

Sampo Housing Loan Bank Covered Bonds

Investor Presentation
September 2011

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Executive summary

- Sampo Housing Loan Bank plc (“SHLB”), the Issuer
 - 100% owned and supported by Sampo Bank plc
 - Fully integrated in Danske Bank Group, one of the largest financial institutions in the Nordic region (A2/A/A+, outlook negative/negative/negative)
- Sampo Bank plc
 - Well-diversified funding base with high deposit ratio
 - LT ratings of A1 (Stable) /A (Negative) by Moody’s/S&P, C Financial strength rating/Moody’s
- Issue History
 - Sep. 2005: EUR 1 bn 5Y issue, investor spread MS -1 bp, expired in September 2010
 - Sep. 2006: EUR 1 bn 5Y issue, investor spread MS -3 bps, will expire in September 2011
 - Dec. 2010: EUR 1 bn 5Y issue, investor spread MS+32 bps, will expire in December 2015
 - Jun. 2011: EUR 1 bn 10Y issue, investor spread MS+ 57 bps, will expire in June 2021
- Covered Bonds
 - SHLB’s EUR 5 billion covered bond program updated in November 2010
 - Issued under Finnish Covered Bond legislation as amended on 1 August 2010
 - Finnish Covered bond legislation is similar to other Nordic jurisdictions but lower LTV cap of 70% and minimum 2% over-collateralization ratio on NPV-basis
 - Full recourse to SHLB
 - Aaa rating – Moody’s
 - Covered bonds are fully UCITS/CRD compliant
- Cover Pool
 - 100% prime residential mortgages loans originated solely by Sampo Bank plc (+ supplementary collateral)
 - Outstanding collateral score of 3.3% and TPI-factor of probable-high from Moody's (PO report May 2011)
 - Weighted average indexed LTV of 39,6 %

SHLB' s merger – Restructuring of CB platform

- Act on Mortgage Credit Bank Operations states that covered bonds can be issued either by specialized mortgage credit bank or any licensed credit institution authorized by FIN-FSA to engage mortgage credit business
- At year end 2011 SHLB as a separate mortgage credit bank will be merged into its parent company Sampo Bank plc
- The purpose of the merger is to clarify and simplify the corporate structure in Sampo Bank Group as allowed by the law
- After the merger, SHLB's mortgage credit bank business operations, including all the assets and liabilities of SHLB, are transferred to Sampo Bank without a liquidation procedure and Sampo Bank will continue uninterruptedly SHLB's previous mortgage credit bank business.
- In order to continue SHLB's mortgage credit bank operations, Sampo Bank is in the process to apply for a license from Finnish FSA
- Starting from 1 January 2012 Sampo Bank plc will act as an issuer for covered bonds

Sampo Bank Group Overview

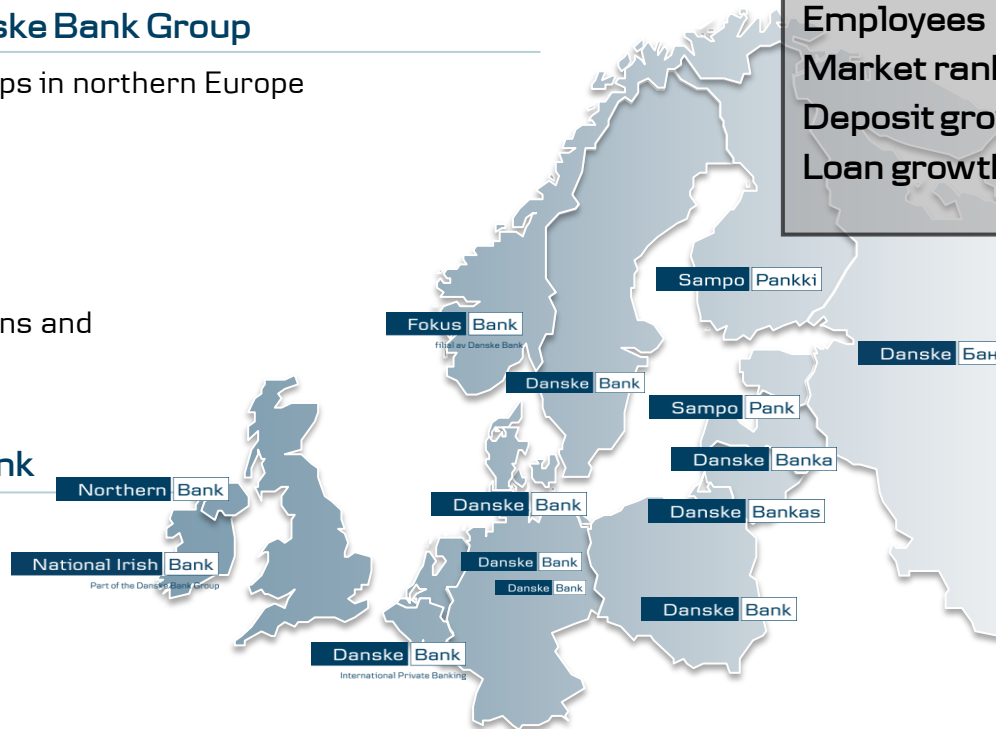
Strong Nordic franchise

Sampo Bank is a part of Danske Bank Group

- One of the largest bank groups in northern Europe
- Five million customers
- 21,536 employees
- 662 branches
- Operations in 15 countries
- Group practices in IT solutions and business concepts

Mortgage loans in Sampo Bank

- Housing loan portfolio EUR 10,8 billion
- Market share 14 %



Sampo Pankki	
Personal customers	1,1 M
Business customers	0,1M
Branches	121
Employees	2.712
Market rank	3
Deposit growth (Y/Y)	-2,3%
Loan growth (Y/Y)	+ 4,7%
As of June 2011	

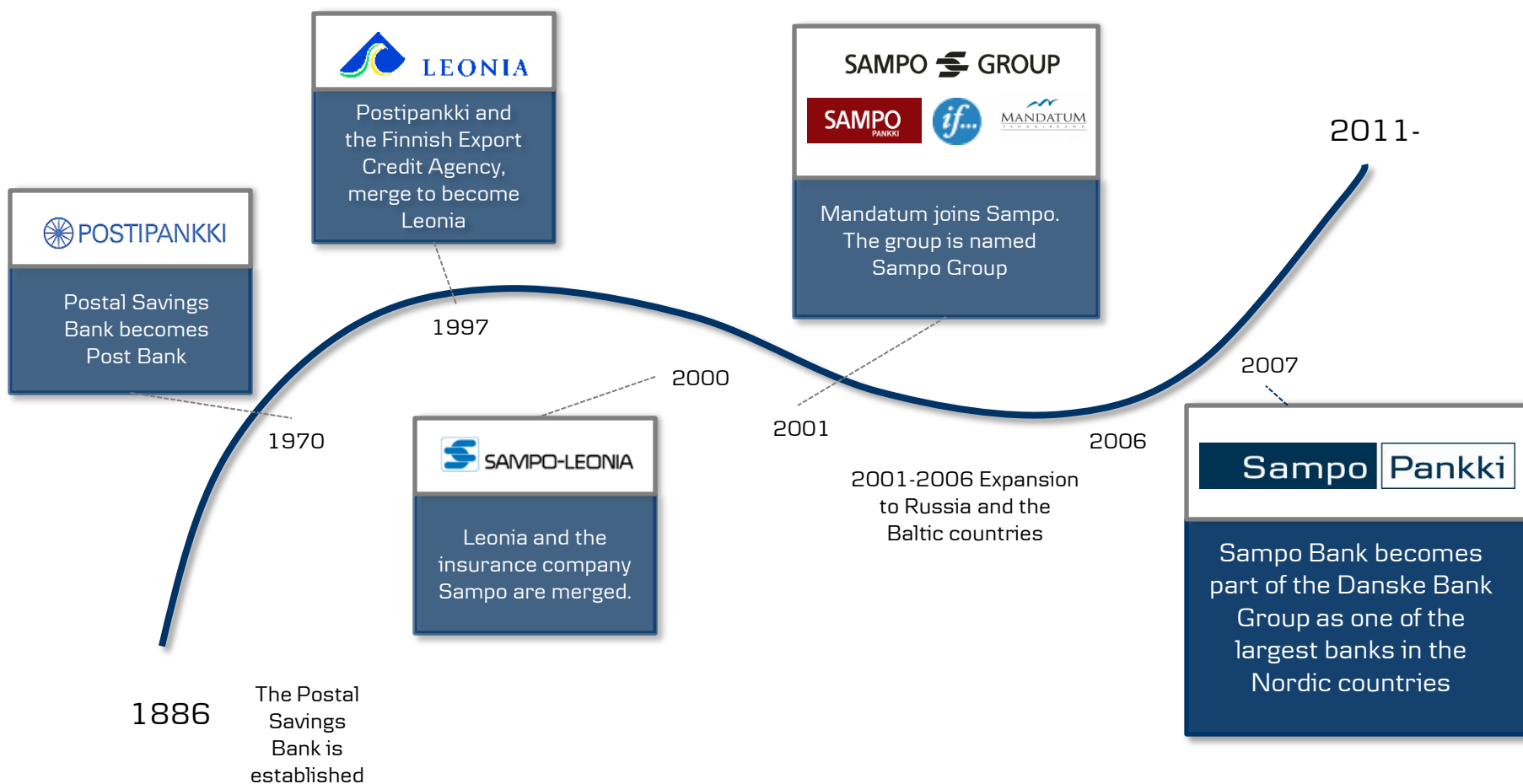
One platform - Exceptional Brands

The best local financial partner

A bank with a long history



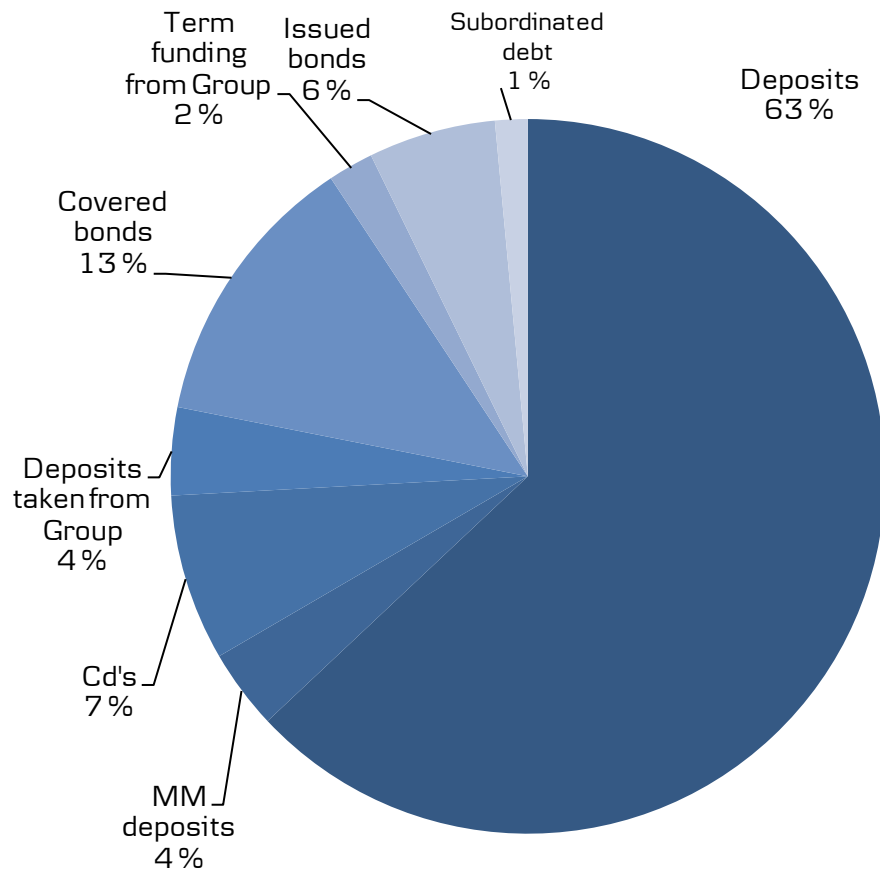
The Postal Savings Bank opened its first branch in 1897. Today, Sampo Bank has 121 branches around Finland from the southern coast to Lapland



Sampo Bank Group – Key figures H12011

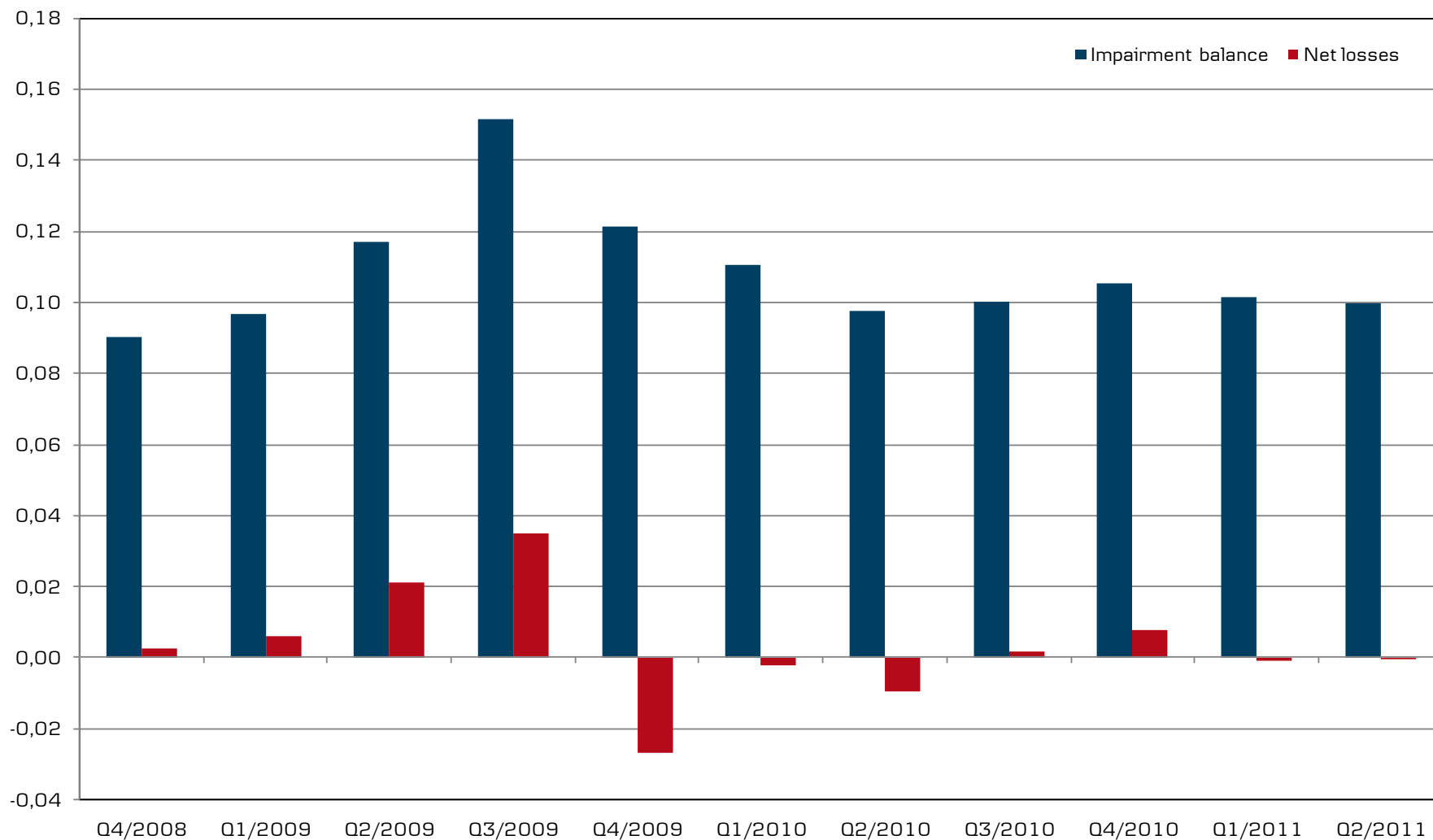
EUR million	H12011	H12010	Change	FY2010
Profit before taxes	47,8	92,1	-44,3	152,3
Net interest income	163,5	158,3	5,2	321,9
net fee and commission income	101,2	94,6	6,6	188,7
Impairment losses on loans and receivables	-45,6	-13,1	-32,5	32,7
Solvency ratio, %				
- total capital/risk-weighted assets	13,8 %	15,7 %	-1,9 %	15,2 %
- Tier 1 capital/risk-weighted assets	13,8 %	14,5 %	-0,7 %	14,1 %
Total assets	27 136,3	26 413,1	723,2	26 158,1
Risk-weighted assets	18 445,4	16 874,8	1 570,6	17 764,2
Capital requirement (8 % of RWA)	1 475,6	1 350,0	125,6	1 421,1
Tier 1	2 539,7	2 455,1	84,6	2 499,8
Tier 2	0,0	199,1	-199,1	199,1
Total capital	2 539,7	2 654,2	-114,5	2 698,9

Sampo Bank Group's funding structure 31st August 2011

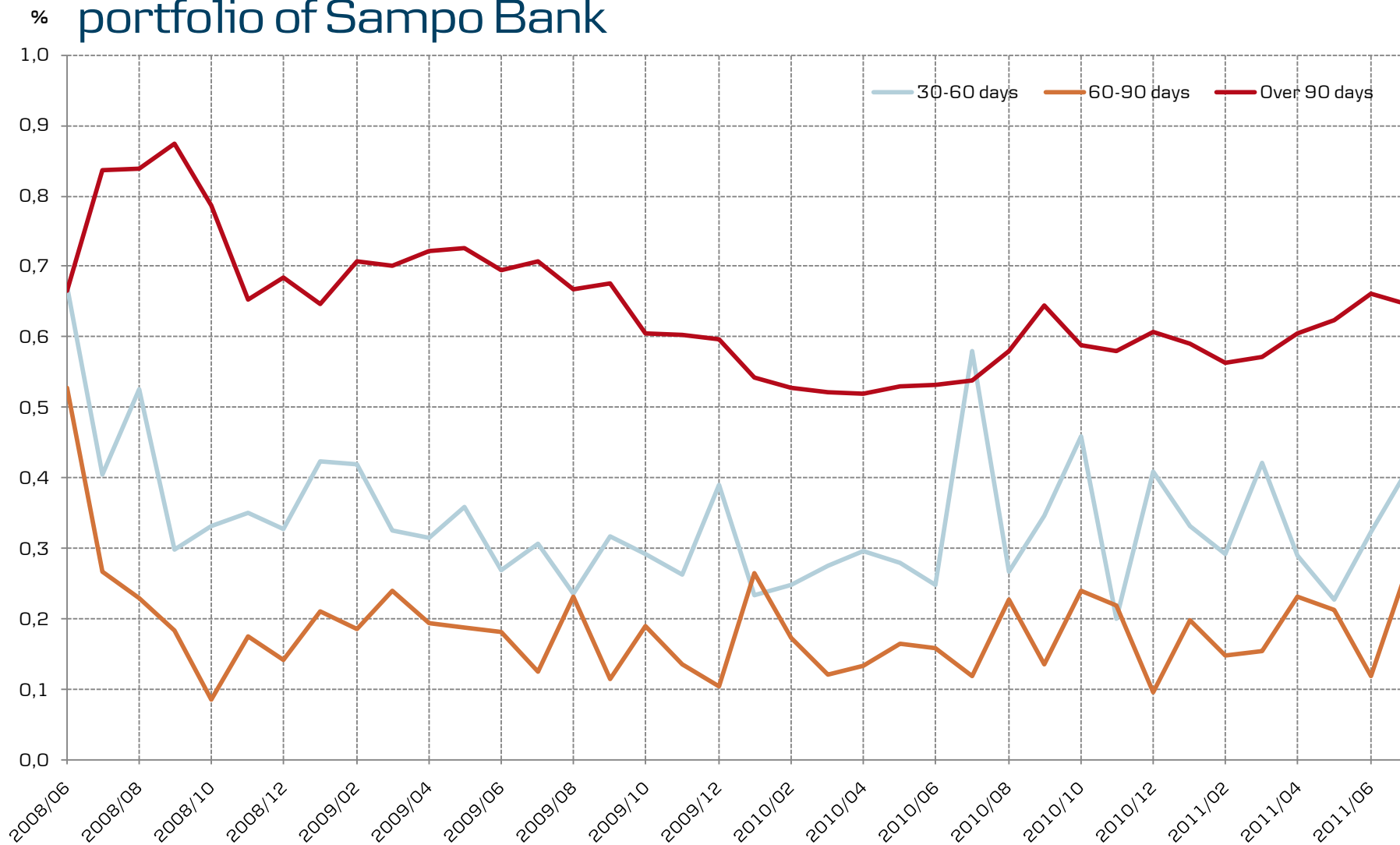


- Strong deposit base
- Covered bond will be a core funding tool going forward

Quarterly impairment balances and net credit losses of housing loans in Sampo Bank Group, % of outstanding housing loan exposure



Housing loans in arrears as percentage of housing loan portfolio of Sampo Bank

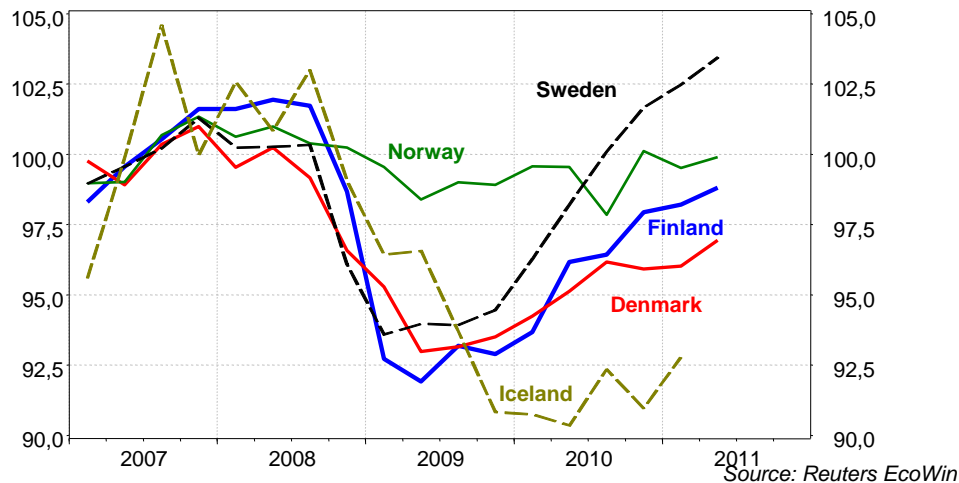


Finnish Economy and Housing market

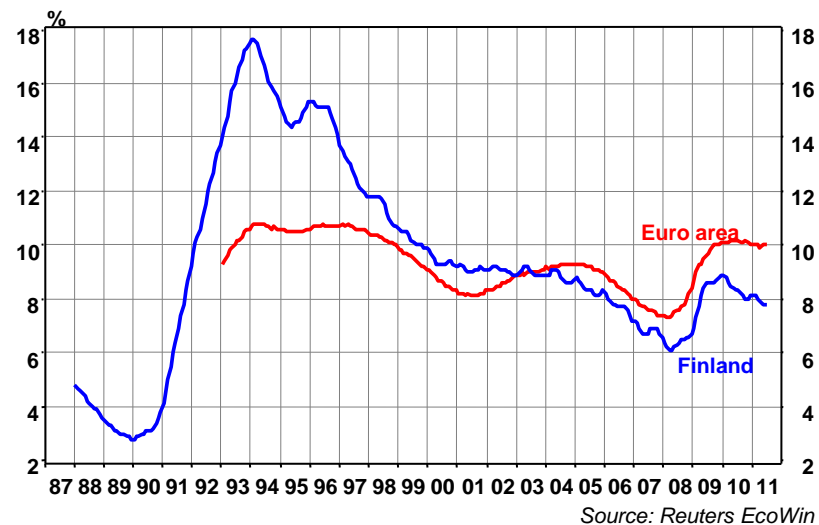
Macro economy

GDP in Nordic countries

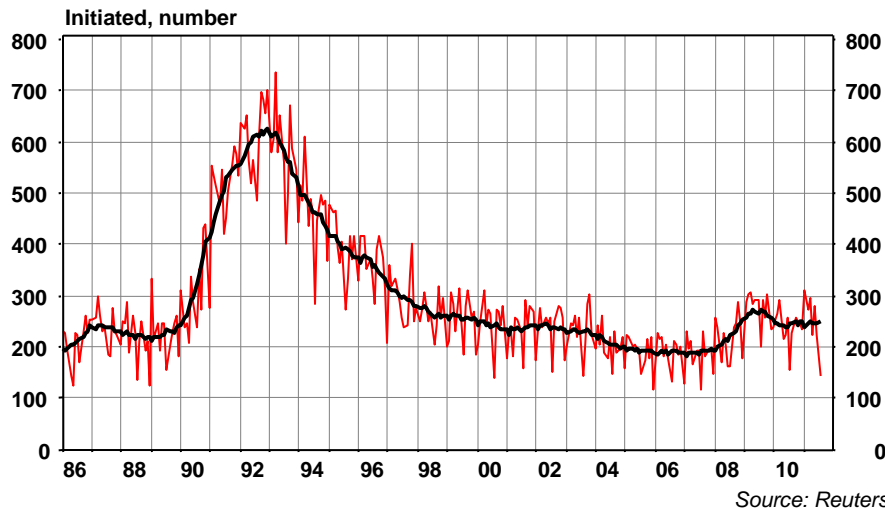
GDP indexed 2007 = 100



Labour market has been performing relatively well



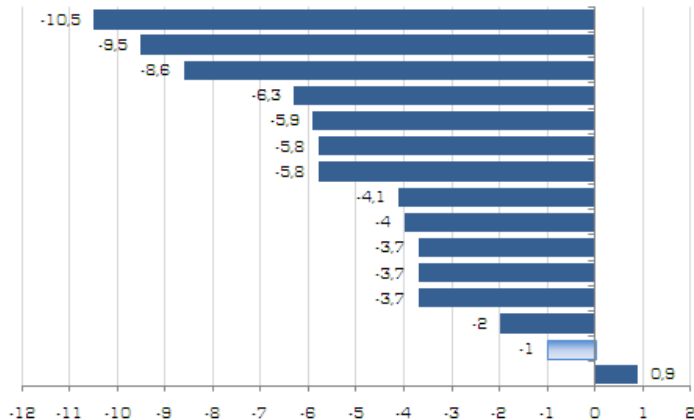
Bankruptcies at a slightly elevated level



- Finnish economy has been growing strongly in 2010 and H1 2011, which has resulted in better employment
- Unemployment rate is forecast to fall below 8% in 2011 and stay flat in 2012
- Number of bankruptcies did not rise as much as feared in 2009/2010, but the level has remained slightly elevated in 2011

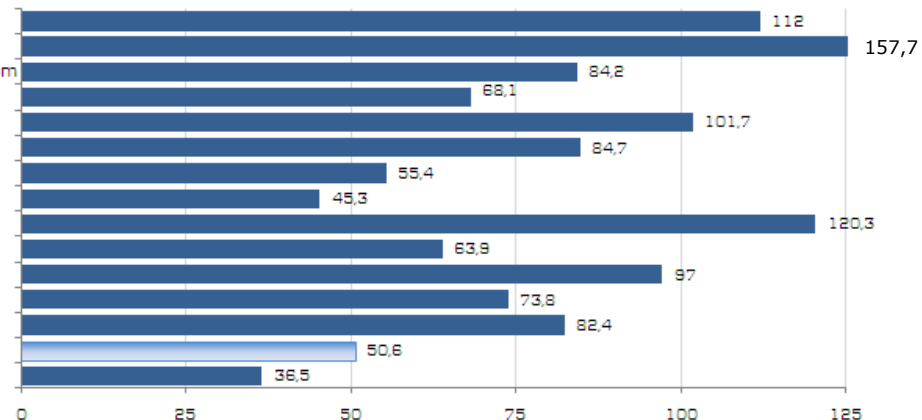
Public finances

Budget deficit (%)



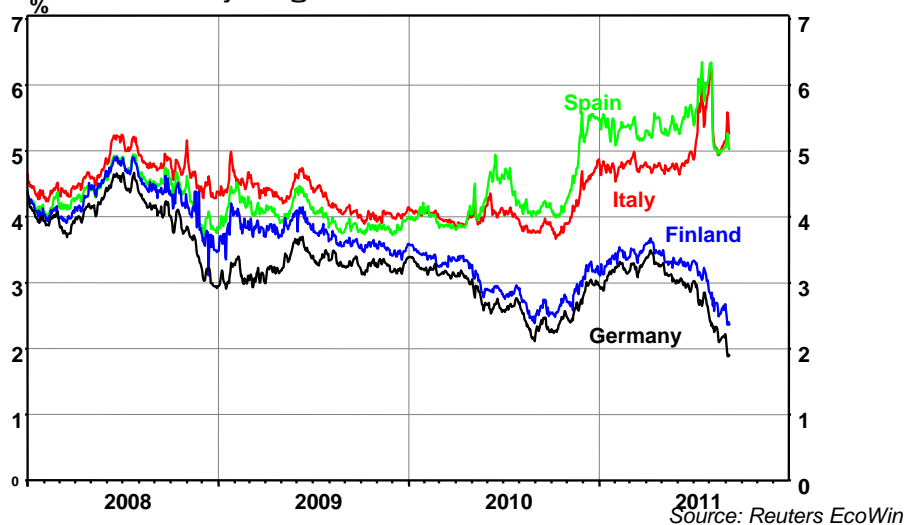
Source: European Commission forecast for 2011 (May 2011)

Public debt (%)



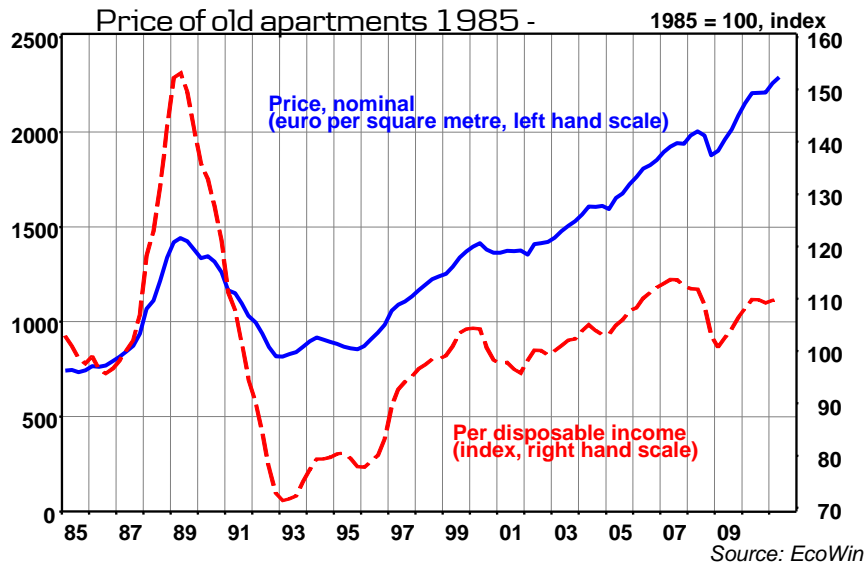
Source: European Commission forecast for 2011 (May 2011)

Yield on 10 year government bonds



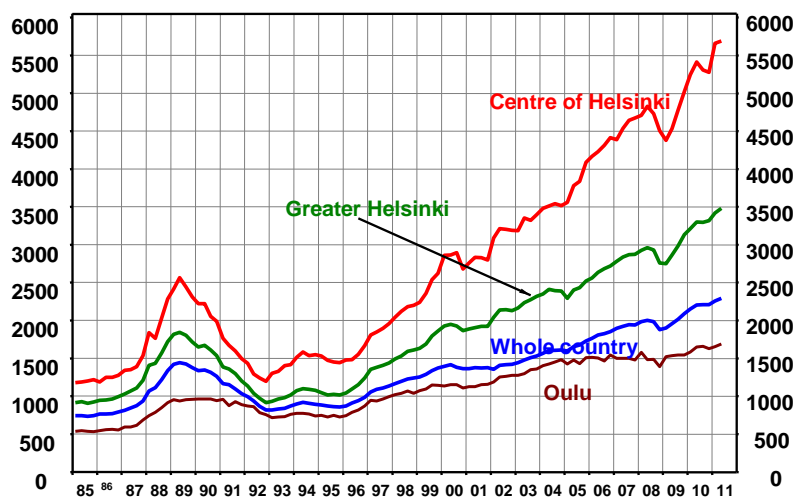
- Being part of core euro-zone Republic of Finland has access to funding levels close/in line with Germany

Housing market - housing prices



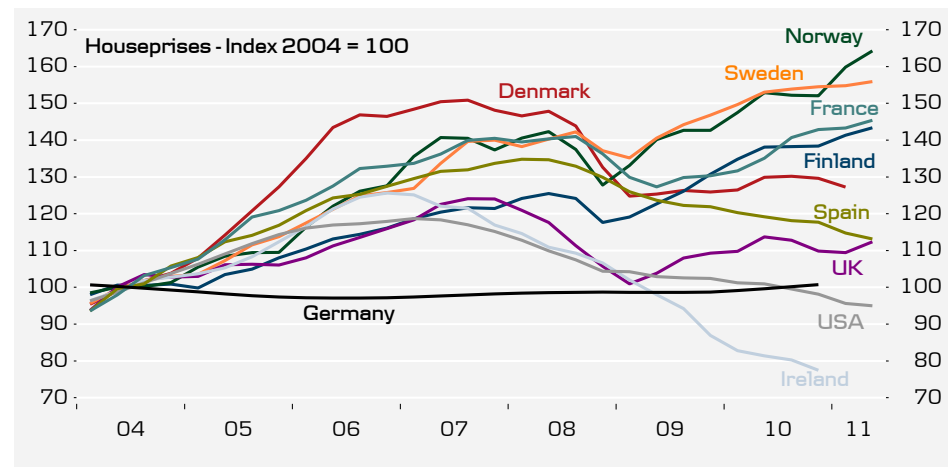
- The recession caused only a minor dip in housing prices in 2008/2009 winter. Construction fell to very low levels
- High confidence coupled with low interest rates have fuelled demand and supply became short since spring 2009
- New housing starts have risen which helps to cool the market, but prices continued to rise into Q2 2011
- During summer 2011 selling times has become marginally longer and prices do not seem to be rising any longer. Really high prices are mostly limited to Helsinki region
- A large fall in housing prices is unlikely without a significant number of forced sales, which are unlikely in near future
- New housing loans continue to be largely linked to Euribor rates, which are expected to remain at very low levels.
- Household debt level has risen, but majority of Finns remain only moderately indebted, if compared to other countries

Euro/m² Housing loan market



Source: Reuters EcoWin

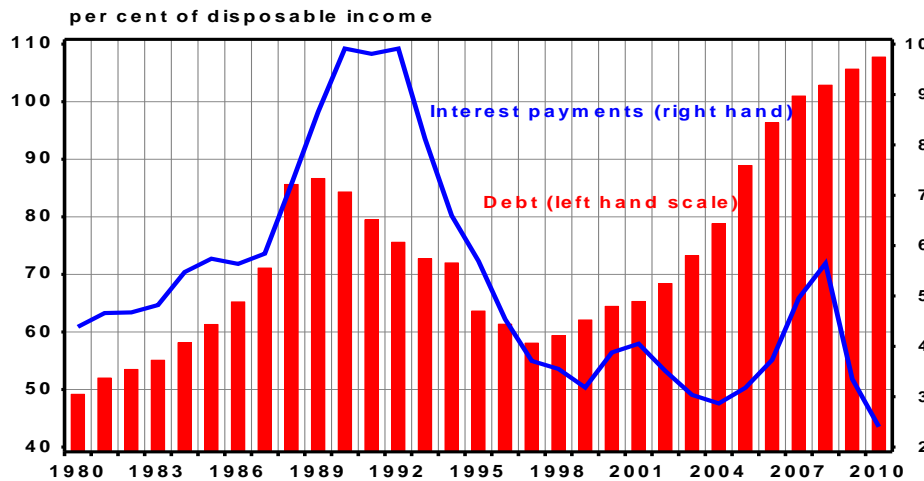
Comparison of housing prices



Source: Reuters EcoWin

Housing market – household debt

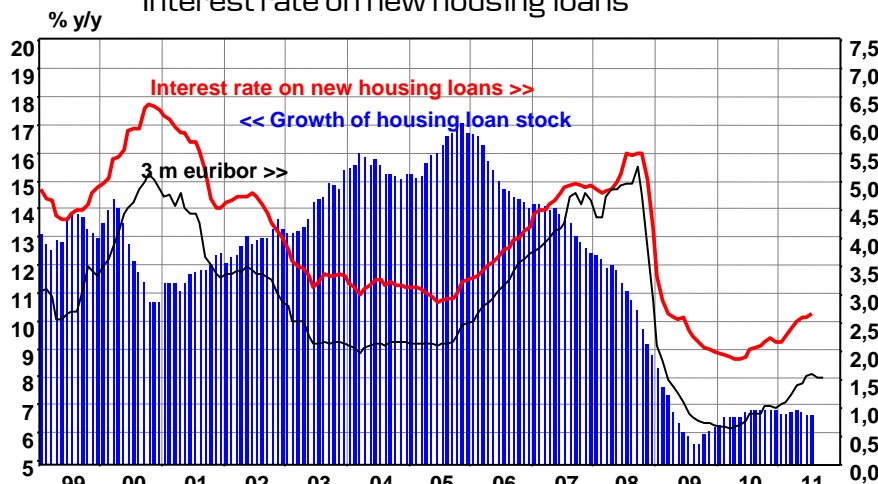
Household debt to disposable income



Source: Reuters EcoWin

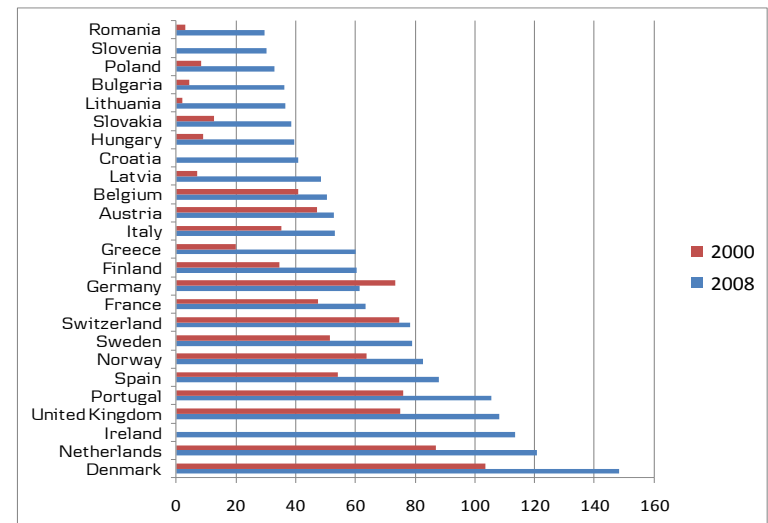
- Household indebtedness has grown mainly due to housing loans
- Thanks to low interest rates, debt is less burdensome than in the past
- Most housing loans are linked to variable rates and have a fixed monthly payment with variable maturity. Fixed rates are beginning to gain popularity
- Variable rates create a market risk, which is mitigated by flexible loan maturity and increasingly popular interest rate caps
- Finnish households are not highly indebted compared to other countries

Interest rate on new housing loans



Source: Reuters EcoWin

Household debt to GDP at average EU level



Source: Eurostat

Outlook for 2011-2012

				forecast	forecast
National accounts	2008	2009	2010	2011	2012
Volume, y-o-y %					
GDP	1,2	-8,2	3,6	2,5	1,2
Imports	6,6	-16,1	7,4	3,0	1,5
Exports	6,5	-21,5	8,6	2,0	1,0
Consumption	2,0	-2,0	2,1	2,5	1,2
- Private	1,7	-3,1	2,7	3,2	1,5
- Public	2,7	0,9	0,6	0,5	0,5
Investments	-0,2	-13,5	2,8	5,5	0,0
KPI					
Unemployment rate, %	6,4	8,2	8,4	7,9	7,9
Earnings, %	5,5	4,0	2,6	2,7	2,8
Inflation, %	4,1	0,0	1,2	3,3	2,5
Current account, Bn euro	5,8	4,7	5,2	2,0	2,0
Current account / GDP, %	3,1	2,7	2,9	1,1	1,0
Public deficit / GDP, %	4,2	-2,6	-2,5	-1,6	-1,0
Public debt / GDP, %	34,1	43,8	48,4	51,0	52,5

Sampo Bank economists 13 September 2011

Finnish Covered Bond Legislation

Main features of Finnish MCBA

- Act on Mortgage Credit Bank Operations (“MCBA”, statute 688/2010), came into force 1 August 2010
- Covered bonds are issued either by specialized mortgage credit bank or any licensed credit institution authorized by FIN-FSA to engage mortgage credit business
- Cover pool can consist of mortgage collateral (both residential and commercial) and public sector loans. LTV for residential mortgage assets has been raised to 70% from 60%, but LTV remains at 60% for commercial mortgages.
- Introduction of over-collateralization requirement; net present value of the cover pool has to exceed that of the covered bonds by 2%.
- Swap counterparties to covered bond programs rank equally with bondholders if the issuer becomes insolvent. This improves the chances of attracting third-party counterparties to provide hedging for the programs, even after the issuer defaults.
- Streamlined set-up if the covered bond issuer becomes insolvent. Effective ring fencing of the assets will allow the dedicated administrator to take charge of the cover pool to repay covered bonds when they fall due

Loan process

Loan granting process

- Customer identification
 - Customer must be identified and verified, also regarding age and legal capacity
 - Customer's background and financial position must be determined, both external (credit bureau) and internal payment defaults
- Application scoring
 - Customer is application scored every time when applying for a credit
 - Scoring model consist of a scorecard and additional downgrade rules, 26 classes to classify customer
- Income verification
 - Customer's income is always verified
 - For current customer income and payer of the income can be check in customer's account in Sampo Bank
 - For new customers income is checked by using pay slip and/or taxation information
- Assessment of the customer's repayment ability
 - Customer must have sufficient repayment abilities for the repayment of the loan
 - When calculated customer's income and expenses and the loan management costs for exposures to Sampo Bank and other parties are taken into account
 - Stress tested with 7 % interest rate and 20 years maximum repayment period

Collateral valuation and loan decision

Collaterals

- all collateral is located in Finland
- only residential purposes
- must be valued by a valuer independent of the credit decision process
 - External qualified valuer or
 - Internal valuer who have sufficient qualifications and experience and is independent of the credit decision process
 - Genuine (not between related parties) recent contract of sale (maximum of one year old)
- are revalued at least on yearly basis either manually or automatically

Loan decision

- Preparation of a loan decision and actual loan decision must always be done by two separate persons (“four-eye principle”) when loan amount is EUR 10.000 or more
- Loan-to-Value ratio is normally up to 80 %

Cover Pool Characteristics

Key characteristics of SHLB cover pool

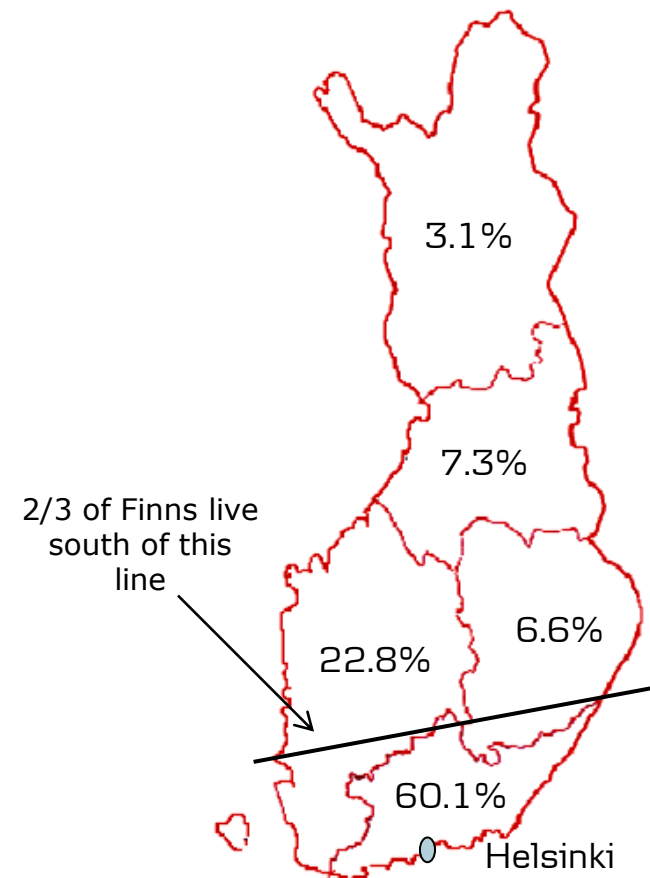
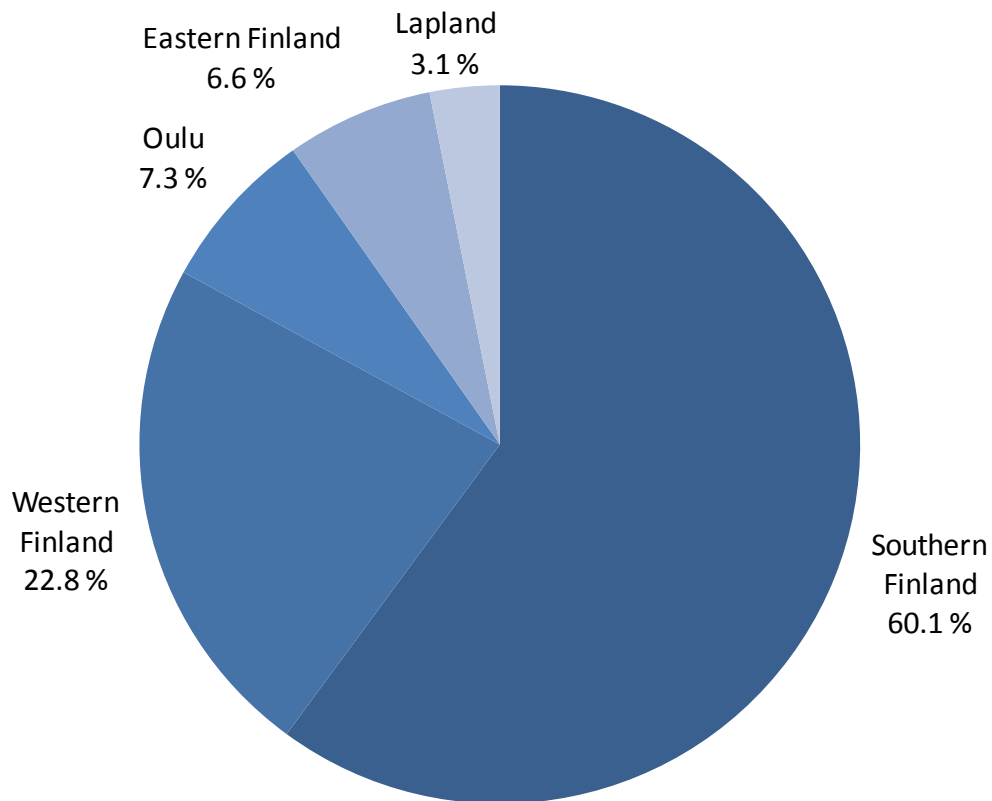
Pool notional	EUR 3.31 bn
Number of Loans	70,631
Residential/ Commercial	100 % Finnish prime owner occupied residential properties, no vacation/second homes, no commercial mortgages
WA Indexed LTV	39.6 %
WA Seasoning	55 Months
WA Remaining Term	15.8 Years
Rate type/Redemption	Floating /Fixed rate, 100% of loans amortising
Geographical location	Spread throughout Finland
Minimum OC	5 % in programme / 2 % NPV in law
Cut-off date	31 August 2011

Quarterly cover pool information is available at Sampo Bank's website:

<http://www.sampopankki.fi/en-fi/About/Press/Publications/Pages/HousingLoanBanksInvestorReports.aspx>

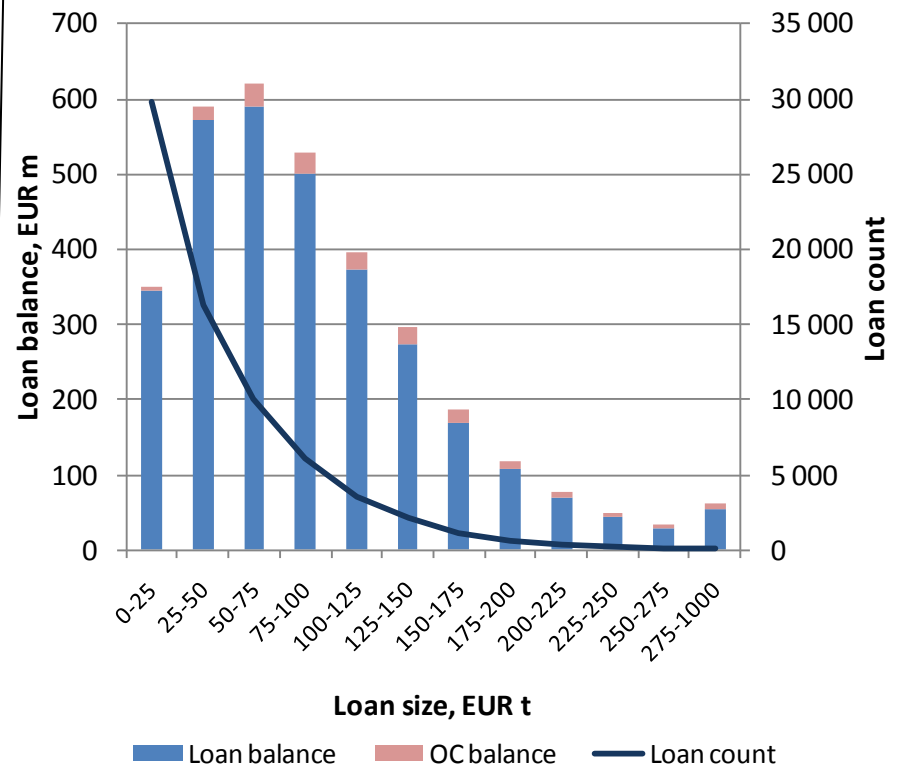
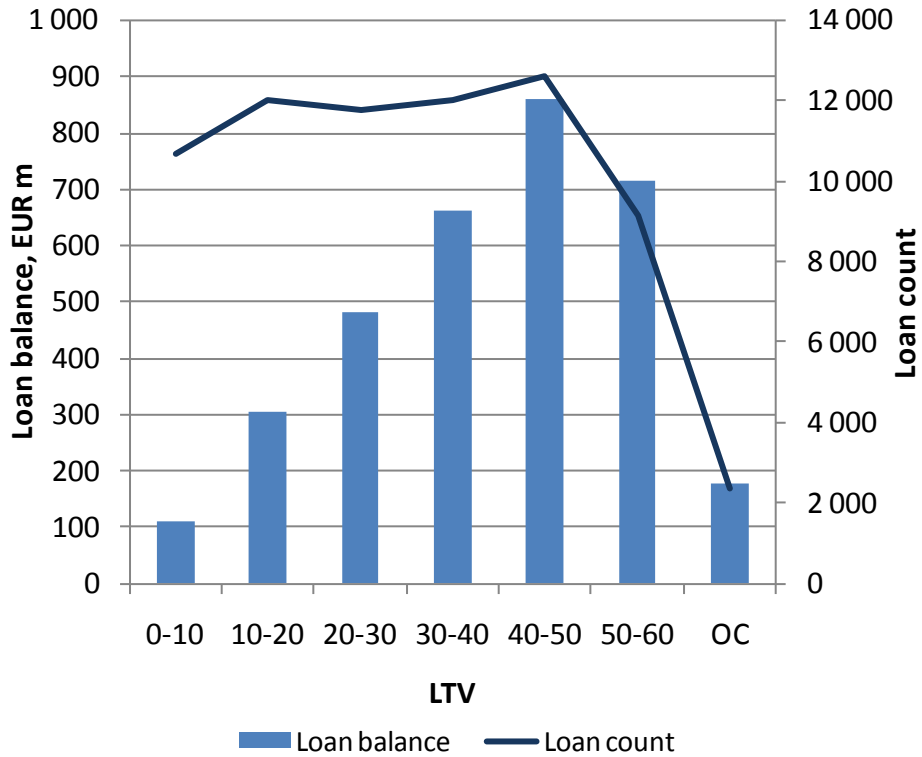
SHLB Asset pool characteristics

- regional portfolio distribution by collateral value



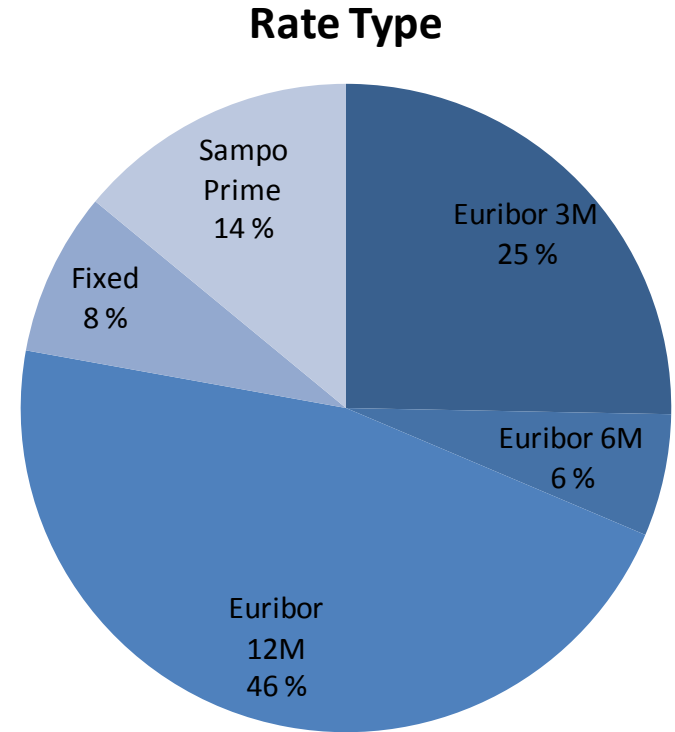
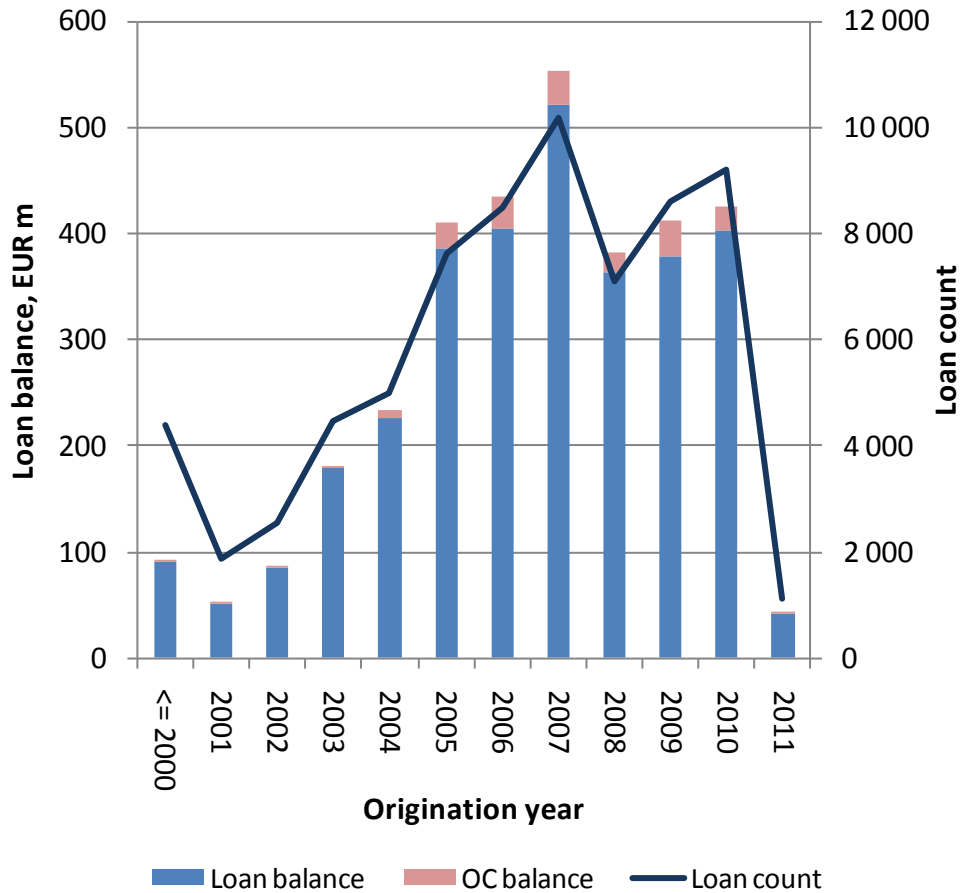
SHLB Asset pool characteristics

- loans by LTV and balance size



SHLB Asset pool characteristics

- loans by origination year and rate type

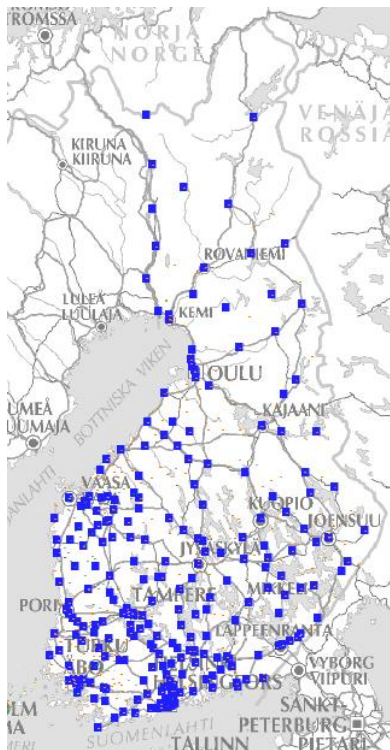


Appendix

Branch network comparison

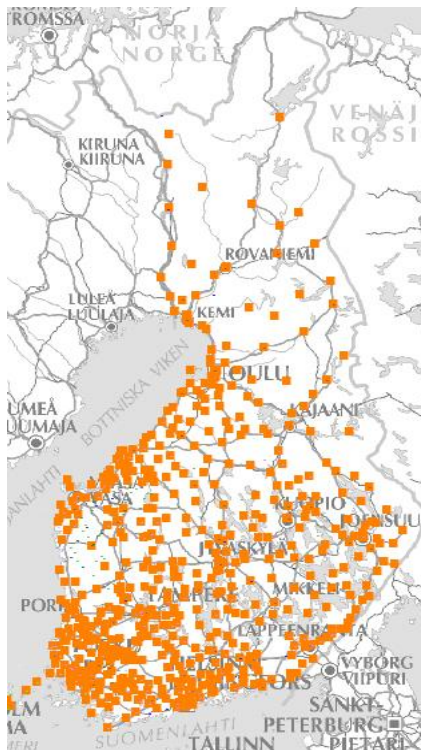
Nordea:

312 branches
~ 31% market share
of housing loans



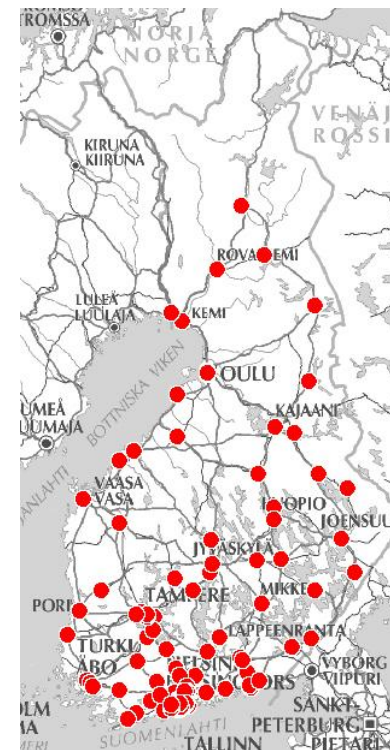
OP Pohjola Group:

over 550 branches
~ 36 % market share
of housing loans



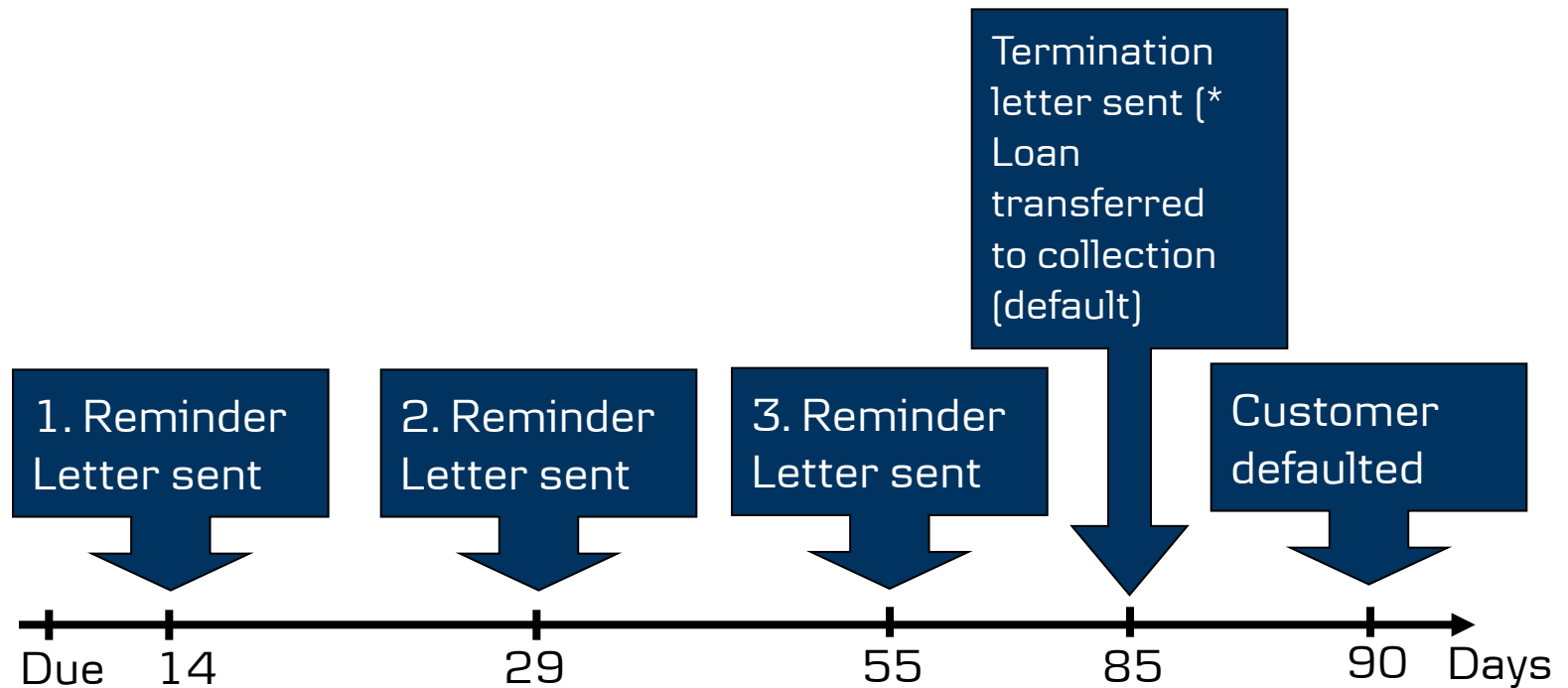
Sampo Bank:

121 branches
~ 14% market share
of housing loans



Sources: Finnish Banking Federation, Financial reports

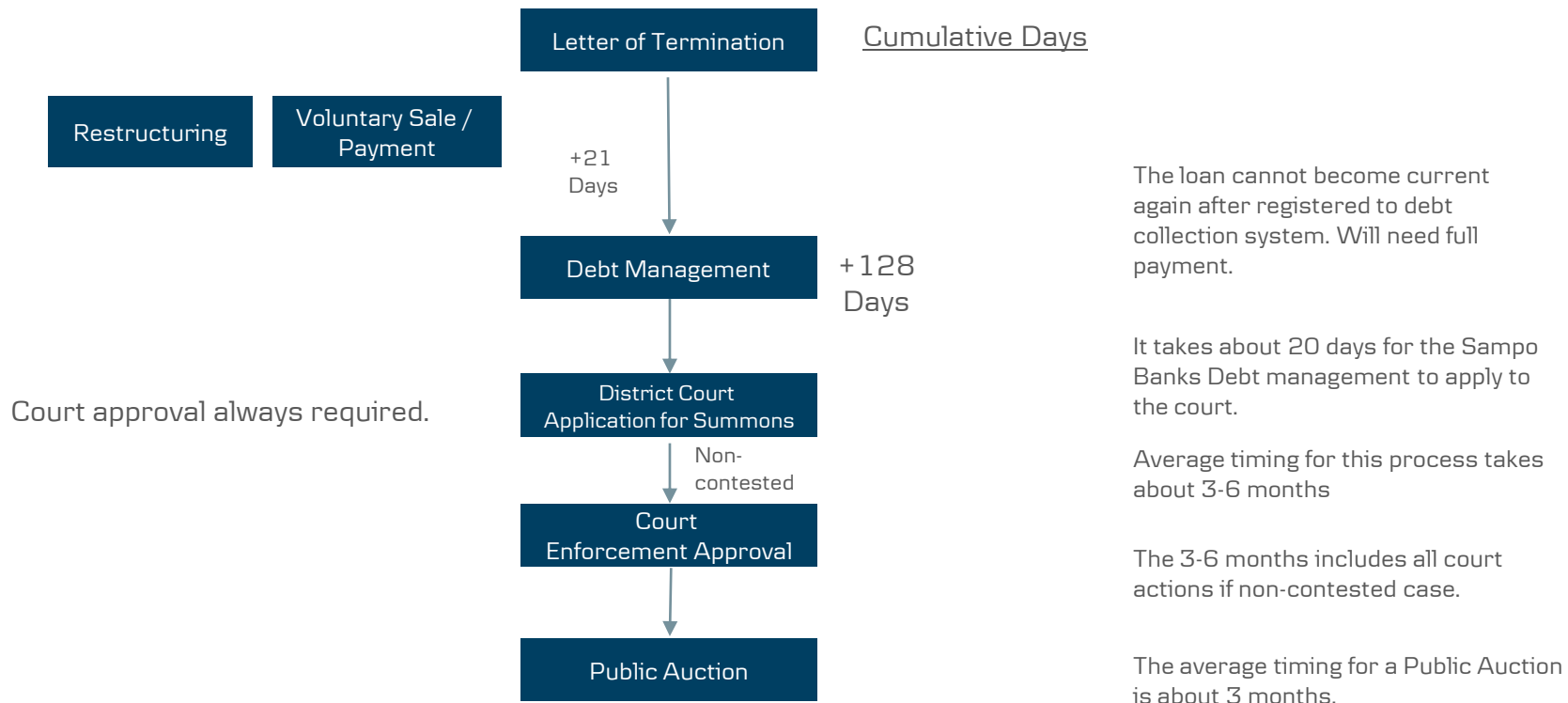
Non-performing loans



*) Until defined termination conditions are fulfilled, 3.reminder letter is sent repeatedly

Arrears collection process

- Acceleration notice to public auction



Danske Bank Group's funding team



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