated to the claims of all Senior Creditors; (ii) rank at least *pari passu* with the claims of holders of all other subordinated obligations of the Bank and any other securities of the Bank which in each case by law rank, or by their terms are expressed to rank, *pari passu* with the Tier 2 Instruments; and (iii) rank senior to the Bank's ordinary shares, preference shares and any other junior subordinated obligations or other securities of the Bank which by law rank, or by their terms are expressed to rank, junior to the Tier 2 Instruments.

The rights of Holders of Tier 2 Instruments shall be subject to any present or future Finnish laws or regulations relating to the recovery and resolution of credit institutions and investment firms in Finland which are or will be applicable to the Tier 2 Instruments only as a result of the operation of such laws or regulations.

Tier 2 Instruments will constitute Debentures (*debentuuri*) for the purposes of the Finnish Promissory Notes Act (*Velkakirjalaki*) (622/1947), as amended relating to provisions covering loans based on mass instruments of debt by the law 746/1993.

No holder of any Tier 2 Instrument to which this Condition 3B applies or related Coupon shall be entitled to exercise any right of set-off or counterclaim against moneys owned by the Bank in respect of such Instrument or Coupon.

For the purposes of the foregoing, "**Senior Creditors**" means creditors of the Bank (i) who are depositors and/or other unsubordinated creditors of the Bank; or (ii) who are subordinated creditors of the Bank (whether as aforesaid or otherwise) other than those whose claims by law rank, or by their terms are expressed to rank, *pari passu* with or junior to the claims of the Holders of Tier 2 Instruments.

4. **[Intentionally left blank]**

5. **Interest**

Instruments may be interest-bearing or non-interest-bearing or a combination of the two, as specified in the relevant Final Terms. The Final Terms in relation to each Series of interest-bearing Instruments shall specify which of Conditions 5A, 5B, 5C or 5D shall be applicable provided that Condition 5E will be applicable as specified therein, save to the extent inconsistent with the relevant Final Terms.

5A. Interest - Fixed Rate

Instruments in relation to which this Condition 5A is specified in the relevant Final Terms as being applicable shall bear interest from their date of issue (the "**Issue Date**") (as specified in the relevant Final Terms) or from such other date as may be specified in the relevant Final Terms at the rate or rates per annum specified in the relevant Final Terms. Such interest will be payable in arrear on such dates as are specified in the relevant Final Terms and on the date of final maturity

thereof. Such interest will be calculated on such basis as may be specified in the relevant Final Terms.

If interest is required to be calculated for a period other than a full year, such interest shall be calculated:

- (i) if "**Actual/Actual (ICMA)**" is so specified in the applicable Final Terms, means:
  - (a) where the calculation of an amount for any period of time (the "**Calculation Amount**") is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; or
- (ii) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30".

For the purposes of the foregoing:

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

- (b) in the case of Instruments where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Instruments where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

5B. Interest - Floating Rate

5B.01 This Condition 5B is applicable to Instruments specified in the relevant Final Terms as being Floating Rate Instruments. Floating Rate Instruments shall bear interest at the rate per annum determined in accordance with this Condition 5B (the "**Rate of Interest**").

5B.02 Floating Rate Instruments shall bear interest from their date of issue (as specified in the relevant Final Terms) or from such other date as may be specified in the relevant Final Terms (the "**Interest Commencement Date**"). Such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the relevant Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the relevant 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 period specified as the Specified Period in the relevant Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date; or
- (iii) on the date of final maturity of the relevant Instruments (or otherwise as provided in the relevant Final Terms).

The period beginning on (and including) the Interest Commencement Date (or such other date specified in the Final Terms) and ending on (but excluding) the first Interest Payment Date (or such other Interest Payment Date specified in the Final Terms) and each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

5B.03 Unless otherwise specified in the relevant Final Terms, if any Interest Payment Date would otherwise fall on a date which is not a Business Day (as defined in Condition 10), then, if the Business Day Convention specified is:

- (i) the "**Floating Rate Convention**", such Interest Payment Date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred Provided that:
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; or



- (ii) the "**Following Business Day Convention**", such Interest Payment Date shall be postponed to the next date which is a Business Day; or
- (iii) 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 day which is a Business Day; or
- (iv) the "**Preceding Business Day Convention**", such Interest Payment Date shall be brought forward to the immediately preceding day which is a Business Day.

5B.04 The Final Terms shall specify which page (the "**Relevant Screen Page**") on Reuters or any other information vending service shall be applicable.

5B.05 Where "**Screen Rate Determination**" is specified in the relevant Final Terms as the manner in which the Rate of Interest is/are to be determined, the Rate of Interest applicable to such Instruments for each Interest Period shall be determined by the Fiscal Agent on the following basis:

- (i) the Fiscal Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) if no such rate for deposits so appears (or, as the case may require, if fewer than two such rates for deposits so appear), the Fiscal Agent will request the principal Relevant Financial Centre office of four major banks selected by the Fiscal Agent in the market most closely connected with the Reference Rate (the "**Reference Banks**") to provide a quotation of the Reference Rate at approximately 11.00 a.m. (local time in the Principal Financial Centre of the relevant currency) on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time, and will determine the arithmetic mean of such quotations;
- (iii) if fewer than two rates are so quoted, the Fiscal Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Fiscal Agent) quoted by major banks in the Principal Financial Centre of the relevant currency selected by the Fiscal Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the relevant currency) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;

and the Rate of Interest applicable to such Instruments during each Interest Period will be the sum of the relevant margin (the "**Relevant Margin**") specified in the relevant Final Terms and the rate (or, as the case may be, the arithmetic mean) so determined provided that, if the Fiscal Agent is unable to determine a rate (or, as the case may be, an arithmetic mean) in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to such Instruments during such Interest Period will be the sum of the Relevant Margin and the rate (or, as the case may be, the arithmetic mean) last determined in relation to such Instruments in respect of a preceding Interest Period or will be determined in such other manner as may be specified in the relevant Final Terms; and

For the purposes of the foregoing:

- (i) "**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency **provided, however that:**
  - (A) in relation to Euro, it means the principal financial centre of such Member State of the European Union as is selected by the Fiscal Agent; and

- (B) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected by the Fiscal Agent; and
- (ii) "**Principal Financial Centre Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the Principal Financial Centre of the specified currency.

5B.06 Where linear interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Fiscal Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period. In this Condition 5B.06 (v), "**Designated Maturity**" has the meaning given to it in the Final Terms.

5B.07 The Fiscal Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of each instrument for the relevant Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount (as defined in the relevant Final Terms), multiplying the product by the Day Count Fraction specified in the relevant Final Terms and rounding the resulting figure to the nearest sub-unit of the currency in which such Instruments are denominated or, as the case may be, in which such interest is payable (one half of any such sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Instrument divided by the Calculation Amount.

For the purposes of the foregoing:

- (i) "**Day Count Fraction**" means, in respect of the Calculation Period, such day count fraction as may be specified in the Final Terms and:
- (a) if "**Actual/365**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (b) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (c) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (d) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (e) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

(f) if "**Actual/Actual (ICMA)**" is so specified in the applicable Final Terms, means:

(a) where the calculation of an amount for any period of time (the "**Calculation Amount**") is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

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

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

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year.

(ii) "**Regular Period**" means:

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

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

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

than the Interest Payment Date falling at the end of the irregular Interest Period.

5C Interest - Swap-Related (ISDA)

5C.01 Instruments in relation to which this Condition 5C is specified in the relevant Final Terms as being applicable shall bear interest at the rate or rates per annum determined in accordance with this Condition 5C.

5C.02 Each such Instrument shall bear interest from its date of issue (as specified in the relevant Final Terms). Such interest will be payable on such dates and in such amounts as would have been payable (regardless of any event of default or termination event thereunder) by the Bank had it entered into a swap transaction (to which an Interest Rate and Currency Exchange Agreement or a Master Agreement and the 2006 ISDA Definitions (as amended and updated from time to time), as published by the International Swaps and Derivatives Association, Inc., applied) with the Holder of such Instruments under which:

- the Bank was the Fixed Rate Payer or, as the case may be, the Floating Rate Payer;
- the Fiscal Agent (or such other person as may be specified in the relevant Final Terms) was the Calculation Agent;
- such date of issue was the Effective Date;
- the principal amount of such Instrument was the Calculation Amount; and
- all other terms were as specified in the relevant Final Terms.

5C.03 Where linear interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Fiscal Agent by straight line linear interpolation by reference to two rates based on the relevant Floating Rate Option, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period. In this Condition 5C.03, "**Designated Maturity**" has the meaning given to it in the Final Terms.

5D. Interest - Zero Coupon Instrument Provisions

5D.01 *Application*

This Condition 5D shall be applicable to the Instruments only if the Zero Coupon Instrument Provisions are specified in the relevant Final Terms as being applicable.

5D.02 *Late payment on Zero Coupon Instruments*

If the Redemption Amount payable in respect of any Zero Coupon Instrument is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

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

5E. Interest – Supplemental Provision

5E.01 Notification of Rates of Interest, Interest Amounts and Interest Payment Dates

The Fiscal Agent will cause each Rate of Interest, floating rate, Interest Payment Date, final day of a calculation period, Interest Amount or floating amount, as the case may be, determined by it to be notified to the Bank, the other Paying Agents and, in the case of Registered Instruments, the Registrar (from whose respective specified offices such information will be available) as soon as practicable after such determination but in any event not later than the fourth London Banking Day thereafter and, in the case of Instruments admitted to the Official List of the FCA and admitted to trading on the London Stock Exchange, cause each such Rate of Interest, floating rate, Interest Amount or floating amount, as the case may be, to be notified to the FCA and the London Stock Exchange. The Fiscal Agent will be entitled to amend any Interest Amount, floating amount, Interest Payment Date or last day of a calculation period (or to make appropriate alternative arrangements by way of adjustment) in the event of the extension or abbreviation of the relevant Interest Period or calculation period.

5E.02 The determination by the Fiscal Agent or such other agent as is specified in the relevant Final Terms of all rates of interest and amounts of interest for the purposes of this Condition 5 shall, in the absence of manifest error, be final and binding on all parties.

## 6. **Redemption and Purchase**

### *Redemption at Maturity*

6.01 Unless previously redeemed, or purchased and cancelled or unless such Instrument is stated in the relevant Final Terms as having no fixed maturity date, Instruments shall be redeemed at their principal amount (or at such other redemption amount as may be specified in the relevant Final Terms) on the date or dates specified in the relevant Final Terms.

### *Early Redemption for Taxation Reasons*

6.02 Subject to Condition 6.01, if, in relation to any Series of Instruments, (i) the Bank has or will become obliged to pay additional amounts as referred to in Condition 8 as a result of any change in or amendment to the laws or regulations of the Republic of Finland or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issue of such Instruments or any earlier date specified in the relevant Final Terms, on the occasion of the next payment due in respect of such Instruments and (ii) such obligation cannot be avoided by the Bank taking reasonable measures available to it, then the Bank may, on the expiry of the appropriate notice, (being in the case of Instruments which bear interest at a floating rate, a day upon which interest is payable) redeem all (but not some only) of the outstanding Instruments comprising the relevant Series at their principal amount (or at such other early redemption amount as maybe specified in the relevant Final Terms), together with accrued interest (if any) thereon. Provided that (A), save in case of Instruments which bear interest at a floating rate, no such notice may be given earlier than 90 days prior to the earliest date on which the Bank would be obliged to pay such additional amounts were a payment in respect of the relevant Instruments then due and (B) prior to the publication of any notice of redemption for taxation reasons, the Bank shall deliver to the Fiscal Agent or, in the case of Registered Instruments, the Registrar a certificate signed by two duly authorised officers of the Bank stating that the Bank is entitled to effect such redemption for taxation reasons and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred and an opinion of independent legal advisers of recognised standing to the effect that the Bank has or will become obliged to pay such additional amounts as a result of such change or amendment.

### *Optional Early Redemption (Call)*

6.03 Subject to Condition 6.01, if this Condition 6.03 is specified in the relevant Final Terms as being applicable, then the Bank may, upon the expiry of the appropriate notice and subject to such terms and conditions as may be specified in the relevant Final Terms, redeem in whole (but not, unless and to the extent that the relevant Final Terms specifies otherwise, in part only), of the Instruments of the relevant Series at either their principal amount or at 101 per cent. of their principal amount, together with accrued interest (if any) thereon.

6.04 The appropriate notice referred to in Condition 6.02 and 6.03 is a notice given by the Bank to the Fiscal Agent, the Registrar (in the case of Registered Instruments) and the Holders of the

Instruments of the relevant Series, which notice shall be signed by two duly authorised officers of the Bank and shall specify:

- the Series of Instruments subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Instruments of the relevant Series which are to be redeemed; and
- the due date for such redemption, which shall be not less than thirty days (or such lesser period as may be specified in the relevant Final Terms) after the date on which such notice is validly given.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Bank to make the redemption therein specified.

#### *Partial Redemption*

6.05 If the Instruments of a Series are to be redeemed in part only on any date in accordance with Condition 6.03:

- in the case of Bearer Instruments, the Instruments to be redeemed shall be drawn by lot in such European city as the Fiscal Agent may specify, or identified in such other manner or in such other place as the Fiscal Agent may approve and deem appropriate and fair, subject always to compliance with all applicable laws and the requirements of any stock exchange on which the relevant Instruments may be listed; and
- in the case of Registered Instruments, the Instruments shall be redeemed pro rata to their principal amounts, subject always as aforesaid.

#### *Optional Early Redemption (Put)*

6.06 If this Condition 6.06 is specified in the relevant Final Terms as being applicable, then the Bank shall, upon the exercise of the relevant option by the Holder of any Instrument of the relevant Series (other than in the case of a holder of a Tier 2 Instrument), redeem such Instrument on the date or the next of the dates specified in the relevant Final Terms at either its principal amount or at 101 per cent. of its principal amount, together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty-five days before the date so specified (or such other period as may be specified in the relevant Final Terms), deposit the relevant Instrument (together, in the case of an interest-bearing Definitive Instrument, with any unmatured Coupons appertaining thereto) with, in the case of a Bearer Instrument, any Paying Agent or, in the case of a Registered Instrument, the Registrar together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar.

#### *Early redemption of Zero Coupon Instruments*

6.07 Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Instrument at any time before the Maturity Date shall be an amount equal to the sum of:

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

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 6.07 or, if none is so specified, a Day Count Fraction of 30E/360.

### *Early Redemption Following a Capital Event*

6.08 Subject to Condition 6.09, if this Condition 6.08 is specified in the applicable Final Terms as being applicable to an issue of Tier 2 Instruments, then if a Capital Event occurs the Bank may, subject to the prior approval of the ECB (if then required), at its option, elect to redeem the Tier 2 Instruments in whole (but not in part) at either their principal amount or at 101 per cent. of their principal amount (as shall be specified in the relevant Final Terms), together with accrued but unpaid interest (if any) thereon, by giving appropriate notice to the Holders in accordance with Condition 15.

The appropriate notice referred to in this Condition 6.08 is a notice given by the Bank to the Fiscal Agent and the Holders of the Instruments, which notice shall be signed by two duly authorised officers of the Bank and shall specify:

- (a) that a Capital Event has occurred and is continuing;
- (b) that the Bank has obtained the prior written consent of the ECB, provided that at the relevant time such consent is required to be given; and
- (c) the due date for such redemption, which shall be not less than 30 nor more than 60 days after the date on which such notice is validly given.

Any such notice shall be irrevocable and the delivery thereof shall oblige the Bank to make the redemption therein specified.

In this Condition:

**"Capital Event"** means the determination by the Bank, after consultation with the ECB, that as a result of a change in Finnish law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date (including as a result of the implementation or applicability in Finland of CRD IV on or after the Issue Date) which change was not reasonably foreseeable by the Bank as at Issue Date, the aggregate outstanding nominal amount of the Tier 2 Instruments is fully excluded from inclusion in the Tier 2 Capital (as defined in Condition 3B.01) of the Bank (other than as a result of any applicable limitation on the amount of such capital as applicable to the Bank);

**"CRD IV"** means, taken together, the (i) CRD IV Directive, (ii) CRD IV Regulation and (iii) any CRD IV Implementing Measures;

**"CRD IV Directive"** means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of June 26, 2013, as the same may be amended or replaced from time to time;

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

**"CRD IV Regulation"** means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of June 26, 2013, as the same may be amended or replaced from time to time; and

**"ECB"** means the European Central Bank or any successor or substituting authority thereto.

### *Restrictions on early redemption of Tier 2 Instruments*

6.09 Notwithstanding any other provision in this Condition 6 (*Redemption and Purchase*), the Bank may redeem the Tier 2 Instruments (and give notice thereof to the Holders) only if it has obtained

the prior approval of the ECB (if such approval is then required under the Applicable Banking Regulations).

#### *Purchase of Instruments*

- 6.10 The Bank may at any time purchase Instruments in the open market or otherwise and at any price provided that, in the case of interest-bearing Definitive Instruments, any unmatured Coupons appertaining thereto are purchased therewith and provided that in the case of Tier 2 Instruments, any such purchases will be made in accordance with the Applicable Banking Regulations and subject to the prior approval of the ECB, to the extent such approval is then required under the Applicable Banking Regulations.

#### *Cancellation of Redeemed and Purchased Instruments*

- 6.11 All unmatured Instruments redeemed or purchased in accordance with this Condition and, in the case of interest-bearing Definitive Instruments, all unmatured Coupons attached thereto or surrendered or purchased therewith may be held, resold or cancelled. References in this Condition to the purchase of Instruments by the Bank shall not include the purchase of Instruments in the ordinary course of business of dealing in securities or the purchase of Instruments otherwise than as beneficial owner.

### **7. Events of Default**

#### **7A. Events of Default - Unsubordinated Instruments**

- 7A.01 This Condition 7A is applicable in relation to Instruments specified in the relevant Final Terms as being unsubordinated or not specified as being subordinated.

- 7A.02 Unless otherwise specified in the relevant Final Terms, the following events or circumstances (each an "**Event of Default**") shall be events of default in relation to the Instruments of any relevant Series, namely:

- (a) **Non-Payment of Principal:** there is default in the payment of any principal or other redemption amount due in respect of the Instruments for more than ten Business Days; or
- (b) **Non-Payment of Interest:** there is default in the payment of interest in respect of the Instruments for more than ten Business Days; or
- (c) **Non-Performance of Obligations:** the Bank defaults in the performance of any of its other obligations set out in the Instruments and such default is not remedied within 45 days after written notice requiring the same to be remedied shall have been given to the Bank by any Holder; or
- (d) **Insolvency:** (i) a decree or order is made or issued by a court of competent jurisdiction adjudging the Bank or any Material Subsidiary to be bankrupt or insolvent, (ii) a final decree or order is made or issued by the relevant authority for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Bank or any Material Subsidiary or of all or any material part of the property of any of them, (iii) the Bank or any Material Subsidiary institutes proceedings seeking adjudication of bankruptcy or seeking with respect to itself a decree of commencement of composition under applicable Finnish law or the applicable law of any other jurisdiction, or consents to the institution of any such proceedings, or consents to, or acquiesces in, the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency in respect of the Bank or Material Subsidiary (as the case may be), or makes a general assignment for the benefit of its creditors or (iv) the Bank or any Material Subsidiary stops payment of its debts (within the meaning of the Bankruptcy Law of the Republic of Finland (*Konkurssilaki*, 20.2.2004/120, as amended), or the Act on the Temporary Interruption of the Operations of a Deposit Bank (*Laki talletuspankin toiminnan väliaikaisesta keskeyttämisestä*, 28.12.2001/1509), as amended) and (in the case of (i) and (ii) only) such decree or order is not discharged within 30 days; or



- (e) **Winding up:** an order is made or an effective resolution is passed for the winding-up or liquidation of the Bank or any Material Subsidiary (in each case otherwise than in connection with a Permitted Reorganisation); or
- (f) **Asset Disposal:** the Bank or any Material Subsidiary ceases or through an official action of its Board of Directors threatens to cease, to carry on the whole or substantially the whole of its business (in each case otherwise than in connection with a Permitted Reorganisation or, in the case of a Material Subsidiary only, where such disposal would not be materially prejudicial to the interests of Holders).

For the purposes of these Terms and Conditions:

"**Amalgamations Act**" means the Act on Amalgamations of Deposit Banks (*Laki talletuspankkien yhteenliittymästä 24.6.2010/599*), as amended.

"**Material Subsidiary**" means at any time a Subsidiary the gross assets of which (or, where the interest in the share capital of such Subsidiary is less than 100 per cent., a proportion thereof equal to the proportion of the share capital owned, directly or indirectly, by the Bank) represent more than 20 per cent. of the consolidated gross assets of the Bank and its Subsidiaries (taken as a whole).

"**OP Financial Group**" means (a) OP Financial Group Central Cooperative, (b) the member cooperative banks of the financial consortium of OP Cooperative (the "**Cooperative Banks**"), (c) Pohjola Bank plc, (d) the subsidiaries of the OP Cooperative (whether existing as at the Issue Date or incorporated thereafter), and (e) the member credit institutions referred to in Chapter 1 Section 2 of the Amalgamations Act, other than the Cooperative Banks, as existing from time to time (including but not limited to, Helsinki OP Bank plc, OP Card Company Plc, OP Mortgage Bank and OP Process Services Ltd).

"**Permitted Reorganisation**" means any one or more of the following:

- (i) (in the case of a Material Subsidiary) where the whole or substantially the whole of the business and assets of such Material Subsidiary is vested in another Subsidiary or Subsidiaries of the Bank or in the Bank itself;
- (ii) (in the case of a Material Subsidiary) the sale of any Material Subsidiary and/or the business and assets of such Material Subsidiary on arm's length terms;
- (iii) (in the case of the Bank) a reorganisation, reconstruction, amalgamation, merger or consolidation whilst solvent approved by the relevant authority or authorities, as the case may be, where (x) the continuing corporation or the corporation formed as a result of such reorganisation, reconstruction, amalgamation, merger or consolidation effectively assumes the entire obligations of the Bank under the Instruments and any Coupons appertaining thereto, (y) the whole or substantially the whole of the business and assets of the Bank are vested in that corporation and (z) such corporation shall be a legal entity which is formed under Finnish law (or shall indemnify and hold harmless the Holder of each Instrument and any Coupons appertaining thereto against any and all taxes, charges, duties, liabilities, costs and expenses of whatever nature incurred by or levied against the Holder of such Instrument or Coupon by reason of such assumption of obligations) and the obligations of which fall within the joint liability scheme referred to in (iv) below;
- (iv) (where (iii) above does not apply) any sale or other transfer (whether by demerger, in whole or in part, or otherwise) of all or part of the business or assets of the Bank or any Material Subsidiary to any member of the OP Financial Group, provided that the provisions of the Amalgamations Act with respect to the joint liability of the members of the OP Financial Group in effect immediately prior to the sale or transfer (as the case may be), insofar as they apply to the obligations of the Bank under the Instruments, remain in force immediately following such sale or transfer. For the purposes of these Conditions, any such member of the OP Financial Group shall be entitled to assume the entire obligations of the Bank under the Instruments and any Coupons appertaining thereto; and

- (v) any other reorganisation, reconstruction, amalgamation, merger or consolidation on terms previously approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement).

"**Subsidiary**" means any company or other entity whose accounts are for the time being, or, in the case of a company or other entity acquired after the date of the Bank's most recent accounts, will be consolidated with those of the Bank for the purposes of the consolidated accounts of the Bank issued to shareholders of the Bank.

- 7A.03 If any Event of Default shall occur in relation to any Series of Instruments, any Holder of any Instrument of the relevant Series may by written notice to the Bank declare such Instrument and (if the Instrument is interest bearing) all interest then accrued on such Instrument to be forthwith due and payable, whereupon the same shall become immediately due and payable at its principal amount (or, at such other amount as may be specified in the relevant Final Terms) unless prior to the time when the Bank receives such notice the situation giving rise to the notice has been cured, provided, however, that in the event specified in (c) any notice declaring the Instruments due shall become effective only when the Bank has received such notices from the Holders of at least one-fifth in principal amount of the relevant Instruments then outstanding.

#### 7B. **Events of Default - Tier 2 Instruments**

- 7B.01 This Condition 7B is applicable in relation to Instruments specified in the relevant Final Terms as being Tier 2 Instruments.

- 7B.02 Unless otherwise specified in the relevant Final Terms, the following events or circumstances (each an "**Event of Default**") shall be events of default in relation to the Instruments of any relevant Series, namely:

- (a) **Non-Payment of Principal:** there is a default in the payment of any principal or other redemption amount due in respect of the Instruments for more than ten business days; or
- (b) **Non-Payment of Interest:** there is default in the payment of interest in respect of the Instruments as and when the same becomes due and payable for more than ten business days; or
- (c) **Winding-Up:** an order is made or an effective resolution is passed for the winding-up or liquidation (otherwise than in connection with a Permitted Reorganisation) or bankruptcy of the Bank in the Republic of Finland.

- 7B.03 If any Event of Default shall occur in relation to any Series of Instruments:

- (i) in the case of an Event of Default described at (a) or (b) in Condition 7B.02 any Holder of any Instrument of the relevant Series may, subject as provided below, at its discretion institute proceedings in the Republic of Finland for the winding-up or bankruptcy of the Bank and prove or claim in the bankruptcy or liquidation of the Bank but subject to such Holder only being able to claim payment in respect of the Tier 2 Instruments in the winding up or liquidation, as the case may be, of the Bank and provided further that all payments in respect of the Instruments pursuant to this Condition 7B.03(i) are subject to the prior authorisation of the ECB (if then required); or
- (ii) in the case of an Event of Default described at (c) in Condition 7B.02, any Holder of any Instrument of the relevant Series may, subject as provided below, at its discretion give written notice to the Bank that such Instrument is, and it shall accordingly thereby immediately become, due and repayable at its principal amount (or such other redemption amount as may be specified in the relevant Final Terms) together with accrued interest (if any) thereon but subject to such Holder only being able to claim payment in respect of the Tier 2 Instruments in the winding up or liquidation, as the case may be, of the Bank.

The Holder of any Tier 2 Instrument may at its discretion institute such proceedings against the Bank as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Bank under the Tier 2 Instruments (other than, without prejudice to paragraphs (i) and (ii) above, any obligation for the payment of any principal or interest in respect of the Tier 2

Instruments) provided that the Bank shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, except with the prior approval of the ECB.

7B.04 Any notice declaring the Instruments due under this Condition 7B shall become effective only when the Bank has received such written notices from the Holders of at least one-fifth in principal amount of the relevant Instruments then outstanding.

## 8. **Taxation**

8.01 All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Instruments will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Bank will pay such additional amounts as may be necessary in order that the net amounts receivable by any Holder after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of payment of any Bearer Instrument or Coupon:

- (i) presented for payment by, or by a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bearer Instrument or Coupon by reason of his having some connection with the Republic of Finland other than the mere holding of such Bearer Instrument or Coupon; or
- (ii) presented for payment more than thirty days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such thirtieth day; or
- (iii) presented for payment by or on behalf of a Holder who would not be liable or subject to such withholding or deduction if he were to make a declaration of non-residence or other claim for exemption but fails to do so; or
- (iv) presented for payment in the Republic of Finland; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Bearer Instrument or Coupon to another Paying Agent in a Member State of the EU;

and except that no such additional amounts shall be payable in respect of payment in respect of any Registered Instrument the Holder of which is liable to such taxes or duties assessments or governmental charges in respect of Registered Instruments by reason of his having some connection with the Republic of Finland other than the mere holding of such Registered Instrument or by or on behalf of a Holder who would not be liable or subject to such withholding or deduction if he were to make a declaration of non-residence or other claim for exemption but fails to do so.

8.02 For the purposes of this Condition 8, the "**Relevant Date**" means the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Fiscal Agent or, as the case may be, the Registrar on or prior to such due date, it means the first date on which the full amount of such moneys has been so received and notice to that effect shall have been duly given to the Holders of the Instruments of the relevant Series in accordance with Condition 15.

8.03 Any reference in these Terms and Conditions to principal, redemption amount and/or interest in respect of the Instruments shall be deemed also to refer to any additional amounts which may be

payable under this Condition 8 or any undertaking given in addition thereto or in substitution therefor.

9. **Substitution or Variation of a Tier 2 Instrument following a Capital Event**

If this Condition 9 is specified in the relevant Final Terms as being applicable to an issue of Tier 2 Instruments, then if a Capital Event has occurred and is continuing, the Bank may, upon the expiry of the appropriate notice and subject to the other provisions of this Condition 9 (without any requirement for the consent or approval of the Holders of the Instruments) either substitute all (but not some only) of the Instruments for, or vary the terms of the Instruments so that they remain or, as appropriate, become, Compliant Instruments. Any substitution or variation in accordance with this Condition 9 is subject to the Bank obtaining prior written consent of the ECB (if then required) and complying with the rules of any competent authority, stock exchange and/or quotation system by or on which the Instruments are, for the time being, listed, traded and/or quoted.

The appropriate notice referred to in this Condition 9 is a notice given by the Bank to the Fiscal Agent and the Holders of the Instruments, which notice shall be irrevocable, shall be signed by two duly authorised officers of the Bank and shall specify:

- (a) that a Capital Event has occurred and is continuing;
- (b) that the Bank has obtained the prior written consent of the ECB, provided that at the relevant time such consent is required to be given;
- (c) that, in the opinion of the Bank, the substituted or varied Instruments will have terms not materially less favourable to an investor than the terms of the Instruments; and
- (d) the due date for such substitution or variation, which shall be not less than 30 nor more than 60 days after the date on which such notice is validly given.

In this Condition 9:

"**Compliant Instruments**" means Instruments issued directly or indirectly by the Bank that:

- (a) have terms which are not materially less favourable to an investor than the terms of the Instruments, as reasonably determined by the Bank, *provided that* such Instruments:
  - (i) contain terms which comply with the then current requirements in relation to Tier 2 Capital;
  - (ii) include terms which provide for the same Rate of Interest, Interest Payment Dates from time to time, Maturity Date and redemption rights applying to the Instruments;
  - (iii) rank *pari passu* with the Instruments; and
  - (iv) shall preserve any existing rights under the Conditions to any accrued interest which has not been satisfied;
- (b) where the Instruments have been listed, are listed on the regulated market of the London Stock Exchange or such other internationally recognised stock exchange as selected by the Bank; and
- (c) where the Instruments which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Instruments;

"**Rating Agency**" means Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Ltd or Fitch Ratings Limited, their respective successors or any other internationally recognised rating agency rating the Instruments immediately prior to their substitution or variation; and

"Tier 2 Capital" has the meaning set out in Condition 3B.01.

10. **Payments**

10A. Payments - Bearer Instruments

10A.01 This Condition 10A is applicable in relation to Instruments specified in the relevant Final Terms as being in bearer form.

10A.02 Payment of amounts (including accrued interest) due on the redemption of Bearer Instruments will be made against presentation and, save in the case of a partial redemption by reason of insufficiency of funds, surrender of the relevant Bearer Instruments at the specified office of any of the Paying Agents outside the United States.

10A.03 Payment of amounts due in respect of interest (and any other amounts due other than at final redemption) on Bearer Instruments will be made:

- (i) in the case of a Temporary Global Instrument or Permanent Global Instrument, against presentation of the relevant Temporary Global Instrument or Permanent Global Instrument at the specified office of any of the Paying Agents outside the United States and, in the case of a Temporary Global Instrument, upon due certification as required therein;
- (ii) in the case of Definitive Instruments without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Instruments at the specified office of any of the Paying Agents outside the United States; and
- (iii) in the case of Definitive Instruments delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons at the specified office of any of the Paying Agents outside the United States.

10A.04 If the due date for payment of any amount due (whether in respect of principal, interest or otherwise) in respect of any Bearer Instruments is not a Business Day, then the Holder thereof will not be entitled to payment thereof until the next following Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms and Conditions.

10A.05 Each Definitive Instrument initially delivered with Coupons attached thereto should be surrendered for final redemption together with all unmatured Coupons appertaining thereto, failing which:

- (i) in the case of Definitive Instruments which bear interest at a fixed rate or rates, the amount of any missing unmatured Coupons will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time prior to the tenth anniversary of the due date of such final redemption or, if later, the fifth anniversary of the date of maturity of such Coupon; and
- (ii) in the case of Definitive Instruments which bear interest at, or at a margin above or below, a floating rate, all unmatured Coupons relating to such Definitive Instruments (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

10B. Payments - Registered Instruments

10B.01 This Condition 10B is applicable in relation to Instruments specified in the relevant Final Terms as being in registered form.

10B.02 Payment of amounts (including accrued interest) due on the final redemption of Registered Instruments will be made against presentation and, save in the case of a partial redemption by reason of insufficiency of funds, surrender of the relevant Registered Instruments at the specified office of the Registrar. If the due date for payment of the final redemption amount of Registered Instruments is not a Business Day, the Holder thereof will not be entitled to payment thereof until

the next following Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms and Conditions.

10B.03 Payment of amounts (whether principal, interest or otherwise) due (other than in respect of the final redemption of Registered Instruments) in respect of Registered Instruments will be paid to the Holders thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at opening of business in London or, as the case may be, New York or Luxembourg time) on the fifteenth London or, as the case may be, New York or Luxembourg Banking Day before the due date for such payment (the "**Record Date**").

10B.04 Notwithstanding the provisions of Condition 10C.02, payments of principal, interest or otherwise due other than in respect of a final redemption of Registered Instruments will be made by a cheque which is drawn on a bank in the Relevant Financial Centre and which is posted to the address (as recorded in the register held by the Registrar) of the Holder thereof (or, in the case of joint-Holders, the first-named) on the Business Day immediately preceding the relevant date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account.

#### 10C. Payments - General Provisions

10C.01 Save as otherwise specified herein, this Condition 10C is applicable in relation to Instruments whether in bearer or in registered form.

10C.02 Payments of amounts due (whether in respect of principal, interest or otherwise) in respect of Instruments will be made by cheque drawn on, or by transfer to, an account maintained by the payee with, a bank in the Relevant Financial Centre. Payments will be subject in all cases to (i) any applicable fiscal or other laws and regulations, without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of that Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

10C.03 For the purposes of these Terms and Conditions:

- (i) "**Business Day**" means (unless varied or restated in the relevant Final Terms):
  - in relation to Instruments denominated or payable in Euro, a day on which TARGET2 is operating;
  - in relation to Instruments denominated in any other currency, a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the Relevant Financial Centre; and
  - in relation to payments due upon presentation and/or surrender of any Instruments or Coupon, a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the relevant place of presentation and/or surrender;
- (iii) "**CIBOR**" means, in respect of Danish Kroner and for any specified period, the interest rate benchmark known as the Copenhagen interbank offered rate;
- (iv) "**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate;
- (v) "**Euro zone**" means the zone comprising the Member States of the European Union which adopt or have adopted the Euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended;
- (vi) "**HIBOR**" means, in respect of Hong Kong Dollars and for any specified period, the interest rate benchmark known as the Hong Kong inter-bank offered;

- (vii) "**Interest Determination Date**" means the date specified as such in the relevant Final Terms, or if none is so specified: (a) in the case of CIBOR, the second Principal Financial Centre Banking Day prior to the first day of the relevant Interest Period; (b) in the case of EURIBOR, the second TARGET2 Settlement Day before the first day of the relevant Interest Period; (c) in the case of HIBOR, the first Principal Financial Centre Banking Day of the relevant Interest Period; (d) in the case of JIBAR, the first Principal Financial Centre Banking Day of the relevant Interest Period; (e) in the case of KLIBOR, the first Principal Financial Centre Banking Day of the relevant Interest Period; (f) in the case of LIBOR, the second London Banking Day before the first day of the relevant Interest Period, or in the case of Instruments denominated in Pounds Sterling, the first London Banking Day of the relevant Interest Period or in the case of euro-LIBOR, the second TARGET2 Settlement Day before the first day of the relevant Interest Period; (g) in the case of NIBOR, the second Principal Financial Centre Banking Day before the first day of the relevant Interest Period; (h) in the case of SHIBOR, the second Principal Financial Centre Banking Day before the first day of the relevant Interest Period; (i) in the case of SIBOR, the second Principal Financial Centre Banking Day before the first day of the relevant Interest Period; (j) in the case of STIBOR, the second Principal Financial Centre Banking Day before the first day of the relevant interest period; (k) in the case of TIBOR, the second Principal Financial Centre Banking Day before the first day of the relevant Interest Period; (l) in the case of TIIE, the first Principal Financial Centre Banking Day before the first day of the relevant Interest Period; (m) in the case of TRLIBOR, the second Principal Financial Centre Banking Day before the first day of the relevant Interest Period
- (viii) "**JIBAR**" means, in respect of South African Rand and for any specified period, the interest rate benchmark known as the Johannesburg inter-bank agreed rate;
- (ix) "**KLIBOR**" means, in respect of Malaysian Ringgit and for any specified period, the interest rate benchmark known as the Kuala Lumpur inter-bank offered rate;
- (x) "**LIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate;
- (xi) "**NIBOR**" means, in respect of Norwegian Kroner and for any specified period, the interest rate benchmark known as the Norwegian interbank offered rate;
- (xii) "**Relevant Financial Centre**" means:
- in relation to Instruments denominated in Japanese Yen, Tokyo;
  - in relation to Instruments denominated in Pounds Sterling, London;
  - in relation to Instruments denominated in United States Dollars, New York City;
  - in relation to Instruments denominated in any other currency, such financial centre or centres as may be specified in relation to the relevant currency and for the purposes of the definition of "**Business Day**" in the 2006 ISDA Definitions (as amended and updated from time to time), as published by the International Swaps and Derivatives Dealers Association, Inc.; and
  - any Additional Business Centre(s) specified in the relevant Final Terms;
- (xiii) "**Relevant Time**" means the time specified as such in the relevant Final Terms, or if none so specified: (a) in the case of CIBOR, 11.00 a.m. Copenhagen time; (b) in the case of EURIBOR, 11.00 a.m. Brussels time; (c) in the case of HIBOR, 11.00 a.m. Hong Kong time; (d) in the case of JIBAR, 11.00 a.m. Johannesburg time; (e) in the case of KLIBOR, 11.00 a.m. Kuala Lumpur time; (f) in the case of LIBOR, 11.00 a.m. London time; (g) in the case of NIBOR, 12.00 p.m. Oslo time; (h) in the case of SHIBOR, 11.30 a.m. Beijing time; (i) in the case of SIBOR, 11.00 Singapore time; (j) in the case of STIBOR, 11.00 Stockholm time; (k) in the case of TIBOR, 11.00 a.m. Tokyo time; (l) in the case of TIIE, 2.30 p.m. Mexico City time; and (m) in the case of TRLIBOR, 11.15 a.m. Istanbul time.

- (xiv) "**SHIBOR**" means, in respect of Reminbi and for any specified period, the interest rate benchmark known as the Shanghai interbank offered;
- (xv) "**SIBOR**" means, in respect of Singapore Dollars and for any specified period, the interest rate benchmark known as the Singapore interbank offered rate;
- (xvi) "**STIBOR**" means, in respect of Swedish Kronor and for any specified period, the interest rate benchmark known as the Stockholm interbank offered rate;
- (xvii) "**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;
- (xviii) "**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in Euro;
- (xix) "**TIBOR**" means, in respect of Japanese Yen and for any specified period, the interest rate benchmark known as the Tokyo interbank offered rate;
- (xx) "**TIE**" means, in respect of Mexican Peso and for any specified period, the interest rate benchmark known as the Mexican inter-bank equilibrium interest rate; and
- (xxi) "**TRLIBOR**" means, in respect of Turkish Lira and for any specified period, the interest rate benchmark known as the Turkish Lira interbank offered rate;

#### 11. **Prescription**

- 11.01 Bearer Instruments and Coupons will become void unless presented for payment within ten years (or, in the case of Coupons and save as provided in Condition 10A.05, five years) after the due date for payment.
- 11.02 Claims against the Bank in respect of Registered Instruments will be prescribed unless made within ten years (or, in the case of claims in respect of interest, five years) after the due date for payment.

#### 12. **The Paying Agents and the Registrars**

The initial Paying Agents and Registrars and their respective initial specified offices are specified below. The Bank reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or the Registrar and to appoint additional or other Paying Agents or another Registrar *provided that* it will at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Paying Agent with a specified office in continental Europe (but outside the United Kingdom), (iv) so long as any Instruments are listed on the Official List of the FCA and are admitted to trading on the London Stock Exchange, a Paying Agent and a Registrar with a specified office in London and (v) a paying agent in a EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC. The Paying Agents and the Registrar reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Paying Agents or the Registrar will be notified promptly to the Holders.

#### 13. **Replacement of Instruments**

If any Instrument or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (in the case of Bearer Instruments and Coupons) or of the Registrar (in the case of Registered Instruments), subject to all applicable laws and the requirements of any stock exchange on which the relevant Instruments are listed, upon payment by the claimant of all expenses incurred in such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Bank and the Fiscal Agent or, as the case may be, the Registrar may require. Mutilated or defaced Instruments and Coupons must be surrendered before replacements will be delivered therefor.



#### 14. **Meetings of Holders; Modification**

- 14.01 The Fiscal Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Instruments of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of these Terms and Conditions. An Extraordinary Resolution passed at any meeting of the Holders of Instruments of any Series will be binding on all Holders of such Series, whether or not they are present at the meeting and on all Couponholders (if any).
- 14.02 The Fiscal Agency Agreement may be modified or amended by the parties thereto, without the consent of the Holders of any Instruments or Coupons, in any way in which the parties thereto agree is not materially prejudicial to the interests of the Holders of such Instruments or Coupons or which is of a formal, minor or technical nature or which is necessary to correct a manifest error. The Bank may, with the consent of the Fiscal Agent, but without the consent of the Holders of any Instruments or Coupons, amend these Terms and Conditions and the Deed of Covenant insofar as they may apply to such Instruments to correct a manifest error.

#### 15. **Notices**

##### *To Holders of Bearer Instruments*

- 15.01 Notices to Holders of Bearer Instruments will, save where another means of effective communication has been specified in the relevant Final Terms, be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times* or, if such publication is not practicable, if published in a leading English-language newspaper having general circulation in Europe. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of first such publication) or, as the case maybe, on the fourth Business Day after the date of such delivery.

##### *To Holders of Registered Instruments*

- 15.02 Notices to Holders of Registered Instruments will be deemed to be validly given if sent by first-class mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth Business Day after the date of such mailing.

##### *To the Bank*

- 15.03 Notices to the Bank will be deemed to be validly given if delivered to Pohjola Bank plc, Teollisuuskatu 1b, FIN-00510 Helsinki and clearly marked on their exterior "Urgent - Attention: Pohjola Bank plc - Legal Services" (or at such other address and for such other attention as may have been notified to the Holders of the Instruments in accordance with this Condition 15) and will be deemed to have been validly given at the opening of business on the next day on which the Bank's principal office is open for business.

#### 16. **Redenomination**

- 16.01 *Redenomination*: Where redenomination is specified in the applicable Final Terms as being applicable, the Bank may, without the consent of the Holders of the Instruments or Coupons, on giving prior notice to the Fiscal Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Holders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Instruments shall be redenominated in Euro.

The election will have effect as follows:

- (a) the Instruments and the Receipts shall be deemed to be redenominated in Euro in the denomination of Euro 0.01 with a nominal amount for each Instrument and Receipt equal to the nominal amount of that Instrument or Receipt in the Specified Currency, converted into Euro at the Established Rate established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Union regulations), provided that, if the Bank determines,

with the agreement of the Fiscal Agent, that the then market practice in respect of the redenomination in Euro 0.01 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 Bank shall promptly notify the Holders, the listing authority, stock exchange (and/or quotation system) (if any) on which the Instruments may be listed and the Paying Agents of such deemed amendments;

- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (c) below, the amount of interest due in respect of the Instruments will be calculated by reference to the aggregate nominal amount of Instruments presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant Holder and the amount of such payment shall be rounded down to the nearest Euro 0.01;
- (c) if Definitive Instruments are required to be issued after the Redenomination Date, they shall be issued at the expense of the Bank in the denomination of Euro 100,000 and thereafter in the denominations of Euro 1,000, Euro 10,000, Euro 199,000 and (but only to the extent of any remaining amounts less than Euro 1,000 or such smaller denominations as the Fiscal Agent may approve) Euro 0.01 and such other denominations as the Fiscal Agent shall determine and notify to the Holders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Instruments) will become void with effect from the date on which the Bank gives notice (the "**Exchange Notice**") that replacement Euro-denominated Instruments, 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 Instruments and Receipts so issued will also become void on that date although those Instruments and Receipts will continue to constitute valid exchange obligations of the Bank. New Euro-denominated Instruments, Receipts and Coupons will be issued in exchange for Instruments, Receipts and Coupons denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Holders 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 Instruments;
- (e) after the Redenomination Date, all payments in respect of the Instruments, 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 Instruments to the Specified Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account maintained by the payee with a bank in the principal financial centre of any Member State of the European Union (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 Instruments are Fixed Rate Instruments 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 Instruments represented by a global Instrument, by applying the Rate of Interest to the full nominal amount outstanding of the Instruments, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention; and
  - (ii) in the case of Definitive Instruments, by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and then multiplying such rounded figure by the number of times the relevant Definitive Instrument can be divided by the Calculation Amount; and

- (g) if the Instruments are Floating Rate Instruments, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

16.02 *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 European Union Regulations) into Euro established by the Council of the European Union pursuant to the Treaty;

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

**"Redenomination Date"** means (in the case of interest bearing Instruments) any date for payment of interest under the Instruments or (in the case of Zero Coupon Instruments) any date, in each case specified by the Bank in the notice given to the Holders pursuant to Condition 16.01 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;

**"Specified Currency"** means the currency specified in the relevant Final Terms; and

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

17. **Further Issues**

The Bank may from time to time without the consent of the Holders of any Instruments of any Series create and issue further instruments, bonds or debentures having the same terms and conditions as the Instruments of such Series in all respects (or in all respects except for the first payment of interest, if any, on them) so as to form a single series with the Instruments of such Series.

18. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Instruments under the Contracts (Rights of Third Parties) Act 1999.

19. **Law and Jurisdiction**

19.01 *Governing law:* The Instruments, the Fiscal Agency Agreement and the Deed of Covenant and any non-contractual obligations arising out of or in connection with the Instruments, the Fiscal Agency Agreement and the Deed of Covenant are governed by English law save for the subordination provisions set out in Condition 3B which are governed by Finnish law.

19.02 *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising from or connected with the Instruments or any non-contractual obligation arising out of or in connection with the Instruments.

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

19.04 *Rights of the Holders of the Instruments to take proceeding outside England:* Condition 19.02 (*English courts*) is for the benefit of the Holders of the Instruments only. As a result, nothing in this Condition 19 (*Law and jurisdiction*) prevents any Holders of the Instruments from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Holders of the Instruments may take concurrent Proceedings in any number of jurisdictions.

19.05 *Process agent:* The Bank agrees that the documents which start any Proceedings in England and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to SH Process Agents Limited, 1 Finsbury Circus, London EC2M 7SH or, if different, its registered office for the time being. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Bank in England, the Bank shall, on the written demand of the Fiscal Agent addressed and delivered to the Bank, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Fiscal Agent shall be entitled to appoint such a person by written notice addressed to

the Bank and delivered to the Bank. Nothing in this paragraph shall affect the right of any Holder of the Instruments to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

- 19.06 The Bank agrees to pay any stamp, registration, documentary or other duties or taxes payable in connection with the enforcement of any Instrument or Coupon where such duties or taxes are incurred in connection with the enforcement of any such Instrument or Coupon and where such duties or taxes are incurred in connection with any Proceedings resulting in a decision in favour of the Holder of such Instrument or Coupon. In addition, the Bank hereby agrees to indemnify the Holder of any Instrument or Coupon in respect of any stamp duty incurred by such Holder as a pre-condition to the Courts of the Republic of Finland admitting any Instrument or Coupon in evidence and where such stamp duty is incurred in connection with any Proceedings resulting in a decision in favour of the Holder of such Instrument or Coupon.

## **USE OF PROCEEDS**

The proceeds of the issue of each Series of Instruments will be used by the Bank for general corporate purposes.

## PRO FORMA FINAL TERMS

Final Terms dated [•]

**Pohjola Bank plc ("Bank", "Pohjola Bank" or the "Issuer")**  
(Incorporated in Finland with limited liability)

Issue of [Aggregate Nominal Amount of Tranche] [Title of the Instruments]  
under the **EUR 15,000,000,000 Programme for the Issuance of Debt Instruments**

### Part A

#### Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 17 February 2015 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing during normal business hours at the offices of Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB and on Pohjola Bank plc's website (<http://www.pohjola.com>) and [www.londonstockexchange.com/rns](http://www.londonstockexchange.com/rns) and copies may be obtained from the registered office of Pohjola Bank plc at Teollisuuskatu 1b, FIN-00510 Helsinki, Finland.

[Terms used herein shall be deemed to be defined as such for the purposes of the [date] Conditions (the "**Conditions**") incorporated by reference in the Base Prospectus dated 17 February 2015. This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 17 February 2015 [and the supplemental Base Prospectus dated [•]], which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, save in respect of the Conditions which are set forth in the base prospectus dated [original date] and are incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 17 February 2015 [and the supplemental Base Prospectuses dated [•] and [•]]. [The Base Prospectus [and the supplemental Base Prospectuses] are available for viewing during normal business hours at the offices of Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB and on Pohjola Bank plc's website (<http://www.pohjola.com>) and [www.londonstockexchange.com/rns](http://www.londonstockexchange.com/rns) and copies may be obtained from the registered office of Pohjola Bank plc at Teollisuuskatu 1b, FIN-00510 Helsinki, Finland.]

- |  |  |
|--|--|
| 1. Issuer:   | Pohjola Bank plc   |
| 2. [(i)] Series Number:                                | [•]  |
| [(ii)] Tranche Number:                                 | [[•]]  |
| [(iii)] Date on which the Instruments become fungible: | [Not Applicable]/[•]   |
| 3. Specified Currency or Currencies:                   | [•]  |
| 4. Aggregate Nominal Amount of Instruments:            | [•]  |
| [(i)] Series:  | [•]  |
| [(ii)] Tranche:  | [[•]]  |
| 5. Issue Price:  | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]] |

6. (i) Specified Denominations: [•] [and integral multiples of [•] in excess thereof up to and including [•]. No Definitive Instruments will be issued with a denomination above [•].]
- (ii) Calculation Amount: [•]
7. [(i)] Issue Date: [•]
- [(ii)] Interest Commencement Date [•]
8. Maturity Date: [•]
9. Interest Basis: [[•]per cent. Fixed Rate]
- [•][•]  
[CIBOR]/[EURIBOR]/[HIBOR]/[JIBAR]/  
[KLIBOR]/[LIBOR]/[NIBOR]/[SHIBOR]/  
[SIBOR]/[STIBOR]/[TIBOR]/[TIE]/[TRLIBOR]  
[(or any successor or replacement rate)]
- +/- [•] per cent. Floating Rate]  
[Zero Coupon]  
[Condition [5A. (Interest - Fixed Rate)]/  
[5B. (Interest - Floating Rate)]/  
[5C. (Swap-Related (ISDA))]
10. Redemption/Payment Basis: [[Redemption at par]/[Redemption at 101 per cent.] of the Aggregate Nominal Amount]
11. Change of Interest or Redemption/ Payment Basis: [[•]/Not Applicable]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Not Applicable]
13. Status of the Instruments: [Unsubordinated]/[Tier 2 Instruments subordinated]
- [(i)] [Date Board approval for issuance of Instruments obtained: [•]
14. Method of distribution: [Syndicated]/[Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Instrument Provisions** [Applicable]/[Not Applicable]
- (i) Rate[(s)] of Interest: [•] per cent. per annum payable in arrear on such Interest Payment Date
- (ii) Interest Payment Date(s): [•] in each year
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•] / [Not Applicable]
- (v) Day Count Fraction: [Actual]/[Actual (ICMA)]/[30/360]
16. **Floating Rate Instrument Provisions** [Applicable]/[Not Applicable]
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment Dates: [•]

- (iii) First Interest Payment Date: [•]
- (iv) Business Day Convention: [Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]
- (v) Business Centre(s): [•]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [•]/[Not Applicable]
- (viii) Screen Rate Determination:
  - Reference Rate: [[•][•]] [CIBOR]/[EURIBOR]/[HIBOR]/[JIBAR]/[KLIBOR]/[LIBOR]/[NIBOR]/[SHIBOR]/[SIBOR]/[STIBOR]/[TIBOR]/[TIIE]/[TRLIBOR]]  
[(or any successor or replacement rate)]
  - Relevant Time: [•]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•] [(or any successor or replacement page)]
- (ix) Swap-related (ISDA): [•]
- (x) Linear Interpolation: [Not Applicable]/[Applicable]
  - (a) Rate of Interest: the rate of interest for the [long]/[short] [first]/[last] Interest Period shall be calculated using Linear Interpolation
  - (b) Designated Maturity: [•] month
- (xi) Margin(s): [+/-][•] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum / [Not Applicable]
- (xiii) Maximum Rate of Interest: [•] per cent. per annum / [Not Applicable]
- (xiv) Day Count Fraction: [Actual/365]/[Actual/Actual – ISDA]/[Actual/365 (Fixed)]/[Actual/360]/[360/360 Bond Basis]/[30/360]/[30E/360]/[Eurobond Basis]/[Actual/ Actual (ICMA)]

17. **Zero Coupon Instrument Provisions** [Applicable]/[Not Applicable]

- (i) Accrual Yield: [•] per cent. per annum
- (ii) Reference Price: [•]

**PROVISIONS RELATING TO REDEMPTION**

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

- (i) Optional Redemption Date(s): [•]



- (ii) Optional Redemption Amount(s): [•] per Calculation Amount / [•]
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [•] per Calculation Amount
    - (b) Maximum Redemption Amount: [•] per Calculation Amount
  - (iv) Notice period: [•]
  - (v) Early redemption following a Capital Event: [Applicable]/[Not Applicable]
19. **Put Option** [Applicable]/[Not Applicable]
- (i) Optional Redemption Date(s): [•]
  - (ii) Optional Redemption Amount(s): [•] per Calculation Amount / [•]
  - (iii) Notice period: [•]
20. **Final Redemption Amount** [•] per Calculation Amount / [•]
21. **Early Redemption Amount**
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [•]

**GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS**

22. Form of Instruments:
- Bearer Instruments:**
- [Temporary Global Instrument exchangeable for a Permanent Global Instrument which is exchangeable for Definitive Instruments in the limited circumstances specified in the Permanent Global Instrument]
- [Temporary Global Instrument exchangeable for Definitive Instruments in the limited circumstances specified in the Temporary Global Instrument]
- [Permanent Global Instrument exchangeable for Definitive Instruments in the limited circumstances specified in the Permanent Global Instrument]
- Registered Instruments:**
- Global Registered Instrument exchangeable for Individual Registered Instruments in the limited circumstances described in the Global Registered Instrument
- [and
- Global Registered Instrument [(U.S.\$/Euro [•] nominal amount)] registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is,

held under the New Safekeeping Structure (NSS))]

- 23. New Global Instrument: [Yes]/[No]/[Not Applicable]
- 24. Financial Centre(s) or other special provisions relating to payment dates: [[Not Applicable]/[\*]]
- 25. Talons for future Coupons or Receipts to be attached to Definitive Instruments (and dates on which such Talons mature): [Yes]/[No]
- 26. Redenomination, renominatisation and reconventioning provisions (Condition 16): [Not Applicable]/[Applicable]
- 27. Substitution or variation following a Capital Event: [Applicable]/[Not Applicable]

Signed on behalf of the Issuer:

By: :.....  
Duly authorised

By:.....  
Duly authorised

## Part B

### Other Information

#### 1. LISTING AND ADMISSION TO TRADING

Admission to trading: Application has been made by the Issuer (or on its behalf) for the Instruments to be admitted to trading on the regulated market of the London Stock Exchange with effect from [•].

Estimate of total expenses related to admission to trading: [•]

#### 2. RATINGS

Ratings: [The Instruments to be issued will not be separately rated.]

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

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

[Moody's Investors Service [ ]  
Ltd:

[Fitch Ratings Limited: [ ]]

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

[Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer/[•]/[Not Applicable]]

#### 4. *[Fixed Rate Instruments only]* - YIELD

Indication of yield]: [•]

#### 5. OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

[CUSIP: [•]]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking Societe Anonyme and the relevant identification number(s): [[Not Applicable]/[•]]

Delivery: Delivery [against]/[free of] payment

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

[New Global Instrument intended to be held in a manner which would allow Eurosystem [Yes. Note that the designation "Yes" simply means that the Instruments are intended upon issue to be deposited with one of the ICSDS as common safekeeper[, and registered in the

eligibility: name of a nominee of one of the ICSDs acting as common safekeeper] and does not necessarily mean that the Instruments will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

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

6. **DISTRIBUTION**

(i) If syndicated, names of Managers [[Not Applicable]/[\*]]

(ii) Stabilising Manager(s) (if any): [[Not Applicable]/[\*]]

(iii) Date of Subscription Agreement: [[Not Applicable]/[\*]]

If non-syndicated, name and address of Dealer: [[Not Applicable]/[\*]]

U.S. Selling Restrictions: [[Reg. S Compliance Category 2; Rule 144A: [TEFRA C]/[TEFRA D]/[TEFRA not applicable]]

7. **[THIRD PARTY INFORMATION]**

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

## PRO FORMA PRICING SUPPLEMENT

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF INSTRUMENTS DESCRIBED BELOW AND THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED INFORMATION RELATING TO THE INSTRUMENTS DESCRIBED BELOW CONTAINED IN THIS PRICING SUPPLEMENT.

Pricing Supplement dated [•]

**Pohjola Bank plc** ("Bank", "Pohjola Bank" or the "Issuer")  
(Incorporated in Finland with limited liability)

Issue of [Aggregate Nominal Amount of Tranche] [Title of the Instruments]  
under the **EUR 15,000,000,000 Programme for the Issuance of Debt Instruments**

### Part A

#### Contractual Terms

Any person making or intending to make an offer of the Instruments may only do so in circumstances in which no obligation arises

Any person making or intending to make an offer of the Instruments may only do so in circumstances in which no obligation arises for the Bank 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.

This document constitutes the Pricing Supplement for the Instruments described herein. This document must be read in conjunction with the Base Prospectus dated 17 February 2015 [and the supplement to it dated [•]] (together, the "**Base Prospectus**"). Full information on the Bank and the offer of the Instruments is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the offices of Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB and copies may be obtained from the registered office of Pohjola Bank plc at Teollisuuskatu 1b, FIN-00510 Helsinki, Finland.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Base Prospectus dated [original date] [and the supplement dated [•]] which are incorporated by reference in the Base Prospectus.\*

*[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 guidance for completing the Pricing Supplement.]*

\*Only include this language where it is a fungible issue and the original Tranche was issued under a Base Prospectus with a different date.

- |    |  |                      |
|----|--|----------------------|
| 1. | Issuer:  | Pohjola Bank plc     |
| 2. | [(i)] Series Number:                                   | [•]                  |
|    | [(ii)] Tranche Number:                                 | [[•]]                |
|    | [(iii)] Date on which the Instruments become fungible: | [Not Applicable]/[•] |
| 3. | Specified Currency or Currencies:                      | [•]                  |
| 4. | Aggregate Nominal Amount of Instruments:               | [•]                  |
|    | [(i)] Series:  | [•]                  |

- [(ii) Tranche: [•]]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
6. (i) Specified Denominations: [•] [and integral multiples of [•] in excess thereof up to and including [•]. No Definitive Instruments will be issued with a denomination above [•].]
- (ii) Calculation Amount: [•]
7. [(i) Issue Date: [•]]
- [(ii) Interest Commencement Date [•]]
8. Maturity Date: [•]
9. Interest Basis: [[•]per cent. Fixed Rate]
- [•][•]  
[CIBOR]/[EURIBOR]/[HIBOR]/[JIBAR]/  
[KLIBOR]/[LIBOR]/[NIBOR]/[SHIBOR]/  
[SIBOR]/[STIBOR]/[TIBOR]/[TIIE]/[TRLIBOR]/  
[Other (*specify*)] +/- [•] per cent. Floating Rate]  
[(or any successor or replacement rate)]  
[Zero Coupon]  
[Condition [5A. (Interest - Fixed Rate)]/  
[5B. (Interest - Floating Rate)]/  
[5C. (Swap-Related (ISDA))]/[•]]
10. Redemption/Payment Basis: [[Redemption at par]/[•]]
11. Change of Interest or Redemption/ Payment Basis: [[•]/Not Applicable]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Other (*specify*)]  
[Not Applicable]
13. Status of the Instruments: [[Unsubordinated]/[Tier 2 Instruments subordinated]/[•]]
- [(i) [Date Board approval for issuance of Instruments obtained: [•]]
14. Method of distribution: [Syndicated]/[Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Instrument Provisions** [Applicable]/[Not Applicable]
- (i) Rate[(s)] of Interest: [[•] per cent. per annum payable in arrear on such Interest Payment Date/[•]]
- (ii) Interest Payment Date(s): [•] in each year
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount/[•]
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in]/[on] [•] / [Not Applicable]

- (v) Day Count Fraction: [[Actual/Actual (ICMA)],[30/360],[•]]
- (iii) Other terms relating to the method of calculating interest for Fixed Rate Instruments: [•]
16. **Floating Rate Instrument Provisions** [Applicable]/[Not Applicable]
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment Dates: [•]
- (iii) First Interest Payment Date: [•]
- (iv) Business Day Convention: [[Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[•]]
- (v) Business Centre(s): [•]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [[Screen Rate Determination]/[•]]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [•]/[Not Applicable]
- (viii) Screen Rate Determination:
- Reference Rate: [[•][•]/[CIBOR]/[EURIBOR]/[HIBOR]/[JIBAR]/[KLIBOR]/[LIBOR]/[NIBOR]/[SHIBOR]/[SIBOR]/[STIBOR]/[TIBOR]/[TIE]/[TRLIBOR]/[•]] [(or any successor or replacement rate)]
  - Relevant Time [•]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•][(or any successor or replacement page)]
- (ix) Swap-related (ISDA): [•]
- (x) Linear Interpolation: [Not Applicable]/[Applicable]
- (a) Rate of Interest: the rate of interest for the [long]/[short] [first]/[last] Interest Period shall be calculated using Linear Interpolation
- (b) Designated Maturity: [•] month
- (xi) Margin(s): [+/-][•] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum / [Not Applicable]
- (xiii) Maximum Rate of Interest: [•] per cent. per annum / [Not Applicable]
- (xiv) Day Count Fraction: [[Actual/365]/[Actual/Actual – ISDA]/[Actual/365 (Fixed)],[Actual/360]/[360/360 Bond Basis]/[30/360] / [30E/360]/[Eurobond Basis]/[Actual/Actual (ICMA)],[•]]

- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Instruments: [•]

17. **Zero Coupon Instrument Provisions** [Applicable]/[Not Applicable]

- (i) Accrual Yield: [•] per cent. per annum
- (ii) Reference Price: [•]

**PROVISIONS RELATING TO REDEMPTION**

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

- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s): [•] per Calculation Amount / [•]
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [•] per Calculation Amount / [•]
  - (b) Maximum Redemption Amount: [•] per Calculation Amount / [•]
- (iv) Notice period: [•]
- (v) Early redemption following a Capital Event: [Applicable]/[Not Applicable]

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

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

20. **Final Redemption Amount** [•] per Calculation Amount / [•]

21. **Early Redemption Amount**

- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [•]

**GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS**

22. Form of Instruments:

**Bearer Instruments:**

[Temporary Global Instrument exchangeable for a Permanent Global Instrument which is exchangeable for Definitive Instruments in the limited circumstances specified in the Permanent Global Instrument]

[Temporary Global Instrument exchangeable for Definitive Instruments in the limited circumstances



specified in the Temporary Global Instrument]

[Permanent Global Instrument exchangeable for Definitive Instruments in the limited circumstances specified in the Permanent Global Instrument]

**Registered Instruments:**

Global Registered Instrument exchangeable for Individual Registered Instruments in the limited circumstances described in the Global Registered Instrument

[and

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

- 23. New Global Instrument: [Yes]/[No]/[Not Applicable]
- 24. Financial Centre(s) or other special provisions relating to payment dates: [[Not Applicable]/[•]]
- 25. Talons for future Coupons or Receipts to be attached to Definitive Instruments (and dates on which such Talons mature): [Yes]/[No]
- 26. Redenomination, renominatisation and reconventioning provisions (Condition 16): [Not Applicable]/[Applicable]
- 27. Substitution or variation following a Capital Event: [Applicable]/[Not Applicable]
- 28. Other terms or special conditions [Not Applicable]/[give details]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

By: .....  
Duly authorised

## Part B

### Other Information

#### 29. LISTING AND ADMISSION TO TRADING

Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Instruments to be listed on *[specify relevant market – note this must not be a regulated market]*/[Not Applicable/[•]]

*(Where documenting a fungible issue need to indicate that original Instruments are already admitted to trading)*

#### 30. RATINGS

Ratings: [The Instruments to be issued will not be separately rated.]

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

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

[Moody's Investors [ ]  
Service Ltd:

[Fitch Ratings [ ]]  
Limited:

#### 31. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer/[•]/[Not Applicable]]

#### 32. *[Fixed Rate Instruments only - YIELD*

Indication of yield: [•]

#### 33. OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

[CUSIP: [•]]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking Societe Anonyme and the relevant identification number(s): [[Not Applicable]/[•]]

Delivery: Delivery [against]/[free of] payment

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

New Global Instrument intended to be held in a manner which would allow [Yes. Note that the designation "Yes" simply means that the Instruments are intended upon issue

Eurosystem eligibility:

to be deposited with one of the ICSDS as common safekeeper[, and registered in the name of a nominee of one of the ICSDS acting as common safekeeper] and does not necessarily mean that the Instruments will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

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

34. **DISTRIBUTION**

(i) If syndicated, names of Managers of [[Not Applicable]/[•]]

(ii) Stabilising Manager(s) (if any): [[Not Applicable]/[•]]

(iii) Date of Subscription Agreement: [[Not Applicable]/[•]]

If non-syndicated, name and address of Dealer: [[Not Applicable]/[•]]

U.S. Selling Restrictions: [Reg. S Compliance Category 2; Rule 144A: [TEFRA C]/[TEFRA D]/[TEFRA not applicable][

Additional selling restrictions: [Not Applicable]/[•]

## SUMMARY OF PROVISIONS RELATING TO THE INSTRUMENTS WHILE IN GLOBAL FORM

### Clearing System Accountholders

In relation to any tranche of Instruments represented by a Global Instrument in bearer form, references in the Terms and Conditions of the Instruments to "Holder of Instruments" are references to the bearer of the relevant Global Instrument which, for so long as the Global Instrument is held by a depositary or a common depositary, in the case of a CGI, or a common safekeeper, in the case of an NGI for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

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

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

### Exchange of Temporary Global Instruments

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

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Instrument, duly authenticated and, in the case of an NGI, effectuated, to the bearer of the Temporary Global Instrument; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Instrument in accordance with its terms,

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

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

If:

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

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

- (b) Definitive Instruments have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Instrument has requested exchange of the Temporary Global Instrument for Definitive Instruments; or
- (c) a Temporary Global Instrument (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Instruments or the date for final redemption of a Temporary Global Instrument has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Instrument in accordance with the terms of the Temporary Global Instrument on the due date for payment,

then the Temporary Global Instrument (including the obligation to deliver a Permanent Global Instrument or increase the principal amount thereof or deliver Definitive Instruments, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Instrument will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Instrument or others may have under a deed of covenant dated 17 February 2015 (the "**Deed of Covenant**") executed by the Bank). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Instrument will acquire directly against the Bank all those rights to which they would have been entitled if, immediately before the Temporary Global Instrument became void, they had been the holders of Definitive Instruments in an aggregate principal amount equal to the principal amount of Instruments they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

#### **Exchange of Permanent Global Instruments**

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

If:

- (a) Definitive Instruments have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Instrument has duly requested exchange of the Permanent Global Instrument for Definitive Instruments; or
- (b) a Permanent Global Instrument (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Instruments or the date for final redemption of the Instruments has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Instrument in accordance with the terms of the Permanent Global Instrument on the due date for payment,

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

## Conditions applicable to Global Instruments

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

*Payments:* All payments in respect of the Global Instrument or Global Registered Instrument will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Instrument or Global Registered Instrument to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Bank in respect of the Instruments. On each occasion on which a payment of principal or interest is made in respect of the Global Instrument, the Bank shall procure that in respect of a CGI the payment is noted in a schedule thereto and in respect of an NGI the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

*Exercise of put option:* In order to exercise the option contained in Condition 6.06 (*Optional Early Redemption (Put)*) the bearer of the Permanent Global Instrument or the holder of a Global Registered Instrument must, within the period specified in the Conditions for the deposit of the relevant Instrument and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Instruments in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 6.03 (*Optional Early Redemption (Call)*) in relation to some of the Instruments only, the Permanent Global Instrument or Global Registered Instrument may be redeemed in part in the principal amount specified by the Bank in accordance with the Conditions and the Instruments to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Notices:* Notwithstanding Condition 15 (*Notices*), while all the Instruments are represented by a Permanent Global Instrument (or by a Permanent Global Instrument and/or a Temporary Global Instrument) or Global Registered Instrument and the Permanent Global Instrument is (or the Permanent Global Instrument and/or the Temporary Global Instrument are) or Global Registered Instrument is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Holders of Instruments may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Holders of Instruments in accordance with Condition 15 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

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

*Payment business days:* So long as all the Instruments are represented by a Permanent Global Instrument (or by a Permanent Global Instrument and/or a Temporary Global Instrument) or Global Registered Instrument and the Permanent Global Instrument is (or the Permanent Global Instrument and/or the Temporary Global Instrument are) or the Global Registered Instrument is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, the definition of "Business Day" in Condition 10C.03 will be modified by the terms of the Permanent Global Instrument, the Temporary Global Instrument or the Global Registered Instrument, as the case may be, to mean

- (a) in relation to Instruments denominated or payable in Euro, a day on which TARGET2 is operating; and
- (b) in relation to Instruments denominated in any other currency, a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the Relevant Financial Centre.

**Denominations**

So long as the Instruments are represented by a Temporary Global Instrument or a Permanent Global Instrument or a Global Registered Instrument and the relevant clearing system(s) so permit, in the case of Instruments which have a denomination consisting of a minimum Specified Denomination plus a higher integral multiple of another smaller amount, the Instruments may be tradeable only in the minimum Specified Denomination and higher integral multiples, notwithstanding that no Definitive Instruments will be issued with a denomination above that stated in the Final Terms.

## INFORMATION ON POHJOLA BANK PLC

Pohjola Bank plc (formerly known as OKO Bank plc) was established for an indefinite period on 14 May 1902 in Helsinki with the name Osuuskassojen Keskuslainarahasto-Osakeyhtiö. OKO Bank plc was renamed Pohjola Bank plc on 1 March 2008. The Bank's registration number in the Finnish Patent and Registration Office is 0199920-7 and its domicile is in Helsinki, therefore Finnish legislation applies to the Bank. The Bank's accounting period is one calendar year. The Bank's A shares were delisted from the Official List of NASDAQ OMX Helsinki Ltd. on 30 September 2014 and the A Shares and K Shares were combined to form a single series of shares as of 28 November 2014. The Bank's registered address is Pohjola Bank plc, Teollisuuskatu 1 b, 00510 Helsinki, Finland (office address Vääksyntie 4, 00510 Helsinki, Finland) and its telephone number is +358 10 252 010.

The Bank is a fully owned subsidiary of OP Cooperative (formerly known as OP-Pohjola Group Central Cooperative. See *"The Bank as a Part of OP Financial Group"* on pages 77-78).

The Bank's long-term senior debt has been rated AA- (with credit watch negative) by S&P, Aa3 (with stable outlook) by Moody's and A+ (with stable outlook) by Fitch. S&P, Moody's and Fitch are established in the EEA and registered under the CRA Regulation.

The Bank is the central financing institution of the cooperative banks and as a commercial bank it engages in the business operations set forth in the Finnish Act on Credit Institutions. The special purpose of the Bank is to promote, as a central financing institution, the activities of the cooperative banks and other institutions belonging to the OP Financial Group.

The Bank is authorised to provide investment services pursuant to Section 31 of the Credit Institution Act and Chapter 1, Section 11 of the Finnish Investment Services Act (*Sijoituspalvelulaki 14.12.2012/747*, as amended (the **"Investment Services Act"**)). Apart from these businesses the Bank is the central financing institution of the Member Cooperative Banks and is responsible for the OP Financial Group's liquidity management and international affairs. The Bank focuses on serving customers both at home and abroad. Through its alliances, the Bank is able to deliver banking services to its customers in a cost-effective and locally oriented way also abroad. The Bank has been a member of the Unico Banking Group, an association of European cooperative banks, for over 25 years. The Bank runs a representative office in St. Petersburg and a branch office in Estonia, Latvia and Lithuania. In addition, it has subsidiaries in Estonia, Latvia and Lithuania engaged in finance-company operations.

The current Pohjola Group comprises the parent company Bank and its subsidiaries (together the **"Pohjola Group"**). The most significant subsidiaries engaged in business operations include Pohjola Insurance Ltd, A-Insurance Ltd, Eurooppalainen Insurance Company Ltd, Pohjola Property Management Ltd, Pohjola Asset Management Limited and Seesam Insurance AS non-life insurance company operating in Estonia, Latvia and Lithuania. Pohjola Insurance Ltd founded a hospital in Helsinki, Omasairaala Oy, for outpatient surgery specialising in the examination and treatment of orthopaedic diseases and injuries and the aim is to expand services to also other specialised fields and occupational health care and to establish new hospitals. The hospital began to operate in early 2013. Pohjola Group employed approximately 2,550 people at the end of 2013 (at the end of 2012 the figure was 3,404).

On 6 October 2014, OP Cooperative announced the renewal of its brand. The businesses of the Bank and Helsinki OP Bank will be combined under joint management. Pohjola Insurance will become OP Insurance.

Pohjola Group has three business segments. The three business segments comprise Banking, Asset Management and Non-life Insurance. The Bank's Banking business segment, as part of the OP Financial Group's wider banking business segment provides corporate and institutional customers with solutions for their financing and financial management needs. The Banking segment consists of the following business divisions: Corporate Banking, Markets and Baltic Banking. Corporate Banking provides corporate and institutional customers with financing and cash management services and financing services for foreign trade and grants loans and guarantees as well as leasing services and financing using accounts receivables as collateral. Markets division's services range from the arrangement of equity and debt issues custody services, equity, foreign exchange, money market and derivative products to investment research. Markets executes orders placed by both its clients and the Bank in international markets and is also an active player in international derivatives markets, the government bond market in the Euro area and corporate bond markets. Its customers comprise Finnish and international companies and institutions and its income derives from net commissions and income from trading. The Bank provides corporate customer services through the branch offices in all of the Baltic countries. Corporate customer services in



the Baltic countries consist of payment and liquidity management and working capital, leasing and investment financing. Baltic banking activities are still minimal, amounting to around 4 per cent. of Bank's total corporate exposure.

In Finland, the following three Group companies conduct Non-life Insurance business: Pohjola Insurance Ltd is a general non-life insurance company, A-Insurance Ltd focuses on non-life insurance for commercial transport and Eurooppalainen Insurance Company Ltd specialises in travel insurance. Non-life insurance business in Estonia is conducted by Seesam Insurance AS with a branch in both Latvia and Lithuania. Pohjola Health Ltd and Excenta Ltd merged at the beginning of 2012 and the merged company operated under the name of Pohjola Health Ltd, until 31 October 2014 when it was merged with Pohjola Insurance Ltd.

The range of Non-life Insurance products includes non-life policies for corporate and private customers. In addition, the domestic service network provides corporate customers with OP Financial Group's life and pension policies and Ilmarinen Mutual Pension Insurance Company's ("**Ilmarinen**") employment pension policies while being in charge of customer service for Suomi Mutual Life Assurance Company and Ilmarinen, neither of which is part of OP Financial Group. Furthermore, commissions and fees come from managing certain statutory charges and from risk management services. The Non-life Insurance segment also includes Omasairaala Oy.

Pohjola Asset Management Ltd offers a broad range of comprehensive asset management services, discretionary portfolio management and consultative asset management services for Finnish institutions and wealthy private individuals and families. Furthermore, the portfolio management of OP Fund Management Company's mutual funds is mainly centralised in Pohjola Asset Management Ltd. The Asset Management business line comprises Pohjola Asset Management Ltd, Pohjola Property Management Ltd, Pohjola Asset Management Execution Services Ltd and the affiliated company Access Capital Partners Group SA.

Business divisions have their own goals and strategies directed by OP Financial Group level and operation models are customised to the nature of each business division. Business divisions support with their actions the execution of the strategy of the Pohjola Group.

Group Treasury is responsible for OP Financial Group's financing and liquidity management as well as the management of OP Financial Group's investment operations. Group Treasury also serves as an internal bank in charge of the Bank's financial and interest rate risk management. It also manages OP Financial Group's liquidity reserves and wholesale funding.

The Bank is a credit institution under public supervision. Supervision according to the Credit Institution Act and Council Regulation (EU) No 1024/2013 is carried out by the ECB. The Bank is also supervised by OP Cooperative as stated in the Act on Amalgamations.

#### *Efficiency-Enhancement Programme*

In late 2012, Pohjola Group completed the Information and Consultation of Employees process related to its efficiency-enhancement programme which involved the termination of 281 employment contracts and the outsourcing of 22 jobs. Centralising functions within OP Cooperative also formed an integral part of this programme. As part of the efficiency-enhancement programme, 618 employees transferred from Pohjola Group to other companies within OP Cooperative.

The efficiency-enhancement programme is aimed at achieving annual cost savings of around EUR 50 million at the Pohjola Group level by the end of 2015, job cuts accounting for 40 per cent. of the estimated cost savings. The remaining cost savings will arise from eliminating overlapping activities and standardising practices within the framework of OP Cooperative's reorganisation programme.

#### *Banks financial targets*

The Bank's Board of Directors confirmed Pohjola Group's updated financial targets on 17 March 2014.

The Core Tier 1 ratio of 11 per cent. (CT1) was replaced by the Common Equity Tier 1 ratio of 15 per cent. (CET1). The Bank also revised its dividend policy in such a way that the dividend payout ratio is at least 50 per cent., provided that the CET1 is at least 15 per cent. The dividend payout ratio will be 30 per cent. for the financial year 2014 and onwards until the Bank has achieved the new CET1 target ratio. The

solvency ratio target of 70 per cent. set for Non-life Insurance was replaced by the 120 per cent. solvency ratio target under Solvency II. Other financial targets remained unchanged.

The new capital adequacy target must be achieved on a front-loaded basis by the end of 2016 and other financial targets by the end of 2015.

#### *Brand renewal*

In the future, the banking, Non-life insurance and asset management businesses will all come under the OP brand. There are no plans to dispose of the Pohjola brand, and in the autumn of 2015 Omasairaala Oy will change its name to Pohjola Health Ltd. The businesses of the Bank and Helsinki OP Bank will be combined under joint management. Pohjola Insurance will become OP Insurance.

#### **The Bank as a Part of OP Financial Group**

The Bank is the most significant and fully owned subsidiary of OP Cooperative (formerly known as OP-Pohjola Group Central Cooperative, in Finnish "OP Osuuskunta").

The OP Cooperative has completed its public voluntary bid announced in February 2014 and gained ownership of all the Bank's shares by decision of the Arbitral Tribunal in accordance with Chapter 18, Section 6 of the Finnish Limited Liability Companies Act (*Osaakeyhtiölaki 21.7.2006/624*, as amended). The Bank's minority shareholders involved in the squeeze-out procedure are entitled only to the redemption price, to be decided on by the Arbitral Tribunal, and to the interest accruing thereon. OP Cooperative paid the undisputed proportion of the redemption price on 29 October 2014.

Furthermore, the intention of the OP Cooperative is for Pohjola Insurance Ltd and Pohjola Asset Management Ltd, which are owned by the Bank, to be transferred through various structural arrangements to the OP Cooperative as fully-owned direct subsidiaries, as well as for the Bank and the businesses of Helsinki OP Bank Plc to be combined under joint management. Consequently, the assets and liabilities of the transferred businesses will be presented in accordance with IFRS 5 as held for distribution to owners in the balance sheet and the results as discontinued operations in the income statement of Pohjola's Consolidated Financial Statements when the criteria of IFRS 5 are met. The OP Cooperative Consolidated is expected to generate the majority of the synergies. The synergies will be fully implemented over approximately five years. On 14 November 2014, it was announced that the separation of OP Financial Group's central banking operations, being presently part of the Bank, as a detached subsidiary fully owned by OP Cooperative, is also under consideration.

OP Financial Group began its operations in its current form without the non-life insurance business on 1 July 1997. OP Financial Group is an amalgamation of Finnish cooperative banks and related entities forming a financial consortium as regulated by the Amalgamations Act. The Amalgamations Act, the Credit Institution Act, the Act on Cooperative Banks and Other Credit Institutions in the Form of a Cooperative (*Laki osuuspankeista ja muista osuuskuntamuotoisista luottolaitoksista 14.6.2013/423*, as amended, (the "**Cooperative Bank Act**") and the Act on Cooperatives (*Osuuskuntalaki 14.6.2013/421*, as amended) establish the main legal framework for cooperative banking applicable to OP Financial Group.

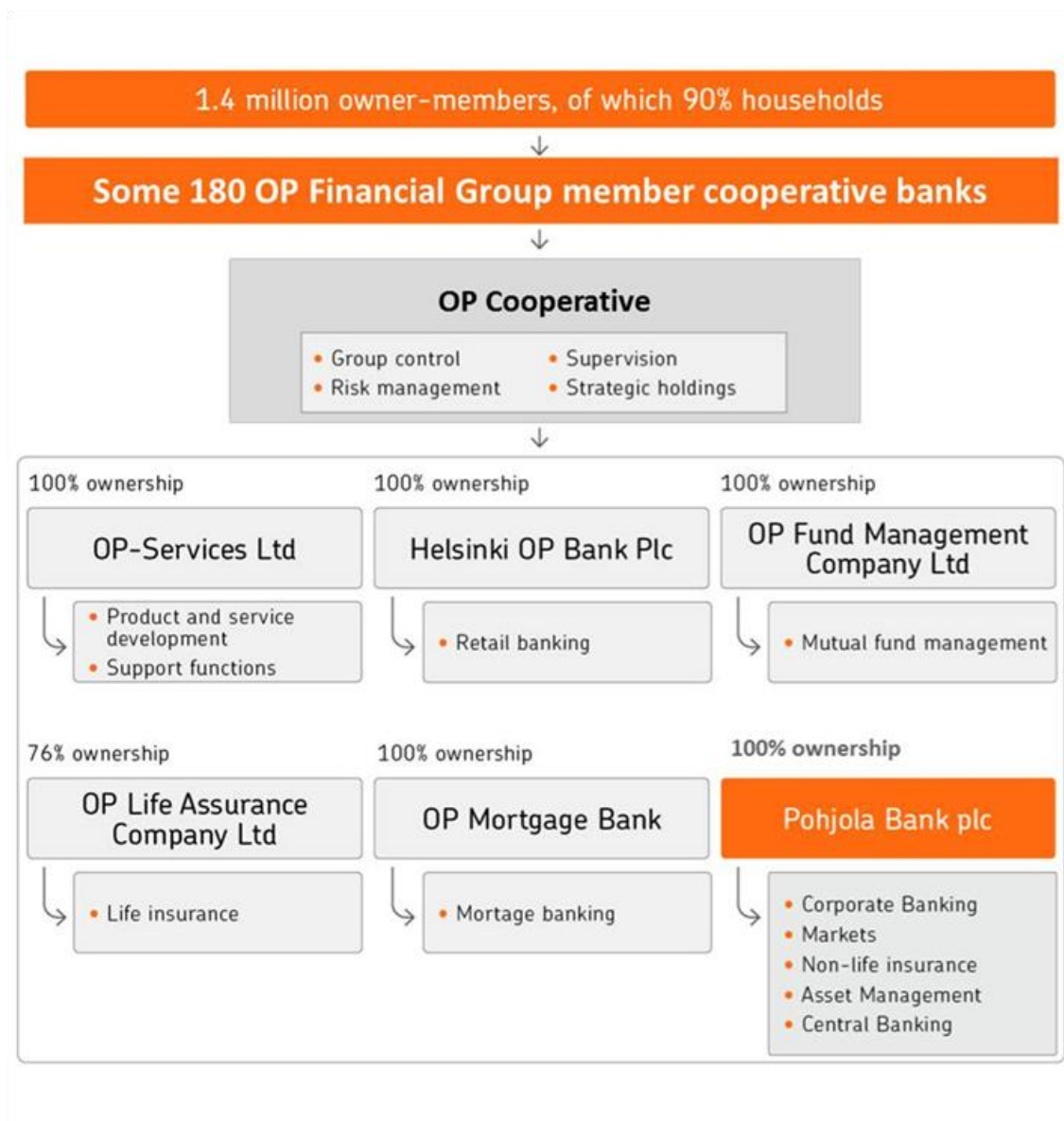
In accordance with applicable law, OP Financial Group comprises (a) the OP Cooperative as OP Financial Group's central institution, (b) some 180 member cooperative banks (the "**Member Cooperative Banks**"), (c) Pohjola Bank plc as central bank of OP Financial Group, (d) the companies belonging to the consolidation groups of the OP Cooperative and (e) the Member Credit Institutions described below.

In accordance with Chapter 1, Section 2 of the Amalgamations Act, the Member Credit Institutions consist of the Bank, Helsinki OP Bank plc, OP Card Company Plc, OP Mortgage Bank, OP Process Services Ltd and the Member Cooperative Banks. These Member Credit Institutions and the OP Cooperative are responsible for each other's liabilities and commitments in accordance with the Amalgamations Act.

Since the Bank is a subsidiary of the OP Cooperative and a part of the amalgamation, it is dependent upon the other entities within the amalgamation. The dependence is based on the OP Cooperative's ownership of the Bank as well as on the joint liability for one another's liabilities and commitments. Furthermore according to the strategic perspective, the Bank is the commercial bank of OP Financial Group and it acts as the central bank of the Member Cooperative Banks.

Under the Amalgamations Act, the OP Cooperative is responsible for issuing to the Member Credit Institutions guidelines with the aim of ensuring their liquidity, capital adequacy and risk management, and guidelines for the application of coherent accounting principles in compiling the consolidated financial statements of OP Financial Group. The OP Cooperative is also responsible for the Internal Capital Adequacy Assessment Process ("ICAAP") for OP Financial Group. The OP Cooperative also has an obligation to monitor the operations of the Member Credit Institutions and their consolidation groups, and to issue directions concerning the internal supervision of the Member Credit Institutions. The obligation to issue guidelines and exercise supervision does not however give the OP Cooperative the power to determine the business operations of the Member Credit Institutions. Each Member Credit Institution carries on its business independently within the scope of its own resources.

**The Company Structure of OP Financial Group and the Bank (as at 31 December 2014). For information on the planned structural arrangements see "The Bank as a Part of OP Financial Group".**



### Management of the Bank

The Bank's highest decision-making authority rests with the annual general meeting (the "General Meeting"). However, according to Chapter 5, Subsection 1(2) of the Finnish Limited Liability Companies Act, the OP Cooperative, as the only shareholder of the Bank, may make a unanimous shareholders'

decision in a matter within the competence of the General Meeting without holding a meeting. The operational decision-making authority is exercised by the board of directors (the "**Board of Directors**") which is formed by election in the General Meeting.

### **Board of Directors of the Bank**

It is the duty of the Board of Directors to attend to the Bank's and its subsidiaries' administration, ensure the appropriate arrangement of its operations and supervise the Bank's accounting and financial management. The Board of Directors has general competence to decide on all matters related to the Bank's management and other issues, which, according to legislation or to the Bank's articles of association, are not the domain of the General Meeting, or the President and CEO. The Board of Directors decides on the Bank's and its subsidiaries' strategy and main business objectives and also confirms the management structure and policies.

The Board of Directors is composed of a chairman who is the Chairman of the Executive Board of the OP Cooperative and a minimum of two and a maximum of three other members elected by the General Meeting. For more information of the members of the Board of Directors see "*Members of the Board of Directors*" below.

### **President and CEO of the Bank**

The Bank has a President and CEO appointed by the Board of Directors. The duty of the President and CEO is to administer the Bank's day-to-day administration in accordance with the rules and regulations set by the Board of Directors. Currently the President and CEO of the Bank is Mr Jouko Pölönen, office address: Vääksyntie 4, 00510 Helsinki, Finland.

Mr Pölönen is a member of the Executive Board of the OP Cooperative and Executive Vice President of OP Financial Group's Banking business segment. His main positions of trust in addition to his primary duties in OP Financial Group are as follows:

- Unico Banking Group: Member of the Board of Directors
- OP-Pohjola Group Research Foundation: Member of the Board
- Kyösti Haataja Foundation: Member of the Board

### **Members of the Board of Directors**

At the date of this document the Chairman and members of the Board of Directors were:

#### **Board of Directors**

<u>Name</u>	<u>Function</u>	<u>Significant Outside Activities</u>
Chairman Mr Reijo Karhinen	Executive Chairman and CEO, OP Cooperative, Vuorineuvos (Finnish honorary title)  M.Sc. (Econ. & Bus. Adm.), Doctor Honoris Causa, Turku School of Economics and University of Eastern Finland  Board member since 1994	Federation of Finnish Financial Services: Chairman of the Board of Directors  Finland Chamber of Commerce: Vice Chairman of the Board of Directors  International Chamber of Commerce Finland: Vice Chairman of the Board of Directors  Confederation of Finnish Industries (EK): Member of the Board of Directors and Working Committee  Savonlinna Opera Festival Patrons' Association: Chairman of the Board of Trustees  HelsinkiMissio: Chairman of the Delegation  New Children's Hospital Foundation: Vice Chairman of the Board of Trustees  The Mannerheim Foundation: Member of the Board of Trustees  Maanpuolustuksen tuki ry: Chairman of the Board

<b>Name</b>	<b>Function</b>	<b>Significant Outside Activities</b>
		Unico Banking Group: Member of the Board of Directors
Vice Chairman Mr Tony Vepsäläinen	Executive Vice president, Operations, and Deputy to Executive Chairman and CEO, OP Cooperative LL.M., eMBA Board member since 2006	Housing Fair Finland Co-op: Chairman of the Supervisory Board
Mr Harri Luhtala	Chief Financial Officer, OP Cooperative Board member since 2014	Deposit Guarantee Fund: Chairman of the Board Confederation of Finnish Industries EK: Member of the Finance and Tax Commission
Mr Erik Palmén	Chief Risk Officer, OP Cooperative M.Sc. (Econ. & Bus. Adm.), M.Sc. (Eng.) Board member since 2014	Deposit Guarantee Fund: Chairman of the Delegation Unico Banking Group: Member of the Country Risk Managers Committee

The business address of each of the members of the Board of Directors and the Bank is Vääksyntie 4, FIN-00510 Helsinki, Finland.

### **Conflicts of Interests**

There are no potential conflicts of interest between the duties to the Bank of the members of the Bank's administrative, management and supervisory bodies and their other duties and private interests.

### **Corporate Governance in the Bank**

In its operations, the Bank complies with Finnish legislation. In addition to the Finnish Companies Act (*Osaakeyhtiölaki* 21.7.2006/624, as amended), the Bank complies with regulations governing public limited companies, financial services companies and insurance companies, and its Articles of Association. The Bank also complies with the Finnish Corporate Governance Code (the "**Code**"), approved by the Securities Market Association from time to time (latest version in June 2010), and the Insider Guidelines issued by NASDAQ OMX Helsinki.

However, the Bank's corporate governance and control system deviates from the following Code recommendations for reasons attributable to the Group structure and intense cooperation between the Bank and OP Financial Group's other entities:

- Recommendations 8 and 10: election and term of Board members (the General Meeting of the Bank's shareholders does not elect persons acting as the Board of Directors' Chairman, as the Board of Directors is chaired by the Chairman of the OP Cooperative's Executive Board, by virtue of applicable legislation and the Bank's Articles of Association. The term of the Chairman is valid until further notice);
- Recommendation 14: independence of Board members (all Board members are not independent of the Bank; all Board members are executive members dependent on the Bank);

### **Shares and Major Shareholders**

The OP Cooperative has completed its public voluntary bid announced in February 2014 and gained ownership of all Pohjola Bank plc shares by decision of the Arbitral Tribunal in accordance with Chapter 18, Section 6 of the Finnish Limited Liability Companies. For more information see "*The Bank as a Part of OP Financial Group*".

The Bank's former A Shares and K Shares were combined to form a single series of shares and the shares were removed from the book-entry system as of 28 November 2014.

**31 December 2014**

**Total**

Share capital, EUR.....	427,617,463
No. of shares.....	319,551,415

As at 31 December 2014, there were 320 million shares, the number being the same as at 31 December 2013. At the end of December 2014, the Bank held none of its own shares and the General Meeting has not given an authorisation to acquire own shares.

### **Principal Shareholders**

As at the date of this Base Prospectus, the OP Cooperative held 100.00 per cent. of Pohjola Bank plc's shares and 100.00 per cent. of the votes.

### **Material Contracts**

The Bank does not have any material contracts that are not entered into in the ordinary course of the Bank's business, which could result in any group member being under an obligation or entitlement that is material to the Bank's ability to meet its obligations to security holders in respect of the securities being issued.

### **Legal Proceedings**

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

### **Recent Events**

OP Financial Group's risk-bearing capacity was strong in ECB's comprehensive assessment, the Bank's figures included in OP Financial Group's results on 26 October 2014, see "*Information on OP Financial Group and the OP Cooperative – Recent Events*".

OP Financial Group is continuing with the planning of structural arrangements, see "*Information on OP Financial Group and the OP Cooperative – Recent Events*".

## INFORMATION ON OP FINANCIAL GROUP AND THE OP COOPERATIVE

### Information Related to OP Financial Group and the OP Cooperative

Pursuant to the Amalgamations Act, the amalgamation of cooperative banks comprises the organisation's central institution, OP Cooperative, the Bank which acts as the central bank of the member cooperative banks, other member credit institutions of the central institution, the companies belonging to the consolidation groups of the central institution and the member credit institutions as well as credit and financial institutions and service companies in which one or more of the above-mentioned entities alone or jointly hold a total of more than half of the total votes. According to the Cooperative Bank Act and Amalgamations Act, the amalgamation of the cooperative banks is monitored on a consolidated basis, and the central institution and its member credit institutions are ultimately jointly responsible for each other's liabilities and commitments as clarified further below. The extent of OP Financial Group differs from that of the amalgamation of the cooperative banks in that OP Financial Group subsumes companies other than credit and financial institutions or service companies. The most important of these are the insurance companies with which the amalgamation forms a financial and insurance conglomerate.

The OP Cooperative was entered into the trade register maintained by the National Board of Patents and Registration in Finland on 23 May 1997. The OP Cooperative's business identity code is 0242522-1. The OP Cooperative's registered address is OP Cooperative, Teollisuuskatu 1b, FI-00510 Helsinki (office address Vääksyntie 4), Finland and its telephone number is +358 10 252 010. OP Financial Group's financial period is the calendar year.

On 6 October 2014, OP Financial Group announced the renewal of its brand. The former OP-Pohjola was changed to OP. The new name of the former OP-Pohjola Group, OP Financial Group, was adopted on 1 January 2015.

### Joint liability of OP Financial Group

OP Financial Group comprises (a) the OP Cooperative as OP Financial Group's central institution, (b) some 180 Member Cooperative Banks, (c) the Bank as the central bank of OP Financial Group, (d) the companies belonging to the consolidation groups of the OP Cooperative and (e) the Member Credit Institutions, other than the Cooperative Banks, described below (together, the "**OP Financial Group**" or the "**Group**").

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

OP Financial Group does not form a corporate group as defined in the Accounting Act (*Kirjanpitolaki* 30.12.1997/1336, as amended) or a consolidation group as defined in the Credit Institution Act. Under Finnish laws on bank supervision, OP Financial Group is monitored on a consolidated basis.

Under the Amalgamations Act, the OP Cooperative is responsible for issuing guidelines on risk management, good corporate governance, internal control and guidelines for the application of uniform accounting principles in preparing the consolidated financial statements of the OP Financial Group to the Member Credit Institutions, with the aim of ensuring their liquidity and capital adequacy. The OP Cooperative also supervises the Member Credit Institutions' compliance with the applicable rules and regulations in respect of their financial position, any provisions issued by the relevant supervising authorities, their statutes and articles of associations. The obligation to issue guidelines and exercise supervision does not however give the OP Cooperative the power to determine the business operations of the Member Credit Institutions or the Member Cooperative Banks. Each Member Credit Institution carries on its business independently within the scope of its own resources.

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

- (a) The OP Cooperative must pay to each Member Credit Institution an amount that is necessary in order to prevent such Member Credit Institution's liquidation. The OP Cooperative is responsible

for the payments of any debts of a Member Credit Institution that cannot be paid using such Member Credit Institution's own funds.

- (b) A Member Credit Institution must pay to the OP Cooperative a proportionate share of the amount which the OP Cooperative has paid either to another Member Credit Institution as part of the support action described above, or to a creditor of such Member Credit Institution as payment of a due debt for which the creditor has not received payment from his debtor. Furthermore, upon the insolvency of the OP Cooperative a Member Credit Institution has an unlimited liability to pay the debts of the OP Cooperative as set out in Chapter 14 of the Act on Cooperatives.
- (c) Each Member Credit Institution's liability, for the amount which the OP Cooperative has paid on behalf of one Member Credit Institution to its creditors, is divided between the Member Credit Institutions in proportion to their last confirmed balance sheet totals.
- (d) If the funds of any Member Credit Institution fall below the minimum set out in the Act on Credit Institutions or the Amalgamations Act, as the case may be, the OP Cooperative is entitled to receive credit from the other Member Credit Institutions by collecting from such other Member Credit Institutions additional repayable payments to be used to support actions to prevent liquidation of the Member Credit Institution. The annual aggregate amount of the payments collected from the Member Credit Institutions on this basis may in each accounting period be a maximum amount of five thousandths of the last confirmed balance sheet total of each Member Credit Institution.
- (e) A creditor who has not received payment from a Member Credit Institution on a due receivable (principal debt) may demand payment from the OP Cooperative, when the principal debt falls due. As a result, pursuant to the Amalgamations Act, the OP Cooperative is responsible for the payment of such debts. Having made such payment the OP Cooperative has a right to collect proportionate shares of the payment from Member Credit Institutions as described above in paragraph (b).

Other entities than the Member Credit Institutions, such as OP Financial Group's insurance companies and OP-Services Ltd, do not fall within the scope of joint liability.

### **The Business Activity Structure of OP Financial Group and Pohjola Group**

The OP Cooperative acts as the entire OP Financial Group's strategic owner institution and as a central institution in charge of Group control, Group steering and supervision.

For more information on OP Financial Group and Pohjola Group see "*The Company Structure of OP Financial Group and the Bank*" on page 78.

OP Cooperative Consolidated comprises the OP Cooperative and institutions majority-owned or wholly-owned by the parent institution or any of its subsidiaries.

### ***OP Cooperative's Other Subsidiaries***

OP-Services Ltd provides, develops and maintains services needed by OP Financial Group companies, such as product and service development, business support services, internal services and ICT services.

OP-Services Ltd's licensed operations were transferred on 1 June 2012 to the newly established OP Process Services Ltd. Both companies are wholly-owned subsidiaries of OP Cooperative. OP Process Services Ltd. received a credit institution licence on 7 May 2012, and a clearing and account operator licence on 21 May 2012.

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

OP Life Assurance Company Ltd. runs OP Financial Group's life and pension insurance operations in a centralised manner. It also sees to their development. OP Life Assurance Company Ltd.'s portfolio includes life, pension, investment and term insurance services. In August 2012, the OP Cooperative purchased the entire share stock of the life insurance company Aurum Investment Insurance Ltd.



OP Fund Management Company Ltd manages OP Financial Group's mutual funds. It makes use of the service network of the Member Cooperative Banks and Helsinki OP Bank Plc as well as OP Financial Group's online services in selling fund units.

OP Mortgage Bank (in Finnish *OP-Asuntoluottopankki Oyj*), acting via the Member Cooperative Banks, grants long-term mortgage loans against full collateral. OP Mortgage Bank funds its operations by issuing mortgage backed bonds.

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

#### **Other Institutions**

OP Pension Fund takes care of OP Financial Group's statutory pension security and OP Pension Foundation handles the supplementary pension security for persons covered by it.

OP Bank Group Mutual Insurance Company is OP Financial Group's internal insurance company. It is a part of the OP Financial Group's internal risk management system.

#### **Direct ownership structure within OP Financial Group on 31 December 2014**

	<b>Member cooperative banks</b>	<b>Pohjola Group</b>	<b>OP Cooperative</b>	<b>Group total</b>
<b>Share of ownership, %</b>				
OP Cooperative .....	100.00	0.0		100.0
Pohjola Bank plc .....			100.0	100.0
Pohjola Insurance Ltd .....		100.0		100.0
Eurooppalainen Insurance Company Ltd .....		100.0		100.0
Seesam Companies .....		100.0		100.0
Omassairaala Oy .....		100.0		100.0
A-Insurance Ltd .....		100.0		100.0
Pohjola Asset Management Ltd .....		100.0		100.0
Pohjola Asset Management Execution Services Ltd .....		100.0		100.0
PAM USA Funds Ltd .....		100.0		100.0
Pohjola Insurance Ltd .....		100.0		100.0
Pohjola Property Management Ltd .....		100.0		100.0
Pohjola Finance Estonia As .....		100.0		100.0
Pohjola Finance SIA .....		100.0		100.0
UAB Pohjola Finance .....		100.0		100.0
OP Life Assurance Company Ltd .....	15.0	9.0	76.0	100.0
Aurum Investment Insurance Ltd .....			100.0	100.0
Helsinki OP Bank plc .....			100.0	100.0
OP Card Company Plc .....	60.7	16.9	18.5	100.0
OP Mortgage Bank plc .....			100.0	100.0
OP Fund Management Company Ltd .....			100.0	100.0
OP-Services Ltd .....			100.0	100.0
OP Process Services Ltd .....			100.0	100.0
OP Bank Group Mutual Insurance company .....	78.5		14.9	100.0

#### **Line of Business and Main Markets**

The companies belonging to OP Financial Group are engaged in financial services and related operations in accordance with the internal division of responsibilities within OP Financial Group, mainly in the domestic market. The Member Cooperative Banks concentrate on customer-centred businesses.

As of 1 January 2011, OP Financial Group's central institution, OP Cooperative was reorganised. OP Cooperative's duties were divided between two separate companies. As of 1 January 2011, OP-Services Ltd, a service company fully owned by the OP Cooperative, is responsible for the development and provision of centralised services for OP Financial Group and its member banks. OP-Services Ltd's licensed operations were transferred on 1 June 2012 to the newly established OP Process Services Ltd. OP Process Services received a credit institution licence on 7 May 2012, and a clearing and account operator licence on 21 May 2012. The OP Cooperative acts as the entire OP Financial Group's strategic owner institution and as a central institution in charge of Group control, Group steering and supervision.

According to the Financial Market Statistics of the Bank of Finland (excluding MFIs) OP Financial Group had market shares of 37.6 per cent. in deposits in December 2014. According to the same statistics, OP Financial Group's loan portfolio stood at EUR 70.7 billion at 31 December 2014, equating to a market share of 34.4 per cent. in loans in December 2014. According to the Report on Funds of Investment Research Finland, OP Financial Group's market share of the mutual funds market was 20.5 per cent. at 31 December 2014. According to the Life Insurance payment statistics, OP Financial Group's share of life insurance premium income was 22.8 per cent. in December 2014. OP Financial Group's share of the Finnish non-life insurance market was 30.3 per cent. at 31 December 2013 according to the Insurance Companies in Finland 2013 publication by the Federation of Finnish Financial Services.

At the end of December 2014, OP Financial Group operated in approximately 456 locations and 348 of these offered both banking and non-life insurance services. The customer base of 3.6 million banking customers and 2.3 million non-life insurance customers (the number of joint customers for banking and insurance operations over 1.6 million) are served through an extensive distribution network in Finland. OP Financial Group's multichannel service network comprises outlets, online services and contact centre facilities.

At the end of December 2014, OP Financial Group had 12,356 employees.

### **Efficiency-enhancement programme**

OP Financial Group decided towards the end of 2012 on an efficiency-enhancement programme. The objective has been to achieve cost savings of EUR 150 million until the end of 2015. Based on the actions completed by 31 December 2014, annualised savings reached about EUR 139 million, of which personnel-related costs account for EUR 55 million.

### **Owner-membership**

The cooperative movement is OP Financial Group's ideological foundation and the starting point for its strategic objectives. OP Financial Group has over four million customers, of which approximately 1.4 million (on 31 December 2014) are the Member Cooperative Banks' owner-members. Owner-members are customers who use the services of a Member Cooperative Bank and are also members of the said Member Cooperative Bank. It follows naturally from this combination of ownership and customership that the benefit and added value of each Bank's operations are channelled, via the customer relationship, to owner-members and customers. The fundamental objective of cooperative operations is thus not to maximise profits for the owners but to provide, as competitively as possible, the services which the cooperative's owner members and customers need.

Owner-membership is a distinctive feature of the Member Cooperative Bank customer relationship. Owner-membership offers a chance to participate in the relevant Member Cooperative Bank's administration and decision-making. In addition, owner-membership brings benefits through the focusing of one's banking matters with a Member Cooperative Bank. The Member Cooperative Banks have the corporate form of a cooperative, in which the basic values underlying decision-making include the one member, one vote principle. Within the Member Cooperative Banks, the highest decision-making body is the cooperative meeting or assembly, which elects a Supervisory Board for the Member Cooperative Bank. The Supervisory Board elects an Executive Board for the Member Cooperative Bank. A person can become an owner-member of a Member Cooperative Bank by paying a cooperative contribution and applying for membership. The owner-members, who are made up primarily of private individuals, elect from among their number the administrative staff of their own bank. The Member Cooperative Banks' basic capital consists of the cooperative capital and any supplementary cooperative capital. The total amount of cooperative capital investments by owner-members was EUR 1,900 million as at 31 December 2014 (unaudited).

### **Member Cooperative Banks**

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

## **Management of OP Cooperative**

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

### ***Supervisory Board of OP Cooperative***

The OP Cooperative's Supervisory Board has 33 members (according to the statutes, it must have a minimum of 32 and maximum of 36). Mr Jaakko Pehkonen acts as its chairman and Mr Vesa Lehtikainen and Ms Mervi Väisänen act as deputy chairmen. The task of the Supervisory Board is to oversee the corporate governance of the OP Cooperative as managed by the Executive Board and the President, and to ensure that the OP Cooperative's operations are managed in a professional and prudent manner in accordance with the Cooperatives Act and in the best interests of the OP Financial Group. Finland is divided into 16 federations of Member Cooperative Banks, which are regional cooperative bodies for the Member Cooperative Banks. They appoint the candidates from their areas to the Supervisory Boards of the OP Cooperative.

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

### ***Executive Board***

Executive Board members and deputy members bear operational responsibility for the areas of responsibility and organisational entities individually designated to them.

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

The Executive Board is chaired by the Executive Chairman, who acts as the President. The Deputy to the Executive Chairman acts as the Executive Board's Vice Chairman. As per the Supervisory Board's decision, the Executive Board also includes four to eight other members and a maximum of four deputy members. As at the date of this Base Prospectus, the Executive Board consisted of the Executive Chairman, the Vice Chairman, eight members and one deputy member.

At its meeting on 24 April 2014, the Supervisory Board of the OP Cooperative decided to make major changes to the management and organisational structures of OP Financial Group Central Consolidated, with the aim of transforming the management of the entire OP Financial Group and OP Financial Group Central Consolidated, in particular, with a more business-driven approach and creating a more integrated structure of OP Financial Group. In future, three business lines will form the management basis throughout the Group: (i) Banking; (ii) Wealth Management; and (iii) Non-life Insurance.

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

<b>Name</b>	<b>Position</b>
Karhinen Reijo	Executive Chairman and CEO, Chairman
Vepsäläinen Tony	Executive Vice President, Operations, Vice Chairman
Geber-Teir Carina	Chief Communication Officer
Himanen Jari	Executive Vice President, Group Steering
Lehtilä Olli	Executive Vice President, Non-life Insurance
Luhtala Harri	Chief Financial Officer
Nummela Harri	Executive Vice President, Wealth Management
Palmén Erik	Chief Risk Officer
Pölönen Jouko	Executive Vice President, Banking
Sarajärvi Teija	Chief Human Resources Officer

Markku Koponen, Chief Legal Officer acts as Executive Board secretary and deputy member in charge of legal affairs.

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

### ***President***

The duty of the president is to administer the OP Cooperative's day-to-day administration in accordance with the guidelines and regulations set by the Executive Board. Currently the President of the OP Cooperative is Mr Reijo Karhinen, office address: OP Cooperative, Vääksyntie 4, FI-00510 Helsinki, Finland.

### ***Conflicts of Interest***

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

### ***Auditors***

The auditor during the last two financial periods was: KPMG Oy Ab, Töölönlahdenkatu 3 A, FI 00101 Helsinki, Finland.

### **Material Contracts**

OP Financial Group does not have any material contracts that are not entered into in the ordinary course of OP Financial Group's business, which could result in any Member Credit Institution being under an obligation or right that materially affects the Bank's ability under the joint liability to meet its obligations to Instrument holders in respect of the Instruments issued.

### **Legal Proceedings**

OP Financial Group is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which OP Financial Group is aware), during the previous 12 months which may have, or have had in the recent past, significant effects on OP Financial Group's financial position or profitability.

## Recent Events

### *OP Financial Group continues the planning of structural arrangements*

On 14 November 2014, the OP Cooperative announced that it continues to plan the structural reform of OP Cooperative Consolidated. The potential changes are part of the new OP-Pohjola, owned by its customers. The process of considering different options regarding the restructuring of OP Cooperative Consolidated and the potential implementation of legal structures for the organisation is still ongoing. One option under consideration is the separation of OP Financial Group's central banking operations (part of the Bank) into a separate subsidiary wholly owned by the OP Cooperative. Under such a reorganisation, OP Financial Group's banking operations will continue in their entirety to fall within the scope of joint liability as laid down in the applicable law. (See "*Risk Factors - Risks Relating to the Operations of Pohjola Group - Risks Relating to Planned Structural Changes in Pohjola Group*")

### *OP Financial Group's risk-bearing capacity strong in ECB's comprehensive assessment on 26 October 2014*

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

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

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

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

Despite the purchase of the Bank's shares, the Group's capital adequacy is strong.

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

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

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

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

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

The results were used to update the credit and counterparty risk models used for the valuation of derivatives, and the collective provision model. The changes did not have any material effect on the financial statement or accounting policies.

### **Risk-bearing Capacity and Capital Adequacy**

The primary objective of risk management within OP Financial Group is to secure the risk-bearing capacity of all entities belonging to the Group and to ensure that they do not take on excessive risk that might endanger the profitability, capital adequacy or continuity of the operations of an individual entity or the entire Group.

The purpose of risk management within OP Financial Group is to identify threats and opportunities that impact the implementation of the Group's strategy.

OP Cooperative is responsible for OP Financial Group's capital adequacy management at Group level and ensuring that any related systems are adequate and appropriate. Each OP Financial Group institution is responsible for its own risk and capital adequacy management. In light of increased regulatory requirements and the need to preserve the OP Financial Group's competitive position towards customers, rating agencies and funding markets, the OP Financial Group has set the common equity tier 1 target to 18 per cent. The target is to be reached by 2016. OP Financial Group as a financial conglomerate measures OP Financial Group's risk-bearing capacity by the ratio of own funds to the minimum amount of own funds as defined in the Act on the Supervision of Financial and Insurance Conglomerates. On 31 December 2014 the ratio of own funds to the minimum amount was 1.89 compared with 1.90 at 31 December 2013. The OP Financial Group's own funds at 31 December 2014 were EUR 2,984 million (3,359 million as at 31 December 2013) greater than the statutory limit. A strong risk-bearing capacity acts as a buffer against unexpected losses and creates a basis for the growth of business operations.

Two sets of capital adequacy ratios are calculated for OP Financial Group: 1) capital adequacy according to the Finnish Act on Credit Institutions and CRD IV Regulation, and 2) capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates (*Laki rahoitus- ja vakuutusryhmittymien valvonnasta*, 30.7.2004/699).

Regarding the capital capital adequacy according to the Finnish Act on Credit Institutions, the Group's operations are based on the Amalgamations Act which became effective as of 1 July 2010. Owing to the regulations on joint responsibility and security conditions prescribed in the Amalgamations Act, a minimum amount of capital resources has been set for the amalgamation of the cooperative banks calculated according to the regulations for capital adequacy specified in the Credit Institutions Act and CRD IV Regulation. The amalgamation of the cooperative banks comprises its central institution (OP Financial Group Central Cooperative), the central Institution's member credit institutions and companies belonging to their consolidation groups. Although OP Financial Group's insurance companies do not belong to the amalgamation of the cooperative banks, investments made in them have a major impact on capital adequacy calculated in accordance with the capital adequacy regulations for credit institutions. This capital adequacy figure is called the amalgamation of cooperative banks' capital adequacy. The statutory minimum for capital adequacy ratio is 8 per cent., and for Tier 1 ratio 6 per cent. and Common Equity Tier 1 ratio (CET) 4.5 per cent. The capital conservation buffer of 2,5 per cent. increases the CET1 requirement to 7 per cent.

OP Financial Group is also a financial and insurance conglomerate, pursuant to the Act on the Supervision of Financial and Insurance Conglomerates. The conglomerate is governed by specific provisions of the capital adequacy requirement.

#### ***Capital Adequacy according to the Finnish Act on Credit Institutions***

*Capital adequacy of the amalgamation of cooperative banks:*

(other than the 31 December 2013 figures unaudited):

#### **Capital structure and capital adequacy**

The Group has presented its capital base and capital adequacy of 31 December 2014 in accordance with the EU capital requirement regulation and directive (EU 575/2013) (the "**CRD IV Regulation**") entered into force on 1 January 2014. Comparatives for 2013 are presented according to CRD III in force on 31

December 2013. In addition, an estimate of the figures a year ago under the CRD IV Regulation is presented in column CRD IV Regulation 1 Jan. 2014.

	CRD IV Regulation	CRD IV Regulation	Change,	CRD3
	31 Dec 2014	1 Jan 2014	%	31 Dec 2013
<b>Capital structure and capital adequacy</b>				
OP Financial Group's equity capital.....	7,213	7,724	-7	7,724
The effect of insurance companies on the Group's shareholders' equity is excluded.....	-40	-212	-81	-212
Fair value reserve, cash flow hedging.....	-80	-27		-27
Supplementary cooperative capital to which transitional provision applies.....	192	494		603
<b>Common Equity Tier 1 (CET1) before deductions</b>	<b>7,285</b>	<b>7,979</b>	<b>-9</b>	<b>8,088</b>
Intangible assets.....	-450	-424	6	-424
Excess funding of pension liability, valuation adjustments, indirect holdings and deferred tax assets for losses.....	-1	-66	-99	-96
Planned profit distribution.....	-22	-99	-78	-99
Unrealised gains under transitional provisions.....	-90	-110	-18	-57
Investments in insurance companies and financial institutions.....	-	-		-1,154
Shortfall of impairments – expected losses.....	-339	-384	-12	-179
Shortfall of Additional Tier 1 (AT1).....	-	-		-177
<b>Common Equity Tier 1 (CET1)*</b>	<b>6,384</b>	<b>6,896</b>	<b>-7</b>	<b>5,902</b>
Instruments included in other Tier 1 capital				
Subordinated loans to which transitional provision applies.....	161	161		202
Shortfall of Tier 2 capital.....	-	-		-378
Reclassification into CET1.....	-	-		177
<b>Additional Tier 1 capital (AT1)</b>	<b>161</b>	<b>161</b>		<b>0</b>
<b>Tier 1 capital (T1)</b>	<b>6,544</b>	<b>7,057</b>	<b>-7</b>	<b>5,902</b>
Debt loans.....	708	670	6	670
OVY's equalisation provision.....	35	228	-85	228
Unrealised gains under transitional provisions.....	29	57	-50	57
Investments in insurance companies and financial institutions	-	-		-1,154
Shortfall of impairments – expected losses.....	-	-		-179
Reclassification into AT1.....	-	-		378
<b>Tier 2 Capital (T2)</b>	<b>772</b>	<b>955</b>	<b>-19</b>	<b>0</b>
<b>Total capital base</b>	<b>7,316</b>	<b>8,012</b>	<b>-9</b>	<b>5,902</b>
<b>Risk-weighted assets</b>				
Credit and counterparty risk.....	37,693	36,489	3	30,175
Central government and central banks exposure.....	30	86	-65	86
Credit institution exposure.....	1,275	1,379	-8	1,118
Corporate exposure.....	21,173	19,650	8	20,450
Retail exposure.....	5,234	5,404	-3	5,404
Equity investments**.....	7,663	7,976	-4	1,511
Other***.....	2,318	1,995	16	1,607
Market risk.....	1,377	909	51	909
Operational risk.....	3,182	3,007	6	3,007
Basel I floor.....	-	-		7,247
<b>Total</b>	<b>42,252</b>	<b>40,405</b>	<b>5</b>	<b>41,339</b>
<b>Ratios, %</b>				
	31 Dec 2014	1 Jan 2014	Change, percentage point	31 Dec 2013
CET1 capital ratio.....	15,1	17,1	2.0	14,3
Tier 1 ratio.....	15,5	17,5	2.0	14,3
Capital adequacy ratio.....	17,3	19,8	2.5	14,3
<b>Basel I floor, EUR million</b>				
Capital base.....	7,316	8,012		
Basel I capital requirements floor.....	3,642	3,281		
Capital buffer for Basel I floor.....	3,674	4,731		

\* The row of CET1 based on CRD III figures shows Core Tier as defined by the EBA

\*\* The risk weight of equity investments includes EUR 6.4 billion in insurance holdings within OP Financial Group. Based on permission from the Financial Supervisory Authority, OP Financial Group treats insurance holdings as risk-weighted assets according to the PD/LGD method.

\*\*\* EUR 273 million of Other exposures represent deferred tax assets that are treated with a risk weight of 250 per cent. instead of a deduction from common equity tier 1 capital.

OP Financial Group has applied transitional provisions regarding old capital instruments to supplementary cooperative capital and subordinated loans A total of 80 per cent. of the amounts outstanding on 31 December 2012 are included in the capital base.

Negative unrealised valuations are included in common equity tier 1 capital. Positive unrealised valuations are included in tier 2 capital according to a statement issued by the Financial Supervisory Authority.

Under CRD IV Regulation, the Basel I floor does not apply to RWAs and becomes a minimum capital requirement. The table above shows capital resources that exceed the Basel I floor.

The Common Equity Tier 1 (the "CET1") ratio of OP Financial Group, in accordance with CRD IV, stood at 15.1 per cent. and total capital ratio at 17.3 per cent. on 31 December 2014.

### Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

(other than the 31 December 2013 figures unaudited):

EUR million	31 December 2014	1 Jan 2014	Change, %	31 Dec 2013
OP Financial Group's equity capital .....	7,213	7,724	-7	7,724
Cooperative capital, hybrid instruments, perpetual bonds and debenture bonds .....	1,072	1,335	-20	1,488
Other sector-specific items excluded from capital base .....	-72	-82	-12	-5
Goodwill and intangible assets .....	-1,286	-1,308	-2	-1,308
Equalisation provisions .....	-179	-205	-13	-205
Proposed profit distribution .....	-22	-99	-78	-99
Items under IFRS deducted from capital base* .....	-79	-90	-12	-135
Shortfall of impairments – expected losses .....	-313	-358	-13	-358
<b>Conglomerate's capital base, total .....</b>	<b>6,334</b>	<b>6,918</b>	<b>-8</b>	<b>7,104</b>
Regulatory capital requirement for credit institutions** .....	2,864	2,717	5	3,307
Regulatory capital requirement for insurance operations*** .....	485	437	11	437
<b>Conglomerate's total minimum capital requirement .....</b>	<b>3,350</b>	<b>3,154</b>	<b>6</b>	<b>3,744</b>
<b>Conglomerate's capital adequacy .....</b>	<b>2,984</b>	<b>3,764</b>	<b>-21</b>	<b>3,359</b>
<b>Conglomerate's capital adequacy ratio (capital base/minimum of capital base) .....</b>	<b>1.89</b>	<b>2.19</b>		<b>1.90</b>

\* Excess funding of pension liability, Fair value measurement of investment property, Portion of cash flow hedge of fair value reserve

\*\* Risk-weighted assets x 8%

\*\*\* Minimum solvency margin

OP Financial Group's capital adequacy pursuant to the Act on the Supervision of Financial and Insurance Conglomerates is calculated using the consolidation method, whereby assets included in capital resources but not included in equity capital, under the regulations for the banking or insurance industry, are added to the equity capital in the conglomerate's balance sheet. Capital resources may not include items not available for covering the losses of other companies belonging to the conglomerate.

The financial and insurance conglomerate's minimum capital requirement consists of the credit institutions' consolidated minimum capital requirement and the insurance companies' joint minimum operating capital.

The insurance companies' equalisation provision is not included in the financial and insurance conglomerate's capital resources. The equalisation provision acts as a buffer for insurance companies in case of years with heavy losses and is therefore part of the financial services Group's actual buffer against losses.



## OP Financial Group key indicators

(other than the 31 December 2013 figures unaudited):

	Q1–Q4/2014	Q1–Q4/2013	Change, %
Earnings before tax, € million	915	701	30.6
Banking	587	404	45.1
Non-life Insurance	223	166	34.4
Wealth Management	161	113	42.5
<b>Returns to owner-members and OP bonus customers</b>	<b>195</b>	<b>193</b>	<b>0.7</b>
	31 Dec 2014	31 Dec 2013	Change, %
Common Equity Tier 1 (CET1) ratio, % / Core Tier 1 ratio**	15.1	17.1	-2.0*
Ratio of capital base to minimum amount of capital base (under the Act on the Supervision of Financial and Insurance Conglomerates)**	1.89	2.19	-0.3*
Ratio of receivables more than 90 days overdue to loan and guarantee portfolio, %	0.38	0.42	0.04*
Joint banking and insurance customers (1,000)	1,590	1,518	4.7

\* Change in ratio

\*\* The comparatives are presented based on the regulatory framework effective before 1 January 2014.

## TAXATION

### EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, each Member State of the European Union (each an "**EU Member State**") is required to provide to the tax authorities of another EU Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other EU Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain EU Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a EU Member State. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a EU Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. EU Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

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

### Finnish Taxation

*The comments below are of a general nature based on the Bank'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 Instruments and Coupons. They may not apply to certain classes of person such as dealers. Prospective holders of the Instruments who are not resident in Finland for tax purposes and are in any doubt as to their personal tax position or who may be subject to tax in any other jurisdiction should consult their professional advisers. It should be noted that the tax laws of Finland may be amended with retroactive effect.*

#### *Taxation of Instruments*

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

#### *Finnish Capital Gains Taxes*

Holders of Instruments 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 Instruments and Coupons.

### Foreign account tax provisions of the US Hiring Incentives to Restore Employment Act of 2010 (FATCA)

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to any non-U.S.

financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA. The Bank is classified as an FFI.

The new withholding regime was phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of any Instruments characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date. If Instruments are issued before the grandfathering date, and additional Instruments of the same series are issued on or after that date, the additional Instruments may not be treated as grandfathered, which may have negative consequences for the existing Instruments, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary", "withholding foreign partnership" or "withholding foreign trust" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might be required to withhold as a Participating FFI on foreign passthru payments. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Finland have entered into an agreement (the "**US-Finland IGA**") based largely on the Model 1 IGA.

The Bank expects to be treated as a Reporting FI pursuant to the US-Finland IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Bank will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Bank and financial institutions through which payments on the Instruments are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Instruments is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

Whilst the Instruments are in global form and held within Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme (together, the "**ICSDs**"), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Instruments by the Bank, any paying agent and the Common Depositary and/or Common Safekeeper, given that each of the entities in the payment chain between the Bank and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive Instruments will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Bank and to payments they may receive in connection with the Instruments.

#### **The proposed financial transactions tax ("FTT")**

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

The Commission' Proposal has very broad scope and could, if introduced, apply to certain dealings in the Instruments (including secondary market transactions) in certain circumstances. The issuance and subscription of Instruments should, however, be exempt.

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

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Instruments.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of the Instruments are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Instruments may be sold from time to time by the Bank to any one or more of Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, J.P. Morgan Securities plc, Merrill Lynch International, Nomura International plc, Pohjola Bank plc, The Royal Bank of Scotland plc and UBS Limited, (the "**Dealers**") or to any other person or institution. The arrangements under which Instruments may from time to time be agreed to be sold by the Bank to, and purchased by, Dealers are set out in an amended and restated dealership agreement dated 17 February 2015 (the "**Dealership Agreement**", which expression shall include any supplements or amendments thereto) and made between the Bank and the Dealers. Any such agreement will *inter alia* make provision for the form and terms and conditions of the relevant Instruments, the price at which such Instruments will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Bank in respect of such purchase. The Dealership Agreement makes provision for the resignation or renewal of existing Dealers and the appointment of additional or other Dealers.

In connection with the issue under the Programme of any Series of Instruments, a portion of which is offered or sold within the United States or to or for the account or benefit of U.S. persons, the Dealer, who is specified in the Final Terms in relation to the relevant Series of Instruments, may purchase and sell the Instruments in the open market. These transactions may include over-allotment and stabilising transactions, and purchases to cover short positions created in connection with the offering of such Instruments. Stabilising transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of such Instruments and short positions involve the sale by the relevant Dealer of a greater number of Instruments than it is required to purchase from the Bank in the offering of such Instruments. The relevant Dealer also may impose a penalty bid, whereby selling concessions allowed to broker-dealers in respect of the Instruments sold in the offering for their account may be reclaimed by the relevant Dealer if such Instruments are repurchased by the relevant Dealer in stabilising or covering transactions. These activities may stabilise, maintain or otherwise affect the market price of the Instruments which may be higher than the price that might otherwise prevail in the open market. These transactions may be effected on any stock exchange on which such Instruments are listed, in the over-the-counter market or otherwise, and these activities, if commenced, may be discontinued at any time. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

### **Selling Restrictions**

#### *The United States of America*

The Instruments have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in the preceding sentence have the meaning given to them by Regulation S.

Instruments in bearer form 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 U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, (the "**Code**") and regulations thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealership Agreement, and as described below, it will not offer, sell or deliver the Instruments, (i) as part of their distribution at any time or (ii) otherwise until forty days after the completion of the distribution of the Instruments comprising the relevant Series, as certified to the Fiscal Agent by such Dealer (or in the case of a sale of a Series of Instruments to or through more than one Dealer by each of such Dealers as to Instruments of such Series purchased by or through it, in which case the Fiscal Agent shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Instruments during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Instruments within the United States or to, or for the account or benefit of U.S. persons. Terms used in the preceding sentence have the meaning given to them by Regulation S.

In addition, until forty days after the commencement of the offering of Instruments comprising any Series, any offer or sale of Instruments of such Series within the United States by a Dealer that is 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 Rule 144A under the Securities Act.

Notwithstanding the foregoing restrictions, a Dealer may offer Registered Instruments in the United States pursuant to Rule 144A to qualified institutional buyers who have been informed by such Dealer that the offer is being made pursuant to Rule 144A. Each purchaser of Instruments pursuant to Rule 144A by accepting delivery of this Base Prospectus and the Registered Instruments, will be deemed to have represented and agreed as follows:

- (i) It is a qualified institutional buyer within the meaning of Rule 144A and it is acquiring such Registered Instruments for its own account or for the account of a qualified institutional buyer over which it exercises sole investment discretion; it is aware, and each beneficial owner of such Registered Instruments has been advised, that the sale of such Registered Instruments to it is being made in reliance on Rule 144A.
- (ii) It understands that the Registered Instruments are being offered only in a transaction not involving any public offering within the meaning of the Securities Act, and that, if in the future it decides to resell, pledge or otherwise transfer such Registered Instruments purchased by it, such transaction would be subject to certain restrictions and conditions set forth in or contemplated by the Fiscal Agency Agreement.
- (iii) It understands that the Registered Instruments purchased by it will bear a legend to the following effect unless otherwise agreed to by the Bank:

THIS INSTRUMENT HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND THE TRANSFER OF THIS INSTRUMENT IS SUBJECT TO CERTAIN CONDITIONS, INCLUDING THOSE SET FORTH IN THE FISCAL AGENCY AGREEMENT (THE "FISCAL AGENCY AGREEMENT") DATED AS OF 10 MARCH, 1992, AS AMENDED AND RESTATED ON 17 FEBRUARY 2015, AS AMENDED FROM TIME TO TIME, RELATING TO THE INSTRUMENTS. THE HOLDER HEREOF, BY PURCHASING THIS INSTRUMENT, AGREES FOR THE BENEFIT OF POHJOLA BANK PLC (THE "BANK") THAT THIS INSTRUMENT MAY BE RESOLD, PLEDGED, OR OTHERWISE TRANSFERRED ONLY (1) TO THE BANK OR AN AFFILIATE OF THE BANK, (2) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION, WHO THE SELLER HAS INFORMED, IN EACH CASE, THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A AND IN CONNECTION THEREWITH A CERTIFICATE SUBSTANTIALLY IN THE FORM OF SCHEDULE 9 TO THE FISCAL AGENCY AGREEMENT IS DELIVERED BY THE PURCHASER TO THE REGISTRAR (AS DEFINED IN THE FISCAL AGENCY AGREEMENT), (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT AND IN CONNECTION THEREWITH A CERTIFICATE SUBSTANTIALLY IN THE FORM OF SCHEDULE 11 TO THE FISCAL AGENCY AGREEMENT IS DELIVERED BY THE TRANSFEROR TO THE REGISTRAR, OR (4) OTHERWISE AS SET FORTH IN THE FISCAL AGENCY AGREEMENT.

- (iv) It acknowledges that the Bank, the Registrar, the Dealers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Registered Instruments for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

**Prospective purchasers are hereby notified that sellers of the Instruments may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

Each purchaser of Instruments sold outside the United States pursuant to Regulation S and each subsequent purchaser of such Instruments in resales prior to the expiration of the distribution compliance

period, by accepting delivery of this Base Prospectus and the Instruments, will be deemed to have represented, agreed and acknowledged that:

- (i) It is, or at the time Instruments are purchased will be, the beneficial owner of such Instruments and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Bank or a person acting on behalf of such an affiliate.
- (ii) It understands that such Instruments have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Instruments except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a qualified institutional buyer within the meaning of Rule 144A acquiring such Instruments for its own account, or for the account of a qualified institutional buyer over which it exercises sole investment discretion or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
- (iii) It understands that such Instruments, unless otherwise determined by the Bank in accordance with applicable law, will bear a legend in or substantially in the following form:

"THIS INSTRUMENT HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT."
- (iv) It understands that the Bank, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

In addition, a Dealer may arrange for the placement of Registered Instruments with sophisticated U.S. institutional investors under restrictions and other circumstances designed to preclude a distribution that would require registration of the Instruments under the Securities Act. These restrictions also include the delivery of certificates containing representations and agreements as provided in the Fiscal Agency Agreement, including those set forth in the Eighth Schedule thereto referred to above.

Furthermore, each Series of Instruments will also be subject to such further United States selling restrictions as the Bank and the relevant Dealer or Dealers may agree and as indicated in the relevant Final Terms.

#### *United Kingdom*

In relation to each Series of Instruments each Dealer subscribing for or purchasing such Instruments has represented to and agreed with, or will represent to and agree with, the Bank and each other such Dealer (if any) that:

- (a) *Financial promotion:* it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Instruments in circumstances in which section 21(1) of the FSMA would not, if the Bank was not an authorised person, apply to the Bank; and
- (b) *General compliance:* it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Instruments in, from or otherwise involving the United Kingdom.

#### *Japan*

Each Dealer understands that the Instruments have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Instruments, directly or indirectly, in Japan or to, or

for the benefit of, any Japanese Person or to others for reoffering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

#### *The Republic of Finland*

Each Dealer has agreed that it will not publicly offer the Instruments or bring the Instruments into general circulation in the Republic of Finland other than in compliance with all applicable provisions of the laws of the Republic of Finland and especially in compliance with the Finnish Securities Market Act (*Arvopaperimarkkinalaki* (746/2012, as amended)) and any regulation made thereunder, as supplemented and amended from time to time.

#### *Republic of Italy*

The offering of the Instruments has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the instruments, or distribution of copies of this Base Prospectus, or any other document relating to the instruments in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Instruments or distribution of copies of the Base Prospectus or any other document relating to the Instruments in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 in each case as amended from time to time; and
- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

#### *General*

Other persons into whose hands the Base Prospectus or any Final Terms comes are required by the Bank and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Instruments or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Bank.



## GENERAL INFORMATION

### Authorisation

1. The establishment of the Programme was authorised by a duly convened meeting of the Executive Board of the Bank held on 14 January, 1992 and the update of the Programme was authorised by a duly convened meeting of the Board of Directors of the Bank held on 16 December 2014.

### Auditors

2. The consolidated balance sheet and the consolidated income statements of Pohjola Group and OP Financial Group for the years ending 31 December 2012 and 31 December 2013 (in accordance with International Financial Reporting Standards ("IFRS")), have been audited, without qualification, by KPMG Oy Ab, Authorised Public Accountants (the responsible partner for the audit being Sixten Nyman), in accordance with Finnish Standards of Auditing.

### Listing and Admission to Trading

3. Applications have been made to admit the Instruments (other than Non-PD Instruments) issued under this Base Prospectus to listing on the Official List of the FCA and to trading on the regulated market of the London Stock Exchange. The price of the Instruments on the price list of the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). Any Tranche of Instruments intended to be admitted to trading on the regulated market of the London Stock Exchange will be so admitted to trading upon submission to the London Stock Exchange of the relevant Final Terms and any other information required by the London Stock Exchange, subject to the issue of the relevant Instruments. Prior to admission to trading, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day in London after the day of the transaction.

Non-PD Instruments may be issued pursuant to the Programme

### No Significant Change

4. There has been no significant change in the financial or trading position of the Pohjola Group or the OP Financial Group since 31 December 2014.

### No Material Adverse Change

5. There has been no material adverse change in the prospects of the Bank, the Pohjola Group or the OP Financial Group since 31 December 2013.

### Documents on Display

6. For the life of this Base Prospectus, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the registered office of the Bank and at the offices of Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB; namely:
  - (i) the Articles of Association of the Bank;
  - (ii) the Fiscal Agency Agreement;
  - (iii) the Deed of Covenant;
  - (iv) the Dealership Agreement;
  - (v) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Pohjola Group in respect of the years ended 31 December 2012 and 31 December 2013;
  - (vi) the unaudited consolidated financial statements of the Pohjola Group for the period 1 January to 31 December 2014;

- (vii) this Base Prospectus;
- (viii) the Issuer - ICSDs Agreement dated 5 November 2010; and
- (ix) any Final Terms relating to the Instruments which are admitted to listing, trading and/or quotation.

The English versions of documents translated from the Finnish original are direct and accurate translations. In the event of an inconsistency between the original and translation, the Finnish language version will prevail.

### **Clearing Systems**

- 7. The Instruments have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The common code and International Securities Identification Number in relation to the Instruments of each Series will be contained in the Final Terms relating thereto.
- 8. Settlement arrangements will be separately agreed between the Bank, the relevant Dealer and the Fiscal Agent or, as the case may be, the Registrar in relation to each Series.

### **Post Issuance Information**

- 9. The Bank does not intend to provide post issuance information.

### **Dealers Transacting with the Bank**

- 10. 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 for, the Bank and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Bank or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Bank routinely hedge their credit exposure to the Bank consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Instruments issued under the Programme. Any such short positions could adversely affect future trading prices of Instruments issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **11. Yield**

The yield of each Tranche of Instruments set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

**REGISTERED AND PRINCIPAL OFFICE OF THE BANK**

Teollisuuskatu 1b  
FIN-00510  
Helsinki  
Finland

**AUTHORISED PUBLIC ACCOUNTANTS TO THE BANK**

**KPMG Oy Ab**  
Töölönlahdenkatu 3 A  
FIN-00101  
Helsinki  
Finland

**ARRANGER**

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**DEALERS**

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Crédit Agricole Corporate and Investment Bank**

9, quai du President Paul Doumer  
92920 Paris la Defense  
Cedex  
France

**Credit Suisse Securities (Europe) Limited**

One Cabot Square  
Canary Wharf  
London E14 4QJ  
United Kingdom

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**DZ BANK AG**

**Deutsche Zentral-Genossenschaftsbank,  
Frankfurt am Main**  
Platz der Republik  
60265 Frankfurt am Main,  
Germany

**J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Nomura International plc**

1 Angel Lane  
London EC4R 3AB  
United Kingdom

**Pohjola Bank plc**

Teollisuuskatu 1b  
FIN-00510  
Helsinki  
Finland

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**UBS Limited**  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

**FISCAL AGENT AND PAYING AGENT**

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**PRINCIPAL REGISTRAR**

**Deutsche Bank Trust Company Americas,  
Corporate Trust and Agency Services**  
60 Wall Street  
MS-NYC60-2515  
New York NY 10005  
United States of America

**FIRST ALTERNATIVE REGISTRAR**

**Deutsche Bank Luxembourg S.A.**  
2, Boulevard Konrad Adenauer  
L-1115 Luxembourg

**PAYING AGENT**

**Deutsche Bank Luxembourg S.A.**  
2, Boulevard Konrad Adenauer  
L-1115 Luxembourg

**LEGAL ADVISERS**

*To the Bank as to Finnish Law*

**Pohjola Bank plc**  
Legal Services  
Teollisuuskatu  
1b FIN-00510  
Helsinki  
Finland

*To the Bank as to English Law*

**Linklaters LLP**  
1 Silk Street  
London EC2Y 8HQ  
United Kingdom

*To the Dealers as to English Law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom