BASE PROSPECTUS **28 June 2019**

The Mortgage Society of Finland

as Issuer

Programme for the Issuance of Senior Unsecured Notes, Subordinated Debentures and Covered Bonds

2,000,000,000 euros

Under this 2,000,000,000 euros note issuance programme (the "**Programme**"), The Mortgage Society of Finland (hereinafter "**Hypo**" or the "**Issuer**") may from time to time issue senior and unsecured notes ("**Senior Unsecured Notes**"), subordinated debentures ("**Subordinated Debentures**") and covered bonds under the Finnish Act on Mortgage Credit Bank Activity (*Laki kiinnitysluottopankkitoiminnasta 688/2010*) (the "**MCBA**") ("**Covered Bonds**") denominated mainly in euro (the Senior Unsecured Notes, the Subordinated Debentures and the Covered Bonds together the "**Notes**"). The Subordinated Debentures constitute debentures in accordance with Section 34 Subsection 2 of the Finnish Promissory Notes Act (*Velkakirjalaki 1947/622*). The Notes are issued as serial bonds (in Finnish: *sarjalaina*) (each a "**Series of Notes**"). The Notes will be subject to a minimum maturity of one year and a minimum denomination of EUR 100,000 per Note. However, the term of the Subordinated Debentures is at least five years. The Programme provides that Notes may be listed on the Helsinki Stock Exchange maintained by Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") as specified in the final terms of the relevant tranche of Notes (the "**Tranche of Notes**") (the "**Final Terms**"). The Issuer may also issue unlisted Notes.

This Base Prospectus (the "**Base Prospectus**") should be read and construed together with any supplement hereto and with any other documents incorporated by reference herein, and, in relation to any Series of Notes and with the Final Terms of the relevant Tranche of Notes. See "Information Incorporated by Reference".

Besides filing this Base Prospectus with the Finnish Financial Supervisory Authority (the "**FIN-FSA**"), neither the Issuer nor the Arranger (as defined below), have taken any action, nor will they take any action, to render the public offer of the Notes or their possession, or the distribution of this Base Prospectus or any other documents relating to the Notes admissible in any other jurisdiction than Finland requiring special measures to be taken for the purpose of a public offer.

Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the applicable Final Terms. As at the date of this Base Prospectus, the Issuer has long- and short-term issuer credit ratings 'BBB/A-2' by S&P Global Ratings, a division of S&P Global ("**S&P**"). At the date of this Base Prospectus, Covered Bonds issued under the Programme are rated 'AAA' by S&P.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state of the United States. Neither this Base Prospectus nor the Final Terms are to be distributed to the United States or in or to any other jurisdiction where it would be unlawful. The Notes may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**"), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

Investment in the Notes to be issued under the Programme involves certain risks. Prospective investors should carefully acquaint themselves with such risks before making a decision to invest in the Notes. The principal risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes are discussed under "**Risk Factors**" below.

Arranger

Nordea

IMPORTANT INFORMATION

IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of the Insurance Mediation Directive (Directive 2002/92/EC (as amended)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (as defined below). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Lead Manager subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Lead Manager(s) nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

In this Base Prospectus, the terms "**Hypo**" and the "**Issuer**" refer to The Mortgage Society of Finland and the term "**Hypo Group**" refers to Hypo and its consolidated subsidiaries. In this Base Prospectus, the term "**Arranger**" refers to Nordea Bank Abp in its capacity as the arranger of the Programme and the term Lead Manager(s) refers to any bank acting as arranger in a Series of Notes. Further, the term "**Noteholder**" refers to an investor that has made an investment in the Notes under the Programme.

The Arranger is acting exclusively for Hypo as an arranger of the Programme and will not be responsible to anyone other than Hypo for providing the protections afforded to their respective clients nor giving investment or other advice in relation to the Programme or the Notes.

This Base Prospectus has been prepared in accordance with the Finnish Securities Markets Act (746/2012, as amended) (the "**Finnish Securities Markets Act**"), the Finnish Ministry of Finance Decree on prospectuses referred to in Chapters 3 to 5 of the Finnish Securities Markets Act (1019/2012), the Commission Regulation (EC) No 809/2004, as amended, in application of Annexes VI, IX, XIII and XX thereof, and the regulations and guidelines of the FIN-FSA. The FIN-FSA, which is the competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relevant implementing measures in Finland, has approved this Base Prospectus (journal number FIVA 33/02.05.04/2019), but assumes no responsibility for the correctness of the information contained herein. Hypo will, as deemed necessary, supplement the Base Prospectus with updated information pursuant to Chapter 4, Section 14 of the Finnish Securities Markets Act.

Hypo does not undertake to supplement this Base Prospectus on a periodic basis (for example, following the announcement of each quarterly interim report by Hypo). However, Hypo will supplement this Base Prospectus when required in accordance with the mandatory provisions of Finnish law. Otherwise, neither the delivery of this Base Prospectus nor any sale nor delivery made hereunder shall create any implication that there has been no change in the affairs of Hypo since the date of this Base Prospectus or that the information herein is correct as of any time subsequent to the date of this Base Prospectus. The Arranger expressly does not undertake to review the financial condition or affairs of Hypo during the life of the Programme or to advise any investor in the Notes of any information coming to its attention.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme 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 contains no omission likely to affect its import.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by Hypo, the Arranger or the Lead Manager(s) that any recipient of this Base Prospectus or any other information supplied in connection with the Programme, the Final Terms or any Notes should purchase any Notes. In making an investment decision, each investor must rely on their examination, analysis and enquiry of Hypo and the terms and conditions of the relevant Tranche of Notes, including the risks and merits involved. Neither Hypo, the Arranger, the Lead Manager(s) nor any of their respective affiliated parties nor representatives, is making any representation to any offeree or subscriber of the Notes regarding the legality of the investment by such person. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Notes.

Neither the Arranger nor the Lead Manager(s) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and neither the Arranger nor the Lead Manager(s) accept any responsibility or liability in relation to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by Hypo in connection with the Programme, the Final Terms or the Notes. Notwithstanding the responsibilities and liabilities, if any, which may be imposed on the Arranger or the Lead Manager(s) by Finnish laws or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, the Arranger or the Lead Manager(s) does not accept any responsibility whatsoever for the contents of this Base Prospectus or for any statement made or purported to be made by it, or on its behalf, regarding Hypo, the Final Terms and the Notes. The Arranger and the Lead Manager(s) accordingly disclaim any and all liability whether arising in tort, contract, or otherwise (save as referred to above) which they might otherwise have in respect of this Base Prospectus or any such statement.

No person is or has been authorised by Hypo to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme, the Final Terms or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by Hypo, the Arranger or the Lead Manager(s). Nothing contained in this Base Prospectus is, or shall be relied upon, as a promise or representation by Hypo, the Arranger or the Lead Manager(s) as to the future. Investors are advised to inform themselves of any press release published by Hypo.

This Base Prospectus has been prepared in English only. In making an investment decision, investors must rely on their own examination of Hypo and the terms and conditions of the Notes, including the merits and risks involved.

The distribution of this Base Prospectus may in certain jurisdictions be restricted by law, and this Base Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Notes, or otherwise to permit a public offering of the Notes, in any jurisdiction outside of Finland. Hypo, the Arranger and the Lead Manager(s) expects persons into whose possession this Base Prospectus comes to inform themselves of and observe all such restrictions. Neither Hypo, the Arranger nor the Lead Manager(s) accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of the Notes is aware of such restrictions. In particular, this Base Prospectus may not be sent to any person in the United States, Australia, Canada, Japan, Hong Kong, Singapore or any other jurisdiction in which it would not be permissible to deliver the Notes and the Notes may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any of these countries. The Notes are governed by Finnish law and any disputes arising in relation to the Notes shall be settled exclusively by Finnish courts in accordance with Finnish law.

CONTENTS

RISK FACTORS

Any investment in the Notes is subject to a number of risks. In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. Prior to investing in the Notes, prospective investors should carefully consider the risk factors associated with any investment in the Notes, the business of the Issuer and the industry in which it operates together with all other information contained in this Base Prospectus, including, in particular the risk factors described below.

The following is not an exhaustive list or description of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that it currently deems immaterial, may also individually or cumulatively have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus and their personal circumstances. All investors should make their own evaluations of the risks associated with an investment in the Notes and consult with their own professional advisers, if they consider it necessary.

This Base Prospectus also contains forward-looking statements that involve risks and uncertainties. Hypo Group's actual results could materially differ from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Base Prospectus. See "Cautionary Notice Regarding Forward-Looking Statements".

Risks Relating to Current Macroeconomic Conditions

Negative macroeconomic conditions and development in Finland and abroad can adversely affect Hypo Group's business, results of operations, financial condition, liquidity and capital resources

Hypo Group's performance is significantly influenced by domestic and global macroeconomic circumstances and development. Relevant macroeconomic factors to Hypo Group are, without limitation, housing market development especially in domestic growth centres, domestic unemployment ratio, development of interest rates and development of households' disposable income. Adverse macroeconomic development has previously affected and may continue to affect Hypo Group's business in a number of ways, including, among others, the income, capital adequacy, liquidity, business and/or financial condition of Hypo Group's customers, which, in turn, could further reduce Hypo Group's credit quality and demand for Hypo Group's financial products and services. As a result, negative macroeconomic changes could continue to have a material adverse effect on Hypo Group's business, financial condition and results of operations, and measures implemented by Hypo Group might not be satisfactory to reduce any credit, market and liquidity risks.

A downturn in the global or European general economy could also severally affect Finnish consumers' confidence and decrease consumer spending and have a negative effect on the domestic housing market and thereby have a material adverse effect on Hypo Group's business, financial condition and results of operations.

Economic conditions in Finland could adversely affect the Cover Asset Pool and thereby have a material adverse effect on holders of Covered Bonds

Under the MCBA, the Covered Bonds shall be covered at all times by a specific pool of qualifying assets (the "**Cover Asset Pool**"). The Cover Asset Pool mainly includes loans secured by residential properties located in Finland. Accordingly, the credit quality of the Cover Asset Pool could be adversely affected by, among other things, adverse developments in the economies, such as in residential markets of Finland. The impact of the economy and business climate on the credit quality of borrowers and counterparties as well as on the market value of residential properties, can affect the recoverability of loans and amounts due from the Issuer's debtors.

Risks related to Hypo Group and its business

The Issuer is exposed to credit risk

Credit risk is the key risk among the business risks of Hypo Group. Credit risk refers to losses of Hypo when some counterparty to Hypo Group, usually the debtor, is unable to fulfil its payment obligations and the value of collateral for the credit is not sufficient to cover the creditor's receivables. The counterparty risk is managed as part of the credit risk.

When realised, the credit risk is ultimately recognised as impairment losses which may have a material adverse effect on the Issuer's financial condition, results of operations and ability to make payments under the Notes.

Credit risk management and reporting are based on separate Principles of Credit Risk Management. However, credit risk may materialise despite compliance with said principles.

Hypo Group is exposed to declining values on the housing and residential property collateral supporting residential lending, which is by far the most important form of collateral in Hypo Group's lending

Hypo Group's total lending at 31 March 2019 was 2,613.8 million euros, the vast majority of which consisted of loans with housing or residential property collateral to private customers and housing companies in Finland.

Housing and residential property values are affected by a number of factors including interest rates, inflation, economic growth, business environment, availability of credit, property taxation, unemployment rates, demographical factors and construction activity. In recent years, housing and residential property values outside domestic growth centres have declined. Although the majority of the housing and residential property collateral of the mortgage loans granted by the Issuer is located in major cities and growth centres where housing and residential property values have not, in general, severally declined in recent years, the value of housing and residential property located in growth centres may in the future generally decline, or certain residential areas or districts may become less attractive leading to a decline in the values of the housing and residential property in such areas thereby reducing the value of the collateral of the Issuer.

The value of housing and residential property collateral of the mortgage loans granted by the Issuer may decline rapidly in the event of a general downturn in the Finnish housing market. Such downturn may have a material adverse effect on the Issuer's financial condition, results of operations and ability to meet its obligations under the Notes. The value of other collateral, including but not limited to financial status of a guarantor, may change negatively in the course of time. Materialisation of any of the risks described above could have a material adverse effect on the Issuer's financial condition, results of operations and its ability to make payments under the Notes.

Hypo Group is exposed to risks relating to the outflow of deposits

As at 31 March 2019, deposits accounted for 51.8 per cent (56.9 per cent as at March 2018) of Hypo Group's funding. Hypo Group's funding totaled 3,206.1 million euros as at 31 March 2019. Should Hypo Group encounter a significant outflow of deposits, Hypo Group's funding structure would change substantially and its average cost of funding could increase. Furthermore, this might jeopardise Hypo's liquidity, and Hypo could be unable to meet its current and future cash flow and collateral needs, both expected and unexpected. The outflow of deposits could have a material adverse effect on Hypo's business, financial condition and results of operations.

Credit ratings assigned to Hypo or to the Notes may not be accurate

The Issuer's credit ratings do not always mirror the risk related to individual Notes under the Programme. A Series of Notes to be issued under the Programme may be rated or unrated. Where a Series of Notes is rated, the applicable rating(s) or, as the case may be, the expected rating, will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Notes already issued. There are no guarantees that such ratings will be assigned or maintained. Any external credit assessment institution may lower its ratings or withdraw the rating if, in the sole judgement of the credit rating agency, the credit quality of the Notes has declined or is questionable. In addition, a credit rating agency may at any time revise its relevant rating methodology resulting in, among other things, any rating previously assigned to the Notes being lowered or withdrawn. If any of the ratings assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced. Furthermore, the ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. Accordingly, a credit rating is not a recommendation to buy, sell or hold securities (including the Notes) and may be revised or withdrawn by the rating agency at any time.

One or more external credit assessment institution may also assign credit ratings to the Notes and specifically to the Covered Bonds, which may not necessarily be the same ratings as the Issuer rating described in this Base Prospectus or any rating(s) assigned to other Notes. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A security rating is not a recommendation to buy, sell or hold securities or to keep the investment and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. In addition, real or anticipated changes in the Issuer's credit ratings generally will affect the market value of the Notes.

Various operational risks may have a negative effect on Hypo Group's business

Operational losses, including monetary damages, reputational damage, costs, and direct and indirect financial losses and/or write-downs, may result from inadequacies or failures in internal processes, information technology and other systems (including, without limitation, the implementation of new systems and operation of, licensed software programs or other technology from external suppliers), fraud or other criminal actions, employee errors, outsourcing, failure to properly document transactions or agreements with customers, vendors, sub-contractors, co-operation partners and other third parties, or to obtain or maintain proper authorisation, or from customer complaints, failure to comply with regulatory requirements, including but not limited to anti-money laundering, data protection and antitrust regulations, conduct of business rules, equipment failures, failure to protect its assets, including intellectual property rights and collateral, failure of physical and security protection, natural disasters or the failure of external systems, including those of Hypo Group's suppliers or counterparties and failure to fulfil its obligations, contractual or otherwise. Operational risks, if realised, could lead to impairment or other losses or increased costs or expenses, which might have a material adverse effect on the Issuer's financial condition, results of operations and its ability to make payments under the Notes.

Management and reporting of operational risks is based on separate Principles of Operational Risk Management. However, operational risk may materialise despite compliance with said principles.

Hypo Group collects and processes personal data as part of its daily business and the leakage of such data could result in fines, loss of reputation and customers

In the ordinary course of operations, Hypo Group collects, stores and uses data that is protected by data protection laws. The protection of customer, employee and company data is critical to the Issuer and it is subject to increasing data security requirements. The EU General Data Protection Regulation (EU 2016/679, "**GDPR**") entered into force 25 May 2018. The GDPR applies to all processing of personal data, meaning any operation performed upon identifiable information of an individual (data subject) within the EU. In addition, the GDPR applies to the offering of goods and services in the EU and to the monitoring of data subjects' behavior within the EU, regardless of the location of the company. Breaches of the GDPR could result in fines of up to 20 million euro.

Although in the view of Hypo's management it has, as of the date of this Base Prospectus, arranged the handling of personal data within its organisation in a manner that fulfils the requirements of data protection legislation in force, it is possible that the personal data systems are misused. Further, Hypo Group may fail to protect personal data in accordance with the privacy requirements provided under applicable laws, and certain customer data may be used inappropriately either intentionally or unintentionally, or leaked as a result of human error or technological failure.

The GDPR may limit Hypo Group's possibility to use customer data for example to develop its service offerings or for other purposes. Violation of data protection laws by Hypo Group or one of its partners or suppliers, or any leakage of customer data may result in fines and reputational harm and could have a material adverse effect on Hypo Group's business, financial condition and results of operations.

Hypo Group could fail to attract or retain senior management or other key employees

Hypo Group's performance is, to a large extent, dependent on the talents and efforts of highly skilled individuals, and the continued ability of Hypo Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. Competition for key employees is intense both from within the financial services industry, including from other financial institutions, as well as from businesses outside the financial services industry. Any loss of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future, could have a material adverse effect on Hypo Group's business.

Hypo Group's strategy or its execution may fail

Strategic risks are identified, regularly assessed, and documented as part of the strategy work of the senior management. Strategic risks refer to losses that may arise from the choice of an incorrect business strategy in view of the developments in Hypo Group's operating environments. Hypo Group aims to minimise strategic risks by regularly updating its strategic and annual plans. In planning, Hypo Group utilises its internal data and analyses as well as forecasts by other economic analysts on the development of Hypo Group's industry, its competitive landscape as well as the Finnish economy in general.

However, Hypo Group may be unable to successfully execute its strategy, and Hypo Group's strategy may not be competitive or may be insufficient to meet customer requirements in the future as competition increases and customer offerings in the industry develop.

Hypo Group's tax burden could increase as a result of changes in tax rates, tax laws or their application

Hypo Group's activities are subject to tax at various rates in accordance with applicable legislation and practice. Hypo Group's tax burden is dependent on certain provisions of tax laws and regulations in Finland, including their application and interpretation. Hypo Group's business is conducted in accordance with Hypo Group's interpretation of applicable laws, regulations and requirements of tax authorities. However, there can be no assurance that Hypo Group's interpretation of applicable laws, regulations or other rules or administrative practices is correct, or that such rules or practices are not changed, possibly with retroactive effect. Changes in tax laws or their interpretation or application could significantly increase Hypo Group's tax burden.

Finland has implemented the European Union bank recovery and resolution directive, and the regime under the directive enables authorities to take a range of actions in relation to financial institutions considered to be at risk of failing. In the event that the Issuer becomes subject to recovery and resolution actions by competent authorities, the Notes may be subject to write-down on any application of the general bail-in tool, which may result in Noteholders losing some or all of their investment

The European Union Bank Recovery and Resolution Directive (the "**BRRD**") entered into force on 2 July 2014 and it was implemented in Finland with effect as of 1 January 2015 by the Act on Procedure for the Resolution of Credit Institutions and Investment Firms (in Finnish: *laki luottolaitosten ja sijoituspalveluyritysten kriisinratkaisusta*, the "**Resolution Act**"), the Act on the Financial Stability Authority (in Finnish: *laki rahoitusvakausviranomaisesta*, the "**Authority Act**") and by amending the Act on Credit Institutions (in Finnish: *laki luottolaitostoiminnasta*) (jointly, the "**Resolution Laws**"). The Authority Act deals with the operation and powers of the Finnish Financial Stability Authority (the "**Stability Authority**"), being the national resolution authority having counterparts in all EU member states and established for the purposes of the enforcement of the Resolution Act and other regulation relating to recovery and resolution of financial institutions.

Pursuant to the Resolution Act, the Stability Authority shall draw up and adopt a resolution plan for the institutions subject to its powers. The resolution plan is ready for execution in the event that the institution in question has to be placed into a resolution process. The Resolution Act vests the Stability Authority with resolution powers and tools as provided in the BRRD. To be able to use the other resolution tools, the Stability Authority shall first place the institution in a resolution process. During the process, the institution could be subject to a number of resolution tools, including write-down of debts or conversion of debts into equity (bail-in), sale of business, bridge institution and asset separation. To continue the operations of the institution, the Stability Authority has the power to decide upon covering losses of the institution by reducing the value of the institution's share capital or cancelling its shares. This is a precondition for any support from the resolution fund administered by the Stability Authority.

The aim of the Resolution Laws is to provide authorities with a broad range of powers and instruments to address failing financial institutions in order to safeguard financial stability and minimise tax payers' exposure to losses. The regime imposes an obligation on the resolution authority and financial institutions to prepare resolution and recovery plans, authorises the resolution authority to assess the resolvability of a financial institution, and to address or remove impediments to resolvability. In the event of a distress of a financial institution, the regime allows competent authorities, being in Finland the FIN-FSA, to intervene and take early intervention measures with respect to any financial institution that the FIN-FSA considers is unlikely to be able to meet the conditions of its authorisation or its other liabilities or infringes its capital adequacy requirements. Such measures include the power to require the financial institution to take measures referred to in its recovery plan and, if necessary, require the institution to convene its general meeting to approve any such measures requested by the FIN-FSA, require the institution to prepare a plan on the reorganisation of its debts as instructed by the FIN-FSA, and to require the institution to change its strategy, legal or administrative structure.

The Stability Authority is vested with the power to implement resolution measures with respect to a financial institution that the Stability Authority considers is failing or likely to fail, and where there is no reasonable prospect that any measures could be taken to prevent the failure of the institution and that the taking of resolution measures is necessary to protect significant public interest.

An institution will be considered as failing or likely to fail when it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances). Neither Hypo nor any of its group companies have, by the FIN-FSA, been classified as a systematically important institution domestically or globally or as otherwise significant credit institution to the financial system in Finland.

The measures available in respect of a financial institution subject to resolution procedures (in Finnish: *kriisihallinto*) include the power and obligation on the resolution authority, to write-down or convert capital instruments (shares or other equity) in the institution in order to cover losses of the distressed financial institution. The resolution instruments (in Finnish: *kriisinratkaisuvälineet*) available to the Stability Authority under the Resolution Laws include the powers to:

- enforce bail-in - the resolution authority has the power to write-down certain claims of unsecured creditors of the distressed financial institution and to convert certain unsecured debt claims to equity (the general bail-in tool, in Finnish: *velkojen arvonalentaminen ja muuntaminen*). Such equity could also be subject to any future write-down. Relevant claims for the purposes of the bail-in tool would include the claims of the holders in respect of any Notes issued under the Programme, although in the case of Covered Bonds, this would only be the case if and to the extent that the amounts payable in respect of the Covered Bonds would exceed the value of the cover pool collateral against which payment of those amounts is secured;
- enforce the sale of the business (assets or shares) of the financial institution as a whole or part on commercial terms without requiring the consent of its shareholders (or holders of other equity instruments) (in Finnish: *liiketoiminnan luovuttaminen*);
- redemption of shares and transfer of shares or assets to another institution – the Stability Authority may transfer all or part of the business of the institution to a "bridge institution" (in Finnish: *väliaikainen laitos*) which is an entity created for this purpose by the resolution authority), and
- transfer all or part of the assets in the distressed financial institution to one or more asset management vehicles (in Finnish: *omaisuudenhoitoyhtiö*) to allow them to be managed with the intention of maximising their value through eventual sale or orderly wind-down.

The powers set out in the Resolution Laws will have an impact on how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. In case the Issuer were to become subject to resolution measures, the Notes may be subject to write-down on any application of the general bail-in tool, which may result in Noteholders losing some or all of their investment. The bail-in tool is not intended to apply to secured debt, and hence should apply to Covered Bonds only to the extent that the amounts payable in respect of the Covered Bonds would exceed the value of the cover pool collateral against which payment of those amounts is secured. However, there remains significant uncertainty as to the ultimate nature and scope of the bail-in tool and how it would affect the Noteholders and the Issuer.

The exercise of any power under the Resolution Act or any suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes. Also, the Stability Authority may exercise resolution measures prior to insolvency of the relevant institution, and Noteholders may not be able to anticipate the exercise of any resolution power (including the "bail-in" tool) by the Stability Authority. Further, Noteholders will have very limited rights to challenge the exercise of powers by the resolution authority, even where such powers would have resulted in the write-down of the Notes.

Once the Stability Authority has taken a decision to place an institution under resolution, normal insolvency proceedings against the institution shall be excluded (except at the initiative of the Stability Authority). In case the Stability Authority decides that it does not intend to take any resolution action in relation to the institution, normal insolvency proceedings may be commenced against the institution.

There remains uncertainty regarding how the Finnish resolution legislation would affect the Issuer, Hypo Group, the price or value of an investment in the Covered Bonds and/or the Issuer's ability to satisfy its obligations under the Covered Bonds. Accordingly, it is not yet possible to assess the full impact of the Finnish resolution legislation. The general bail-in powers set out in the Resolution Act are not intended to apply to secured debt (such as the Covered Bonds to the extent they are secured). However, to the extent that claims in relation to the Covered Bonds are not met out of the assets comprising the Cover Pool (and the Covered Bonds subsequently rank *pari passu* with unsecured debt),

the Covered Bonds may be subject to write-down or conversion into equity on any application of the general bail-in powers, which may result in the holders of Covered Bonds losing some or all of their investment. It may be possible that the Finnish resolution legislation adversely affects the price or value of an investment in Covered Bonds subject to the provisions of the Finnish resolution legislation and/or the ability of the Issuer to satisfy its obligations under such Covered Bonds. Prospective investors in the Covered Bonds should consult their own advisors as to the consequences of the implementation of the Finnish resolution legislation.

Risks Related to Financial Position and Financing as well as Regulation risks

Hypo Group may not receive financing at competitive terms or at all and may fail in repaying its existing debt

Uncertainty in the financial market or tightening regulation of banks could mean that the price of financing needed to carry out Hypo Group's business, in particular Hypo Group's growth strategy, will increase and that such financing will be less readily available. The Issuer currently has outstanding notes in the domestic bond market due to which Hypo Group is exposed to future adverse changes in debt capital markets. Hypo Group's financial profile may also affect its ability to refinance its existing debt, which, in turn, could also affect its competitiveness and limit its ability to react to market conditions and economic downturns. However, no assurance can be given that Hypo Group may not have difficulty in raising new debt or in repaying its existing debt. Any failure to repay the principal or pay interest in respect of Hypo Group's existing debt, the inability to refinance existing debt, or to raise new debt at corresponding or more favorable financial and other terms than currently in force, could have a material adverse effect on Hypo Group's business, financial condition, results of operations and future prospects.

Liquidity risk is inherent in Hypo Group's operations

Liquidity risk is the risk that Hypo Group will be unable to meet its payment obligations as they fall due or is able to meet its payment obligations only at an increased cost. Hypo Group's liquidity risks consist of various funding risks related to the entire operation, that is, the banking book including also off-balance sheet items. These risks are monitored, measured and assessed by reviewing the structure and distribution of the interest-bearing balance sheet items. Turbulence in the global financial markets and economy may adversely affect Hypo Group's liquidity and the willingness of certain counterparties and customers to do business with Hypo Group, which may result in a material adverse effect on Hypo Group's business and results of operations.

The long-term or structural funding risk may threaten the continuity of the lending as well as the financing position of Hypo Group

The long-term funding risk, also known as structural funding risk, refers to uncertainty related to the financing of long-term lending or other long-term commitments, arising from the funding on market terms. If materialised, the risk may threaten the continuity of the lending as well as the financing position of Hypo Group.

Materialised short-term liquidity risk would cause inability to meet payment obligations

Short-term liquidity risk refers to a quantitative and temporary imbalance of Hypo Group's short-term cash flow. If realised, the risk means that Hypo Group will not be able to meet its payment obligations at the time they fall due.

Management and reporting of liquidity risk is based on separate Principles of Liquidity Risk Management. Said principles also take into account existing and future mandatory requirements relating to Liquidity Coverage Ratio ("**LCR**") and Net Stable Funding Ratio ("**NSFR**"). Both principles have been introduced by the Basel Committee on Banking Supervision. The LCR was implemented in 2015, pursuant to which the liquidity buffer comprised of high quality liquid assets must amount at least 100 per cent of the stress-tested amount of monthly net cash outflows from 1 January 2018. In line with Basel III, the EU's Capital Requirements Regulation (EU 575/2013) ("**CRR**") imposes a liquidity coverage requirement on credit institutions to improve the resilience of credit institutions to liquidity risks over a short-term period (i.e. thirty days). The general liquidity coverage requirement applicable to EU credit institutions is set out in Article 412 of the CRR. Furthermore, on 10 October 2014, the European Commission published a Commission Delegated Regulation (EU) 2015/61 ("**Delegated Regulation**") to supplement CRR with regard to the liquidity coverage requirement for credit institutions. Finnish credit institutions must comply with the liquidity requirement set forth in the CRR and as further specified by the Delegated Regulation.

The NSFR aims to ensure that a firm has an acceptable amount of stable funding to support its assets and activities over a one year horizon. The Banking Reform Package (as defined below) introduces a binding NSFR requirement, which is

expected to entry into force in 2021, but the final effects of the Banking Reform Package are unclear as at the date of this Base Prospectus.

Despite of compliance with said principles and measures therein, the liquidity risk may materialise and thereby jeopardise or prevent continuation of Hypo's business operations.

The Insolvency Hierarchy Directive creates a new asset class of "non-preferred" senior debt, which might affect the Issuer

The European Commission published on 12 December 2017 Directive (EU) 2017/2399 regarding the ranking of unsecured debt instruments in insolvency hierarchy (the "**Insolvency Hierarchy Directive**"). The Insolvency Hierarchy Directive creates a new category of "non-preferred" senior debt. The Issuer may need to amend its debt structure due to the new category of "non-preferred" senior debt, and such debt is likely more expensive for the Issuer compared to the issuance of Covered Bonds and Senior Unsecured Notes due to the junior ranking of such "non-preferred" senior debt.

Amendments to domestic legislation to implement the Insolvency Hierarchy Directive entered into force in November 2018. Pursuant to the domestic implementation of the Insolvency Hierarchy Directive, credit institutions such as the Issuer have a specific debt ranking order in an insolvency situation. In addition, the amendment entitles credit institutions to agree on the ranking of non-preferred financial instruments in accordance with the Credit Institutions Act and the Finnish Priority Act (in Finnish *laki velkojien maksunsaantijärjestyksestä* 1992/1578). Categorization as "senior non-preferred" debt requires a specific reference in the terms and conditions of a debt instrument. Although the Programme does not cover the issuance of senior non-preferred debt instruments, the Issuer may decide to issue senior non-preferred debt instruments in the future, which may affect the Issuer or the evaluation of the Notes.

Hypo Group's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate

Hypo Group is required to maintain certain capital adequacy ratios pursuant to European and Finnish legislation. As of 1 January 2015 the capital requirements included a 2.5 per cent capital conservation buffer of Common Equity Tier 1 as provided in the Finnish Act on Credit Institutions (as amended, 610/2014; hereinafter "**Act on Credit Institutions**"). The FIN-FSA is also authorised to set a countercyclical buffer of zero to 2.5 per cent based on macroprudential analysis, although it has not imposed such buffer so far. The regulator, debt and equity investors, analysts and other market professionals may, nevertheless, require higher capital buffers than those required under current or proposed future regulations due to, among other things, the continued general uncertainty involving the financial services industry and the concerns over global and local economic conditions. Any such market perception, or any concern regarding compliance with future capital adequacy requirements, could increase Hypo Group's borrowing costs or limit its access to capital markets, which could have a material adverse effect on its results of operations, financial condition and liquidity. If Hypo Group were to experience an unexpected reduction in its capital adequacy ratios, and could not raise further capital, it would have to reduce its lending or investments in other operations.

In the beginning of 2018, the Act on Credit Institutions was updated to include a new macroprudential measure, Systemic Risk Buffer ("**SRB**"). The FIN-FSA may impose measures or requirements under the SRB on the basis of the structural characteristics of the financial system. The FIN-FSA made a decision on the level of systemic risk buffer requirements for Finnish credit institutions on 29 June 2018. The systemic risk buffer requirement for the Issuer is 1 per cent of risk weighted assets and the requirement entered into effect on 1 July 2019.

On 17 May 2019 the FIN-FSA set Hypo Group a discretionary additional capital requirement of 1.25 percent (Pillar 2 requirement) which is to be met with Common Equity Tier 1 capital (CET 1). The requirement takes effect on 31 December 2019 and it remains in force until further notice, however not longer than until 31 December 2022. According to the management of the Issuer, the requirement was expected and it will be met.

The imbalance between the maturity of receivables and the maturity of liabilities may increase the refinancing costs and have a material adverse effect on Hypo Group's liquidity

The imbalance between the maturity of receivables and the maturity of liabilities – that is, the refinancing risk – on the balance sheet causes the risk of an increase in refinancing costs. Repayments of certain funding agreements are linked to changes in the corresponding portion of the lending portfolio in which case no maturity imbalance arises with regard to the balance sheet items in question. Premature repayment of loans in relation to the original repayment plans of the loan customers results in the maturity imbalance between receivables and liabilities on the balance sheet being actually

lesser than when the loans were granted. Any imbalance between the maturity of receivable and the maturity of liabilities may increase the refinancing costs and have a material adverse effect on Hypo Group's liquidity.

Hypo Group is exposed to market risk

The fair value of financial instruments held by Hypo Group is sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, and foreign exchange rates. Future valuations of the assets for which Hypo Group has already recorded or estimated write-downs, which will reflect the then-prevailing market conditions, may result in significant changes in the fair values of these assets. Further, the value of certain financial instruments are recorded at fair value, which is determined by using market prices from active capital markets that are inherently uncertain and which may change over time or may ultimately be inaccurate. Any of these factors could require Hypo Group to recognise further write-downs or realise impairment charges, which may have a material adverse effect on Hypo Group's business, financial condition and results of operations.

Management and reporting of market risks is based on separate Principles of Market Risk Management.

Fluctuations in interest rates may adversely affect Hypo Group's financial position

Interest rate risk refers to an unfavourable change in the annual net interest income (income risk) and the present value of interest-sensitive balance sheet items (present value risk) caused by variation in the amounts, reference rates and interest rate fixing dates of interest-bearing receivables and liabilities. Interest rate risk arises when interest rate fixing periods or interest rate bases for assets and those for liabilities are mismatched.

During the first quarter of 2016, the European Central Bank (hereinafter "**ECB**") reduced its interest rates on the main refinancing operations historically low, to negative 0.4 per cent. In addition to this, ECB initiated its quantitative easing measures in March 2015, which have since then and might in the future continue to affect the interest rate level development. As a result of the financial policy of ECB, also the EURIBOR-rates, which are central reference rates used for mortgages, are at historically low levels with even 12-month EURIBOR-rates being negative as at the date of this Base Prospectus. This might have a material adverse effect on Hypo's financial position if the situation continues and the interest payments received on the issued mortgages are reduced due to the low reference rates. Open interest rate risk is managed, among other methods included in the Principles of Market Risk Management, through derivative contracts. Realisation of interest rate risk, despite of derivative contracts or other management methods in use, might have an adverse effect on Hypo Group's financial position.

Hypo Group is exposed to structural foreign exchange risk

Currency risks refer to the possibility of loss that results from the fluctuation of currency rates and affects Hypo Group's result. Hypo Group operates in euros or its operations are converted into euros by agreement. It does not engage in foreign exchange trading on its own account. In funding in foreign currencies, the currency risk is managed by concluding currency swaps with counterparties contractually approved at the time of the agreement. In the event the exchange risk materialises, despite the management methods in use, it may have a material adverse effect on Hypo Group's business, financial condition and results of operations.

Risks related to ownership of housing units and residential land

Hypo Group's shares in housing companies and residential land are exposed to depreciation, return and damage risks as well as risks related to concentrated ownership.

The fair value of residential land or shares in housing companies may decrease

The depreciation risk is materialised if the fair values of residential land or shares in housing companies permanently decrease below the acquisition price. The risk may be materialised when a site is sold. Hypo Group makes its investments in housing units and residential land as long term investments.

The returns of holdings may decrease and eventual other losses may incur

Return risk refers to decrease in the returns on holdings. The return risk is materialised if the occupancy rate of leased sites decreases or if the level of returns generally decreases in the lease market. Housing units and land may also be affected by other kinds of losses which decrease their value and thereby may cause losses to Hypo Group.

Concentration of location of secured properties may adversely affect Hypo Group's business

Hypo Group's housing and residential land investments are distributed across a number of sites in growth centres. Despite of that there are few concentrations of holdings at individual sites.

The value of residential property collateral of the mortgage loans granted by the Issuer may decline rapidly in the event of a general downturn in the value of property in Finland. Such downturn may hence have a material adverse effect on the Issuer's financial condition, results of operations and ability to make payment under the Notes.

Hypo Group is exposed to regulation and oversight risks

Hypo Group operates within a highly regulated industry and its activities are subject to extensive supervisory and regulatory regimes including, in particular, regulation in Finland and in the European Union. Hypo Group must meet the requirements set forth in the regulations regarding, inter alia, minimum capital and capital adequacy, reporting with respect to financial information and financial condition, marketing and selling practices, advertising, terms of business and permitted investments and liabilities. In addition, certain decisions made by Hypo Group may require approval or notification to the relevant authorities in advance.

All credit institutions and financial services companies face the risk that regulators may find they have failed to comply with applicable regulations or have not undertaken corrective actions as required. Regulatory proceedings could result in adverse publicity for, or negative perceptions regarding Hypo Group, as well as diverting management's attention away from the day-to-day management of the business. A significant regulatory action against Hypo Group could have a material adverse effect on its business, its results of operations and/or financial condition. This may affect the ability of the Issuer to meet its obligations under the Notes.

As regards the supervision of the Issuer, the Single Supervisory Mechanism ("**SSM**") commenced its operations in November 2014. The SSM is a system of financial supervision comprising the ECB and the national competent authorities of participating EU countries. Within the SSM, the ECB will directly supervise so-called significant credit institutions, and will have an indirect role in the supervision of less significant credit institutions. Less significant credit institutions continue to be supervised by their national supervisors, in close cooperation with the ECB. Pursuant to the Act on Credit Institutions and the Council Regulation (EU) No 1024/2013, the Issuer is currently classified as a less significant credit institution and, therefore, the supervision of the Issuer under the SSM is primarily carried out by the FIN-FSA. However, under the SSM, the ECB can decide to directly supervise any one of the less significant credit institutions to ensure that high supervisory standards are applied consistently.

The CRR (CRD IV Directive/CRD IV Regulation) was published in the EU Official Journal on 27 June 2013. These rules and regulations implement the Basel III standards within the EU during 2014–2019. 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.

The changes brought about by the regulation package may have an impact on the business and productivity of credit institutions. The requirements concerning the amount and nature of acceptable capital will have an impact on the amount of equity that will be recognised in capital adequacy calculations and will drive the business of credit institutions towards long-term, low-yield financing arrangements at the expense of short-term ones and towards searching for new ways to obtain financing. In the medium term, therefore, credit institutions must focus on increasing their capital and liquidity, which will reduce dividends and restrict the distribution of profits. Increasing the capital and liquidity of the credit institutions will have an adverse impact on the productivity of banking. It will also have an impact on capital management, the pricing of products and business, the willingness to grant credit and the rearrangement of liabilities.

The changes brought about by the regulation package may have an impact on the financial position and profitability of credit institutions. As the demand for long-term financing increases, the financing available from institutional investors, which are generally aiming to reduce their holdings in the finance sector, may prove to be insufficient. More than before, small credit institutions will face difficulties in obtaining financing and capital that satisfies the requirements, which will enable larger banks to exert control over the market price of financing. Even if the availability of financing could be secured, financing may not be available at a reasonable price and under reasonable terms. As a result, some current business models may no longer be profitable, and some credit institutions may exit the market, which would reduce competition in the banking sector.

Major parts of the CRD IV package governing the capital adequacy and liquidity requirements are already in force in Finland and applicable to Finnish credit institutions. However, certain requirements of the CRD IV package have not yet taken full effect, as these requirements are intended to enter into force gradually. It is not possible to predict all the potential impacts the CRD IV package may have on the business of credit institutions before it has been fully implemented.

On 16 April 2019 the European Parliament made legislative resolutions on a directive amending the CRD IV (Directive (EU) 2019/878, the "**CRD V**"), a regulation amending the CRR (Regulation (EU) 2019/876, the "**CRR II**"), a regulation amending the regulation (EU) No 806/2014 (the "**SRM Regulation**") and a directive amending the BRRD (the BRRD as amended, the "**BRRD II**", and all proposals together the "**Banking Reform Package**"). The Banking Reform Package includes, for example, a leverage ratio requirement for all institutions, a new market risk framework for reporting purposes and a new moratorium power for the resolution authority. On 14 May 2019, the Council of the European Union published a press release announcing that it had adopted the Banking Reform Package. The Banking Reform Package was published in the Official Journal on 7 June 2019 and it entered into force on 27 June 2019. Most of the new rules will start applying in mid-2021.

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

- changes in the monetary economy, the interest rate and the policies of central banks or regulatory authorities;
- general changes in government policy or regulatory policy which may have a material impact on investor decisions in specific markets in which Hypo Group operates;
- changes in the maximum loan-to-value ratio for housing loans (loan cap);
- changes in the competitive environment and pricing; and
- changes in the financial statements framework.

Any of the risks detailed above, if realised, could have a material adverse effect on refinancing opportunities, capital adequacy, business operations, financial standing, business results, prospects and payment capabilities of the Issuer.

Stock exchange listing brings increased regulation

The stock exchange listing of the Notes brings with it increased regulation and oversight of the Issuer and Hypo Group's business operations, such as increased requirements concerning the obligation to provide regular and on-going information.

The Market Abuse Regulation (596/2014/EU) ("**MAR**") establishes a common regulatory framework on insider dealing, the unlawful disclosure of inside information and market manipulation (market abuse) as well as measures to prevent market abuse to ensure the integrity of the financial market in the EU and to enhance investor protection and confidence in those markets. MAR imposes a range of regulatory requirements on the Issuer and violations of MAR may result in significant adverse consequences, such as penalties or even criminal sanctions. MAR also contains rules on, among other things, procedures relating to the maintenance of insider lists and the disclosure of managers' transactions.

If the Issuer were deemed to have neglected the obligations incumbent upon issuers of listed notes, this could have a material adverse effect on the Issuer's business operations, its performance or its financial position and have a material adverse effect on the Issuer's reputation.

Risks related to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor of the Notes must determine the suitability of that investment in light of such investor's own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or

incorporated by reference in this Base Prospectus or any applicable supplement to this Base Prospectus;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;

(d) understand thoroughly the terms of the relevant Notes and the behaviour of any relevant 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 past development of the value of securities is not a guarantee of returns in the future. The investor alone is liable for the financial consequences of his or her investment decisions. Changes in the tax treatment of the Notes and their return during the term of the Notes may adversely affect the net returns received by the Noteholder.

The investor may lose part of or the entire invested principal or the interest in case Hypo would become insolvent during the term of the Notes.

If the Notes have been subscribed for a value above the nominal amount of the Notes, the investor may lose part of the subscription price, and the subscription fee, if applicable, even though the redemption price according to the Final Terms is the nominal amount of the Notes.

No security is given in respect of the Senior Unsecured Notes or the Subordinated Debentures

There is no security on the Senior Unsecured Notes or the Subordinated Debentures (as regards the Subordinated Debentures, giving a security is not permissible in accordance with Finnish law). In the event of insolvency of Hypo, the Senior Unsecured Notes rank *pari passu* with other unsecured obligations of Hypo in respect of Hypo's remaining assets. In the event of insolvency of Hypo, and due to the fact that no security on the Senior Unsecured Notes and the Subordinated Debentures is given, the investor may lose the invested principal and/or the interest either partly or wholly.

The reset of the interest rate of Reset Notes could affect their market value

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the First Reset Rate of Interest or Subsequent Reset Rate of Interest (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each as determined in the relevant Final Terms). The First Reset Rate of Interest or the Subsequent Reset Rate of Interest for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate of Interest for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

An early redemption feature of the Notes is likely to limit their market value

If the Final Terms specifies that the Notes are redeemable at the Issuer's option, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. Furthermore, pursuant to the General Terms and Conditions of the Programme, the Issuer may redeem the Subordinated Debentures subject to the FIN-FSA's consent in case of (i) a Capital Event, (ii) a Withholding Tax Event or (iii) a Tax Event, each as defined in the General Terms and Conditions of the Programme.

At those times, a Noteholder generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the relevant Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

Under certain circumstances, the Issuer's ability to redeem or repurchase the Subordinated Debentures may be limited

The rules under CRD IV prescribe certain conditions for the granting of permission by the FIN-FSA (or, as the case may be, another competent authority) to a request by the Issuer to redeem or repurchase the Subordinated Debentures. In this respect, the CRR provides that the FIN-FSA shall grant permission to a redemption or repurchase of the Subordinated Debentures provided that either of the following conditions is met:

(i) on or before such redemption or repurchase of the Subordinated Debentures, the Issuer replaces the Subordinated Debentures with capital instruments of an equal or higher quality on terms that are sustainable for its income capacity; or

(ii) the Issuer has demonstrated to the satisfaction of the FIN-FSA that its tier 1 capital and tier 2 capital would, following such redemption or repurchase, exceed the capital ratios required under CRD IV by a margin that the FIN-FSA may consider necessary on the basis set out in CRD IV for it to determine the appropriate level of capital of an institution.

In addition, the rules under CRD IV provide that the FIN-FSA may only permit the Issuer to redeem the Subordinated Debentures before five years after the issue date of the Subordinated Debentures if:

(a) the conditions listed in paragraphs (i) or (ii) above are met; and

(b) in the case of redemption due to the occurrence of a Capital Event, (i) the FIN-FSA considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the FIN-FSA that the Capital Event was not reasonably foreseeable at the time of the issuance of the Subordinated Debentures; or

(c) in the case of redemption due to the occurrence of a Withholding Tax Event or a Tax Event, the Issuer demonstrates to the satisfaction of the FIN-FSA that such Withholding Tax Event or Tax Event is material and was not reasonably foreseeable at the time of issuance of the Subordinated Debentures.

The Issuer is not prohibited from issuing further debt, which may rank pari passu with or senior to the Subordinated Debentures

There is no restriction on the amount of debt that the Issuer may issue that ranks senior to the Subordinated Debentures or on the amount of securities that it may issue that rank *pari passu* with the Subordinated Debentures. The issue of any such debt or securities may reduce the amount recoverable by Noteholders in the event of voluntary or involuntary liquidation or bankruptcy of the Issuer.

Remedies in case of default on the Subordinated Debentures are severely limited

The Subordinated Debentures will contain limited enforcement events relating to:

(i) non-payment by the Issuer of any amounts due under the Subordinated Debentures. In such circumstances, as described in more detail in the General Terms and Conditions of the Programme and subject as provided below, the Noteholder may institute proceedings in Finland or elsewhere for the Issuer to be declared bankrupt or its winding-up or liquidation and prove or claim in the bankruptcy or liquidation of the Issuer; and

(ii) the bankruptcy or the winding-up or liquidation of the Issuer, whether in Finland or elsewhere. In such circumstances, as described in more detail in the General Terms and Conditions of the Programme, a Noteholder may declare its Subordinated Debentures to be due and payable at their outstanding principal amount, and prove or claim in the bankruptcy or liquidation of the Issuer.

However, in each case, the Noteholder may claim payment in respect of the Subordinated Debentures only in the winding-up or liquidation or, as the case may be, bankruptcy or liquidation of the Issuer.

Under Finnish law, a creditor may not institute proceedings for the liquidation of the debtor, except under the following limited circumstances: (i) the debtor has no registered board of directors, (ii) the debtor has no representative within the meaning of the Act on the Right to Carry on Debt (*laki elinkeinon harjoittamisen oikeudesta 122/1919*), (iii) despite the request of the register authority, the debtor has not filed its annual accounts for registration within one year from the end of the financial year, or (iv) the debtor has been declared bankrupt and the bankruptcy has expired due to the lack of funds.

The Notes are subject to risks related to exchange rates and exchange controls

The Issuer pays the principal and interests on the Notes in the currency determined in the Final Terms. This causes risks relating to currency exchange in case the financial activities of the investor are carried out mainly in another currency (the "**Investor's Currency**") than the currency of the Notes. Such risks consist of significant changes in the currency exchange rates, in particular devaluation of the note currency or revaluation of the Investor's Currency as well as currency control measures and changes related thereto that are conducted by the home country authorities of either the Investor's Currency's country or the note currency country. An increase in the value of the Investor's Currency in relation to the currency of the Notes reduces (i) the investor's counter-value on return received from the Notes, (ii) the counter-value of the principal of the Notes payable to investor and (iii) the counter-value of the market price of the Notes measured in the Investor's Currency.

Governments and authorities responsible for monetary policy may implement currency controls (as some have already done in the past) which can have a negative influence on the exchange rates. As a consequence, the investor may receive less interest or principal than expected – or nothing at all – when measured in the Investor's Currency.

The value of the Notes may be adversely affected by movements in market interest rates

Investing in fixed-interest Notes involves a risk that subsequent changes in the market interest rates may decrease the market value of the Notes.

Risks related to floating interest rate Notes (should such an instrument be issued by the Issuer) involves a risk that subsequent changes in the market interest rates may decrease the market value of the Notes until the date of the ongoing interest period in question.

The completion of transactions relating to the Notes is dependent on Euroclear Finland Ltd.'s operations and systems

Notes issued and incorporated into the book-entry system of Euroclear Finland Ltd. ("**Euroclear Finland**") are in non-certificated form. The Noteholders are dependent on procedures of Euroclear Finland, or as applicable, on procedures of Clearstream or another clearing house taking responsibility for the settlement of the Notes, regarding transfers, payments and information sharing with the Issuer.

The evidence of the Notes issued under the Programme are only account statements provided by Euroclear Finland or its account manager, and no promissory Notes or other documents evidencing ownership are given. Therefore the ownership of the Notes and any changes in the same appear only in the registers of the book-entry system held by Euroclear Finland or its account managers.

Modification of the General Terms and Conditions of the Programme and/or the Final Terms of the Notes bind all Noteholders

Provisions regarding Noteholders' meetings are included in the General Terms and Conditions of the Programme. A meeting may be summoned in order to discuss matters concerning the benefits of the Noteholders. Noteholders with a qualified majority described in the General Terms and Conditions of the Programme are able to make decisions that affect all Noteholders regardless of whether a Noteholder was present at the meeting, participated in the voting or voted against the majority. Modifications of the General Terms and Conditions of the Programme and other resolutions made at the Noteholders' Meetings may not be in all Noteholders' interest.

No assurance on change of laws or practices

The Notes are governed by the laws of Finland. No assurance can be given on the impacts of amendments to law, court decisions or changes in the administrative proceedings that take place after the date of this Base Prospectus.

Active secondary market for the Notes may not develop

An application for listing of the Notes on the Helsinki Stock Exchange may be made in case such listing has been provided for in the Final Terms of such Tranche of Notes and the amount of the subscribed Notes in such Series of Notes is at least 200,000 euros. However, a daily secondary market for the Notes is not necessarily formed during the term of the Notes. Selling of a Note prior to its due date may result in capital gains or loss. This may result from changes in the interest level or low supply of the Notes on the secondary market (lack of liquidity) or a combination of such factors.

Subordinated Debentures have a lower priority in relation to other debts of the Issuer

The Subordinated Debentures are debenture loans as referred to in section 34 subsection 2 of the Finnish Promissory Notes Act (*Velkakirjalaki* 622/1974), which have a lower priority in relation to other debts of the Issuer, notwithstanding obligations that rank *pari passu* or lower than debenture loans in accordance with the terms and conditions of such obligations. Further, debenture loans are subordinated loans qualifying as tier 2 instruments (T2) as referred to in article 63 of the CRR provided that other requirements set forth in article 63 and the CRR are met. In the event of insolvency of Hypo, the Subordinated Debentures are subordinated to other obligations of the Issuer in respect of Hypo's remaining assets. The investor may lose part of or the entire invested amount.

Credit ratings assigned to any Notes or specifically to the Covered Bonds may not reflect all the risks associated with an investment in those Notes

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

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The assets comprising the prioritised portion of the Cover Asset Pool do not form part of the general assets of the Issuer that would be available to holders of Senior Unsecured Notes or Subordinated Debentures in the case of bankruptcy or liquidation of the Issuer

In the event of a liquidation or bankruptcy of the Issuer, the holders of Covered Bonds (along with counterparties to related Derivative Transactions and providers of Bankruptcy Liquidity Loans) have the benefit of priority up to a certain portion of the assets in the Cover Asset Pool (See risk factor "*The Cover Asset Pool may not fully cover all claims of the holders of Covered Bonds*" below). Holders of Senior Unsecured Notes and Subordinated Debentures do not have the same benefit. In the bankruptcy or liquidation of the Issuer, holders of Senior Unsecured Notes and Subordinated Debentures will therefore be subordinated in right of payment to holders of Covered Bonds.

In respect of any Notes issued with a specific use of proceeds, such as a Green Bond, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for financing or re-financing housing company mortgages used for investments that promote climate-friendly housing solutions, such as increased energy efficiency investments in commercial and residential buildings ("**Green Mortgage Projects**" and thereto related Notes, "**Green Bonds**"). Prospective investors should have regard to the information set out in the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer that the use of such proceeds for any Green Mortgage Projects will satisfy, whether in whole or in part, any

present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Mortgage Projects. Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Mortgage Projects will meet any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Mortgage Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes and in particular with any Green Mortgage Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Mortgage Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified for Green Mortgage Projects in, or substantially in, the manner described in the relevant Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Green Mortgage Projects will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Green Mortgage Projects. Nor can there be any assurance that such Green Mortgage Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any Green Mortgage Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance Green Mortgage Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

There are risks that certain benchmark rates may be administered differently or discontinued in the future, including the potential phasing-out of LIBOR after 2021, which may adversely affect the trading market for, value of and return on, Notes based on such benchmarks

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other rates and indices which are deemed to be "benchmarks" are the subject of recent EU, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently from the past or disappear entirely, or have other consequences that cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and became applicable from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to a rate or index deemed to be a benchmark, in particular, if the methodology or other terms of a benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to such benchmark; (ii) trigger changes in the rules or methodologies used in the benchmarks or (iii) lead to the disappearance of the benchmark.

Separate workstreams are also underway in Europe to reform the Euro Interbank Offered Rate ("**EURIBOR**") using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk free rate. €STR is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

Furthermore, LIBOR is the subject of ongoing regulatory reforms. Following the implementation of any of these reforms, the manner of administration of LIBOR may change, with the result that it may perform differently than in the past or be eliminated entirely, or there could be other consequences that cannot be predicted. For example, on 27 July 2017, the Financial Conduct Authority of the United Kingdom (the "**FCA**"), which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). Further, on 12 July 2018 the FCA announced that LIBOR may cease to be a regulated benchmark under the Benchmarks Regulation. The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

It is not possible to predict with certainty whether, and to what extent, EURIBOR, LIBOR or any other Benchmark will continue to be supported going forward. This may cause the relevant benchmark to perform differently than it has done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the

value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

If the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event (as defined in the General Terms and Conditions of the Programme) has occurred, then the Issuer shall use reasonable endeavours to appoint an Independent Adviser for the purposes of determining a Successor Rate or an Alternative Benchmark Rate (as further described in Condition 8.4 (*Benchmark Replacement*) and, if applicable, an Adjustment Spread. If the Issuer is unable to appoint an Independent Adviser or if the Independent Adviser and the Issuer cannot agree upon, or cannot select, the Successor Rate or Alternative Benchmark Rate, the Issuer may determine the replacement rate, provided that if the Issuer is unable to determine the Successor Rate or Alternative Benchmark Rate, the further fallbacks described in the General Terms and Conditions of the Programme shall apply. This may result in effective application of a fixed rate of interest for Notes initially designated to be floating rate notes. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

The use of a Successor Rate or an Alternative Benchmark Rate may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Notes if the relevant benchmark remained available in its current form. Furthermore, if the Issuer is unable to appoint an Independent Adviser or if the Issuer fails to agree a Successor Rate or an Alternative Benchmark Rate or adjustment spread, if applicable with the Independent Adviser, the Issuer may have to exercise its discretion to determine (or to elect not to determine) an Alternative Benchmark Rate or Adjustment Spread, if applicable in a situation in which it is presented with a conflict of interest. In addition, while any Adjustment Spread may be expected to be designed to eliminate or minimise any potential transfer of value between counterparties, the application of the Adjustment Spread to the Notes may not do so and may result in the Notes performing differently (which may include payment of a lower interest rate) than they would do if the Reference Rate were to continue to apply in its current form.

Any of the above changes or any other consequential changes to benchmarks as a result of EU, United Kingdom, or other international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes could have a material adverse effect on the trading market for, value of and return on any Notes linked to such benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Notes linked to a benchmark.

Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under Notes linked to a benchmark or could have a material adverse effect on the value or liquidity of, and the amount payable under, such Notes. Investors should consider these matters when making their investment decision with respect to such Notes.

Risks related to the Covered Bonds

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

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

Under the MCBA, Noteholders of a Covered Bond are given a statutory priority in the liquidation or bankruptcy of the Issuer in relation to the assets entered into the register of Covered Bonds that the Issuer is required to maintain pursuant to Chapter 5 of the MCBA as collateral in respect of the Covered Bonds (the "**Register**"). In calculating the total value of the Cover Asset Pool, the following limitations apply under Section 16 of the MCBA: 1) at most 70 per cent of the underlying value of the shares or the real estate securing each Housing Loan; and 2) the book value of the Substitute Collateral.

Under Section 25 of the MCBA, the Noteholder's priority is limited to 70 per cent in respect of housing loans (in Finnish: *asuntoluotto*, as defined in the MCBA) of the current value of such property which stands as collateral for such housing loans. Accordingly, notwithstanding that the Issuer has entered into liquidation or bankruptcy proceedings, Noteholders have the right to receive payment before all other claims against the Issuer out of the proceeds of the Cover Asset Pool covering the Covered Bonds up to the prioritised portion of the Cover Asset Pool. To the extent that claims of the Noteholders in respect of the Covered Bonds are not met out of the Cover Asset Pool, the residual claims of the

Noteholders will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer. Noteholders will not have any preferential right to the Issuer's assets other than those entered into the Register as collateral in respect of the Covered Bonds. Given the *pari passu* ranking of the Covered Bonds under the MCBA, in the event of the Issuer's liquidation or bankruptcy, the amount available to be paid to Noteholders out of the Cover Asset Pool on a prioritised basis may be affected by the amounts payable at the relevant time to counterparties of any Derivative Transactions registered in the Cover Asset Pool entered into by the Issuer and the providers of Bankruptcy Liquidity Loans entered into by the bankruptcy administrator of the Issuer to secure liquidity or take out liquidity credit in accordance with Section 25 of the MCBA.

The funds accruing from the assets entered in the Cover Asset Pool of the Covered Bonds after the commencement of liquidation or bankruptcy proceedings are, under the MCBA, entered into the register as collateral until the Noteholders, counterparties to Derivative Transactions and providers of Bankruptcy Liquidity Loans are repaid in accordance with the terms and conditions of the Covered Bonds, Derivative Transactions and Bankruptcy Liquidity Loans, as applicable. Such provision of the MCBA shall also be applied to the funds accrued to the Issuer after the commencement of the liquidation or bankruptcy proceedings on the basis of derivative transactions entered into the Register in respect of the Covered Bonds or assets entered into the Register as collateral in respect of the Covered Bonds.

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

The MCBA came into effect on 1 August 2010. It contains several amendments to the earlier legislation governing Finnish covered bonds and their preferential rights in an issuer's liquidation or bankruptcy. The protection afforded to the holders of Covered Bonds by means of a preference on the qualifying assets is based only on the MCBA. Although the MCBA regulates the mortgage credit bank operations of credit institutions that issue mortgage loans as well as mortgage credit banks (in Finnish: *kiinnitysluottopankki*), there is only limited practical experience in relation to the operation of the MCBA. For a summary of the MCBA, see *"Finnish Act on Mortgage Credit Bank Activity"* below.

No events of default in Covered Bonds

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

In the event of a failure of the Cover Asset Pool to meet the matching requirements, holders of the Covered Bonds may receive payments according to a schedule that is different from that contemplated by the terms of the relevant Covered Bond

The Issuer is required under the MCBA to comply with certain matching requirements as long as there is any Covered Bond outstanding. Under the MCBA, if the assets in the Cover Asset Pool do not fulfil the requirements provided for in the MCBA, the FIN-FSA may set a time limit within which the Issuer shall place more collateral in compliance with the MCBA and the conditions of the relevant Covered Bonds. If these requirements are not complied with, the Issuer's license for mortgage bank activities may be withdrawn. If the Issuer is placed in liquidation or declared bankrupt, and the requirements for the total amount of collateral of the Covered Bonds in sections 16 and 17 of the MCBA are not fulfilled, a supervisor appointed by the FIN-FSA may demand that the Issuer's bankruptcy administrator declare the Covered Bonds due and payable and sell the assets in the Cover Asset Pool. This could result in the holders of Covered Bonds receiving payment according to a schedule that is different from that contemplated by the terms of the Covered Bonds (with accelerations as well as delays) or that the holders of Covered Bonds are not paid in full, in part, due to the statutory limit to the priority of holders of Covered Bonds.

Default of the assets in the Cover Asset Pool may jeopardise payment on the Covered Bonds

Default of the Issuer's assets in the Cover Asset Pool could jeopardise the Issuer's ability to make payments on the Covered Bonds in full or on a timely manner. In case of defaults of the Issuer's assets in the Cover Asset Pool, the Issuer must supplement the Cover Asset Pool to comply with the statutory requirements and if the current value of the total amount of the Cover Asset Pool does not continuously exceed the current value of the combined payment obligations resulting from the Covered Bonds by at least two per cent, the FIN-FSA may withdraw the Issuer's license for mortgage bank activities and the assets in the Cover Asset Pool may not fully cover the payments on the Covered Bonds. To the extent that claims of the Noteholders in respect of the Covered Bonds are not met out of the Cover Asset Pool, the residual claims of the Noteholders will rank *pari passu* with the unsecured and unsubordinated obligations of

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

Transfer of Covered Bonds and the Cover Asset Pool in bankruptcy

In bankruptcy, a bankruptcy administrator may, with the permission of the FIN-FSA, transfer the liability for a covered bond and the corresponding collateral to a mortgage credit bank, deposit bank or credit entity that has acquired a license to issue covered bonds or to a foreign mortgage credit bank which is subject to supervision corresponding to that of the MCBA unless the terms of the covered bond provide otherwise. See also "*Finnish Act on Mortgage Credit Bank Activity—Management of Cover Pool Assets during the liquidation or bankruptcy of the Issuer*".

No market for collateral after an insolvency of the Issuer

There is no assurance as to whether there will be a trading market for the collateral in the Cover Asset Pool or an eligible transferee to take over the obligations relating to the Covered Bonds and the corresponding collateral after an insolvency of the Issuer.

Liquidity post Issuer bankruptcy

It is believed that neither an insolvent issuer nor its bankruptcy estate would have the ability to issue Covered Bonds. Under the MCBA, the bankruptcy administrator (upon the demand or the consent of a supervisor appointed by the FIN-FSA) may, however, raise liquidity through the sale of mortgage loans and other assets in the Cover Asset Pool to fulfil the obligations relating to the relevant Covered Bonds. Further, the bankruptcy administrator (upon the demand or the consent of the supervisor appointed by the FIN-FSA) may take out liquidity loans and enter into other agreements for the purpose of securing the liquidity of the Cover Asset Pool (the "**Bankruptcy Liquidity Loans**"). Counterparties in such transactions will rank *pari passu* with holders of the relevant Covered Bonds and counterparties in existing Derivative Transactions entered into the Register of the Cover Asset Pool. However, there can be no assurance as to the actual ability of the bankruptcy estate to raise post-bankruptcy liquidity, which may result in a failure by the Issuer to make full and timely payments to holders of Covered Bonds and existing derivative counterparties registered in the Cover Asset Pool.

Defaults under the mortgage loans and defaults by borrowers may result in the Issuer's license for mortgage bank activity to be withdrawn

The mortgage loans which secure the Covered Bonds will comprise loans secured on property. A borrower may default on its obligation under such mortgage loan. The Issuer will substitute assets that are, for any reason, no longer eligible for collateral with eligible assets in accordance with the MCBA. If the Cover Asset Pool does not have sufficient eligible assets, the Issuer would breach its statutory obligations as stipulated by the provisions of the MCBA and the FIN-FSA may set a time limit within which the Issuer shall place more collateral in compliance with the MCBA and the conditions of the relevant Covered Bonds. If these requirements are not complied with, the Issuer's license for mortgage bank activities may be withdrawn.

Defaults may occur for a variety of reasons. Defaults under mortgage loans are subject to credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in borrowers' individual, personal or financial circumstances may affect the ability of the borrowers to repay the mortgage loans. Loss of earnings, unemployment, illness, divorce, weakening of financial conditions or results of business operations and other similar factors may lead to an increase in delinquencies by and bankruptcies of borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the mortgage loans. In addition, the ability of a borrower to sell a property given as security for a mortgage loan at a price sufficient to repay the amounts outstanding under that mortgage loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

No due diligence has or will be undertaken in relation to the Cover Asset Pool

No investigations, searches or other actions in respect of any assets contained or to be contained in the Cover Asset Pool has or will be performed by the Arranger nor any Lead Manager. Instead, they will rely on the obligations of the Issuer under applicable Finnish law.

Limited information is available to holders of Covered Bonds, especially in relation to the assets in the Cover Asset Pool

Investors will not receive detailed statistics or information in relation to the mortgage loans, the location of the properties securing the mortgage loans or other assets included in the Cover Asset Pool and it is expected that the composition of the Cover Asset Pool will change from time to time through the repayment of the mortgage loans by borrowers or new mortgage loans and/or other eligible assets being added to the Cover Asset Pool. The assets contained in the Cover Asset Pool will change over time reflecting repayments and new credits granted and, therefore, there are no assurances that the regional diversification, risk profile or credit quality of the assets in the Cover Asset Pool will remain the same as on or after the issue date of any Covered Bonds. The Issuer will maintain a separate register for the Cover Asset Pool in accordance with the MCBA and inform the Noteholders of the composition of the Cover Asset Pool on its website at http://www.hypo.fi/en/investor-relations/ on a quarterly basis in connection with the issuance of its financial statements and interim financial statements. The Issuer is subject to the disclosure obligations as set out in the MAR, the Finnish Securities Markets Act, in the regulations and guidelines of the FIN-FSA as well as in the rules of the Helsinki Stock Exchange, and this disclosure obligation may include matters relating to the requirements set for the Cover Asset Pool in accordance with the MCBA where such information is of precise nature and likely to have a significant effect on the prices of the Covered Bonds.

Reliance on Swap Providers

To provide a hedge against possible variances in the rates of interest receivable on the mortgage loans and other assets from time to time held by the Issuer (which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate) and the interest rate(s) under the Covered Bonds, the Issuer may from time to time enter into interest rate swap agreements (see "*Derivative Transactions related to the Covered Bonds*").

If any swap counterparty defaults on its obligations to make payments under the relevant interest rate swap agreement, the Issuer will be exposed to changes in the relevant rates of interest. Unless such interest rate swap agreements are replaced, the Issuer may not have sufficient funds to make payments under the Covered Bonds.

Extendable obligations

The applicable Final Terms may provide that an Extended Final Maturity Date (as defined below) applies to a Series of Covered Bonds.

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

The extension of the maturity of the principal amount outstanding of the Covered Bonds from the Maturity Date to the Extended Final Maturity Date will not result in any right of the Noteholders to accelerate payments or take action against the Issuer, and no payment will be payable to the Noteholders in that event other than as set out in the terms and conditions of the Covered Bonds as completed by the applicable Final Terms. In these circumstances, failure by the Issuer to make payment in respect of the Final Redemption Amount on the Maturity Date shall not constitute a default in payment by the Issuer.

Furthermore, if the Issuer has the right to convert the interest rate on the Covered Bonds from a fixed rate to a floating rate or vice versa in relation to all amounts constituting accrued interest due and payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date, then the Issuer may pay such interest pursuant to the floating rate or fixed rate (as the case may be) set out in the applicable Final Terms.

GENERAL INFORMATION

Issuer

The Mortgage Society of Finland
Reg.no. 0116931-8
Domicile: Helsinki
Address: Yrjönkatu 9 A
FI-00120 Helsinki
Finland
tel. 09-228 361
hypo@hypo.fi
www.hypo.fi

Arranger

Nordea Bank Abp
Satamaradankatu 5
FI-00020 NORDEA
Finland

Auditor of the Issuer

PricewaterhouseCoopers Oy
Authorised Public Accountants
Itämerentori 2
FI-00180 Helsinki
Finland
Responsible auditor Jukka Paunonen, Authorised Public Accountant

Responsibility Statement

The Issuer 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 contains no omission likely to affect its import.

Auditors

PricewaterhouseCoopers Oy has audited Hypo Group's financial statements for the financial years ended 31 December 2018 and 31 December 2017 and continues as current auditor.

The audited financial statements of 2018 and 2017 as well as the unaudited consolidated interim report for the three months ended 31 March 2019 are incorporated in this Base Prospectus by reference.

The Base Prospectus and Final Terms are available at Hypo's website http://www.hypo.fi/en/investor-relations/ and also upon request from Hypo or from the subscription places mentioned in the Final Terms.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC.

This general description of the Programme must be read together with the other information included in this Base Prospectus.

Issuer:	The Mortgage Society of Finland
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" and include risks relating to general economic conditions and circumstances in the financial market and business, credit, liquidity, operational and market risks affecting the Issuer and its subsidiaries. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes (including certain risks specific to Covered Bonds), certain market risks and risks relating to the illiquidity of the Notes.
Arranger of the Programme:	Nordea Bank Abp
Lead Manager(s) of Series of Notes and possible other subscription places:	Defined in Final Terms of Series of Notes.
Issuer Agent and Paying Agent:	Defined in Final Terms of Series of Notes.
Maximum amount of the Programme:	2,000,000,000 euros. The Issuer may increase the maximum amount.
Distribution:	Notes may be distributed outside the United States to, or for the account or benefit of, persons other than U.S. Persons (as such terms are defined in Regulation S under the Securities Act 1933, as amended) by way of private placement and in each case on a syndicated or non-syndicated basis.
Final Terms:	Notes issued under the Programme will be issued pursuant to this Base Prospectus and associated Final Terms. The terms and conditions applicable to any particular Tranche of Notes will be the General Terms and Conditions combined with the relevant Final Terms.
Form of the Notes:	The Notes are issued in book-entry form in the book-entry system of Euroclear Finland, in accordance with the Act on the Book-Entry System and Clearing and Settlement (348/2017, as amended), the Finnish Act on Book-Entry Accounts (827/1991, as amended) and other Finnish

	legislation governing book-entry system and book-entry accounts.
Note currencies:	Euro or such other currency or currencies as may be separately resolved by the Issuer upon each issuance of the Notes under the Programme.
Priority of the Senior Unsecured Notes:	The Senior Unsecured Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other senior unsecured obligations (other than Subordinated Debentures and other subordinated obligations, if any) of the Issuer.
Priority of the Covered Bonds:	The Covered Bonds will be covered in accordance with the MCBA and will therefor benefit from the Cover Asset Pool. The Covered Bonds rank *pari passu* among themselves and with all other obligations of the Issuer in respect of mortgage-backed notes covered in accordance with the MCBA (including pursuant to sections 25 and 26 of the MCBA) as well as all Derivative Transactions and Bankruptcy Liquidity Loans entered into the Register. In calculating the total value of the Cover Asset Pool, the following limitations apply: 1) at most 70 per cent of the underlying value of the shares or the real estate securing each Housing Loan; and 2) the book value of the Substitute Collateral. In respect of the priority of the holders of the Covered Bonds, under Section 25 of the MCBA, the priority is limited among other things to 70 per cent in respect of Housing Loans of the current value, as at the date of the liquidation or bankruptcy of the Issuer, of the properties or the shares in the property owning companies which stand as collateral for such Housing Loans. To the extent that claims of the Noteholders in relation to the Covered Bonds are not fully met out of the assets of the Issuer that are covered in accordance with the MCBA, the residual claims of the holders of Covered Bonds will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer. See also "*Finnish Act on Mortgage Credit Bank Activity*".
Priority of the Subordinated Debentures:	The Subordinated Debentures constitute direct and unsecured obligations of the Issuer ranking *pari passu* without any preference among themselves. In the event of liquidation or bankruptcy of the Issuer, the rights and claims (if any) of the Noteholders to payments of the outstanding principal amount and any other amounts in respect of the Subordinated Debentures (including any

	accrued and unpaid interest amount or damages awarded for breach of any obligations under these General Terms and Conditions of the Programme, if any are payable) shall (i) be subordinated to the claims of all senior creditors of the Issuer; and (ii) rank at least *pari passu* with the claims of all subordinated debentures of the Issuer which in each case by law rank, or by their terms, are expressed to rank *pari passu* with the Subordinated Debentures. The Subordinated Debentures can be calculated into the tier 2 capital as set out in Article 63 of Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013 (as amended or replaced from time to time, the "**CRR**"), provided that the requirements set out in the CRR are fulfilled. The Subordinated Debentures cannot be used to set off a counterclaim.
Green Bonds:	The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for financing or re-financing housing company mortgages used for investments that promote climate-friendly housing solutions, such as increased energy efficiency investments in commercial and residential buildings ("**Green Mortgage Projects**" and thereto related Notes, "**Green Bonds**").
Listing:	The Notes may be applied for listing on the Helsinki Stock Exchange. Also unlisted Notes can be issued.
Term of the Notes:	A minimum of one year.
Interest:	Fixed interest or floating interest tied to a reference interest rate. Notes can also be issued as zero coupon notes which will be offered and sold at a discount to their nominal amount and will not bear interest. Notes can also be issued as reset notes.
Use of Benchmark	Amounts payable under the Notes are calculated by reference to EURIBOR, STIBOR, NIBOR, CIBOR or LIBOR to the extent floating interest is applicable according to the Final Terms. As at the date of this Base Prospectus, the administrators of EURIBOR, STIBOR, NIBOR, CIBOR or LIBOR are not included in the European Securities and Market Authority's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmark Regulation**"). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that the administrators are not currently required to obtain authorizations or registration.

Redemption:	The nominal amount of the Notes.
Early redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity or that such Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Lead Manager(s). In relation to Subordinated Debentures only, early redemption in whole (but not in part) is permitted as a result of a Capital Event, a Withholding Tax Event or a Tax Event and subject to approval by the FIN-FSA, as described in Condition 4.4 (*Early Redemption of Subordinated Debentures as a result of a Capital Event)*, 4.5 (*Early Redemption of Subordinated Debentures as a result of a Withholding Tax Event*) or 4.6 (*Early Redemption of Subordinated Debentures as a result of a Tax Event*) respectively.
Applicable law:	Finnish law.
Authorisation:	The Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 19 June 2019.
Credit rating:	As at the date of this Base Prospectus, the Issuer has long- and short-term issuer credit ratings 'BBB/A-2' (S&P). The outlook is stable. A Series of Notes to be issued under the Programme may be rated or unrated. The Covered Bonds are rated 'AAA' (S&P). There is no guarantee that the rating of the Issuer assigned by S&P will be maintained following the date of this Base Prospectus or that a rating of the Covered Bonds or any Series of Notes is obtained or maintained, and the Issuer may seek to obtain ratings from other rating agencies. A rating is not a recommendation to buy or sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Up-to-date information should always be sought by direct reference to the relevant rating agency.

GENERAL TERMS AND CONDITIONS OF THE PROGRAMME

The following General Terms and Conditions of the Programme must be read in their entirety together with the relevant Final Terms for the relevant Notes.

1. Notes and their form

The notes are issued by The Mortgage Society of Finland (the "**Issuer**"). The Notes are issued as serial bonds (in Finnish: *sarjalaina*) (each a "**Series of Notes**"). Each Series of Notes may comprise one or more tranches (each a "**Tranche of Notes**") of Notes. The terms and conditions of a Tranche of Notes are formed by combining these general terms and conditions (the "**General Terms and Conditions**" and each clause a "**Condition**") and a document specific to such Tranche of Notes called final terms ("**Final Terms**").

Notes can be issued:

(a) as senior unsecured notes that rank *pari passu* with the Issuer's other unsecured commitments (the "**Senior Unsecured Notes**");

(b) as subordinated debentures in accordance with Section 34 subsection 2 of the Promissory Notes Act (1947/622; hereinafter the "**Promissory Notes Act**"), which have lower priority than other commitments of the Issuer (the "**Subordinated Debentures**"). Subordinated Debentures cannot be used for set off. The Issuer reserves the right to repurchase Subordinated Debentures prior to their due date with the permission of the Finnish Financial Supervisory Authority (the "**FIN-FSA**"), if the purchase requires such permission. In the event of liquidation or bankruptcy of the Issuer, the rights and claims (if any) of the Noteholders to payments of the outstanding principal amount and any other amounts in respect of the Subordinated Debentures (including any accrued and unpaid interest amount or damages awarded for breach of any obligations under these General Terms and Conditions of the Programme, if any are payable) shall

(i) be subordinated to the claims of all senior creditors of the Issuer; and

(ii) rank at least *pari passu* with the claims of all subordinated debentures of the Issuer which in each case by law rank, or by their terms, are expressed to rank *pari passu* with the Subordinated Debentures.

The Subordinated Debentures can be calculated into the tier 2 capital as set out in Article 63 of Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013 (as amended or replaced from time to time, the "**CRR**"), provided that the requirements set out in the CRR are fulfilled. The Subordinated Debentures cannot be used to set off a counterclaim; or

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

Notes can be issued to be subscribed for by institutional investors. No Notes can be issued to retail investors. The minimum subscription amount is at least EUR 100,000 and the denomination of a book-entry unit is at least EUR 100,000.

The Notes will be issued in the Infinity book-entry securities system of Euroclear Finland Ltd. incorporated in Finland with Reg. No. 1061446-0, address Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland, ("**Euroclear Finland**") (or any system replacing or substituting the Infinity book-entry securities system in accordance with the Finnish laws, regulations and operating procedures applicable to and/or issued by

Euroclear Finland for the time being (the "**Euroclear Finland Rules**")), in accordance with the Act on the Book-Entry System and Clearing and Settlement (348/2017, as amended), the Finnish Act on Book-Entry Accounts (827/1991, as amended) and other Finnish legislation governing book-entry system and book-entry accounts as well as the Euroclear Finland Rules. The registrar in respect of the Notes will be Euroclear Finland.

The issuer agent (in Finnish: *liikkeeseenlaskijan asiamies*) for a Series of Notes referred to in the regulations of Euroclear Finland as well as the issuer and paying agent of the Notes (the "**Issuer Agent**" and/or where applicable, the "**Paying Agent**") are defined in the Final Terms. The Issuer may appoint one or more Lead Manager (the "**Lead Managers**") for a Tranche of Notes as specified in the Final Terms. The Issuer may appoint a calculation agent ("**Calculation Agent**") for a Tranche of Notes or the Issuer may act as the calculation agent, in each case as specified in the Final Terms.

Notes subscribed and paid for shall be entered to the respective book-entry accounts of the subscriber(s) on a date set out in the Final Terms in accordance with the Finnish legislation governing the book-entry system and book-entry accounts as well as the Euroclear Finland Rules. Each Note is freely transferable after it has been registered into the respective book-entry account.

2. Nominal value

The nominal amount of each book-entry unit relating to the Notes is defined in the Final Terms.

3. Maximum amount of the Programme and note principal as well as currency

The total equivalent value of unamortized Notes issued at one time can be a maximum of two billion (2,000,000,000) euros. The Issuer may decide on raising or lowering the maximum amount.

The principal and the currency (euro or other relevant currency) of a Series of Notes and the specific Tranche of Notes are defined in the Final Terms. The Issuer may decide on raising or lowering the issued aggregate principal of each Series and Tranche of Notes during the subscription period. Notice of any decision to raise or lower the issued aggregate principal of each Tranche of Notes during the subscription period is available at the subscription places and on the website at http://www.hypo.fi/en/investor-relations/ as soon as practicable after any such decision is made.

Each Series of Notes is numbered annually in numerical order. Each Tranche of Notes under each Series of Notes is numbered in numerical order.

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

4.1 The term of the Notes and redemption

The term of the Notes is at least one year. However, the term of the Subordinated Debentures is at least five years. The principal of the Notes is to be repaid on the Maturity Date as defined in the Final Terms or on the Extended Final Maturity Date if an Extended Final Maturity Date has been specified in the applicable Final Terms and the maturity of the Notes has been extended in accordance with Condition 4.2. The principal of the Notes is to be repaid in instalments if so defined in the Final Terms. The business day convention defined in Final Terms is applicable to the Maturity Date and the Extended Final Maturity Date. The redemption amount is the nominal amount of the principal.

4.2 Extension of Maturity up to Extended Final Maturity Date

An Extended Final Maturity Date may apply to a Series of Covered Bonds, as specified in the applicable Final Terms.

If "Extended Maturity" is specified as applicable in the applicable Final Terms and the Issuer notifies the Issuer Agent at the latest on the fifth Business Day before the Maturity Date that it will fail to redeem the relevant Covered Bonds in full on the Maturity Date or within two Business Days thereafter, the maturity of the Notes and the date on which the Notes will be due and repayable for the purposes of these General Terms and Conditions will be automatically extended up to but no later than the Extended Final Maturity Date, subject as otherwise provided in the applicable Final Terms and provided that the maturity of any Note may

not be extended beyond the date falling 12 months after the Maturity Date. In that event, the Issuer may redeem all or any part of the nominal amount outstanding of the Notes on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Final Maturity Date or as otherwise provided in the applicable Final Terms.

The Issuer shall give notice to the Noteholders (in accordance with Condition 19 *(Notices)*) of (a) any decision to so extend the maturity of the Notes, in whole or in part, as soon as practicable after any such decision is made and (b) its intention to redeem all or any of the nominal amount outstanding of the Notes in full at least three Business Days prior to (i) the Maturity Date, where practicable for the Issuer to do so and otherwise as soon as practicable after the relevant decision to redeem the Notes (if any) is made or, as applicable (ii) the relevant Interest Payment Date or, as applicable (iii) the Extended Final Maturity Date.

Any failure by the Issuer to so notify such persons shall not affect the validity or effectiveness of any such extension of the maturity of the Notes or, as applicable, redemption by the Issuer on the Maturity Date or, as applicable, the relevant Interest Payment Date or, as applicable, the Extended Final Maturity Date or give rise to any such person having any rights in respect of any such redemption but such failure may result in a delay in payment being received by a Noteholder through Euroclear Finland (including on the Maturity Date where at least three Business Days' notice of such redemption is not given to the Noteholders (in accordance with Condition 19 *(Notices)*)) and Noteholders shall not be entitled to further interest or any other payment in respect of such delay.

In the case of Notes which are zero coupon notes up to (and including) the Maturity Date and for which an Extended Final Maturity Date is specified in the applicable Final Terms, for the purposes of this Condition 4.2, the nominal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these General Terms and Conditions.

Any extension of the maturity of the Notes under this Condition 4.2 shall be irrevocable. Where this Condition 4.2 applies, any failure to redeem the Notes on the Maturity Date or any extension of the maturity of the Notes under this Condition 4.2 shall not constitute an event of default for any purpose or give any Noteholder any right to receive any payment of interest, principal or otherwise on the relevant Notes other than as expressly set out in these General Terms and Conditions.

In the event of the extension of the maturity of the Notes under this Condition 4.2, interest rates, interest periods and interest payment dates on the Notes from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date shall be determined in accordance with the applicable Final Terms.

If the Issuer redeems part and not all of the principal amount outstanding of the Notes on an Interest Payment Date falling in any month after the Maturity Date, the redemption proceeds shall be applied rateably across the Notes and the nominal amount outstanding on the Notes shall be reduced by the level of that redemption.

If the maturity of the Notes is extended up to the Extended Final Maturity Date in accordance with this Condition 4.2, subject as otherwise provided in the applicable Final Terms, for so long as any of the Notes remains outstanding, the Issuer shall not issue any further Notes, unless the proceeds of issue of such further Notes are applied by the Issuer on issue in redeeming in whole or in part the relevant Notes the maturity of which has been extended in accordance with this Condition 4.2.

This Condition 4.2 shall only apply to Notes for which "Extended Maturity" is specified as applicable in the applicable Final Terms and if the Issuer does not redeem those Notes in full on the Maturity Date (or within two Business Days thereafter).

4.3 Redemption at the option of the Issuer (*Issuer Call*)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 19 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In case of a partial redemption of the Notes, the nominal amount outstanding of each Note shall be reduced *pro rata*. The Subordinated Debentures may only be redeemed subject to Conditions 4.4, 4.5 or 4.6 below.

4.4 Early Redemption of Subordinated Debentures as a result of a Capital Event

Upon the occurrence of a Capital Event and subject to approval by the FIN-FSA, the Issuer may, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 19, redeem all (but not some only) of the Subordinated Debentures at their outstanding principal amount, together with interest accrued to (but excluding) the date of redemption.

"**Capital Event**" means the determination by the Issuer, after consulting with the FIN-FSA, that the outstanding principal amount of the Subordinated Debentures ceases or would be likely to cease to be included in whole or in any part, or count in whole or in any part, towards the tier 2 capital of the Issuer.

4.5 Early Redemption of Subordinated Debentures as a result of Withholding Tax Event

If:

(f) on the occasion of the next payment due under the Subordinated Debentures, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 13) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the issue date of the Subordinated Debentures (a Withholding Tax Event); and

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

the Issuer may, subject to approval by the FIN-FSA, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 19, redeem all (but not some only) of the Subordinated Debentures at their outstanding principal amount, together with interest accrued to (but excluding) the date of redemption.

4.6 Early Redemption of Subordinated Debentures as a result of Tax Event

Upon the occurrence of a Tax Event and subject to approval by the FIN-FSA, the Issuer may, at its option, having given not less than 30 days' notice to the Noteholders in accordance with Condition 19, redeem all (but not some only) of the Subordinated Debentures at their outstanding principal amount, together with interest accrued to (but excluding) the date of redemption.

"**Tax Event**" means the receipt by the Issuer of an opinion of counsel in the relevant Tax Jurisdiction (as defined below) experienced in such matters to the effect that, as a result of:

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

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

(iii) any amendment to, or change in, the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in the Tax Jurisdiction, irrespective of the manner in which such amendment, change, action, pronouncement, interpretation or decision is made known, which amendment or change is effective or such governmental action, pronouncement, interpretation or decision is announced, on or after the issue date of the Subordinated Debentures:

(A) the Issuer is, or will be, subject to additional taxes, duties or other governmental charges with respect to the Subordinated Debentures or is not, or will not be, entitled to claim a deduction in respect of payments in respect of the Subordinated Debentures in computing its taxation liabilities (or the value of such deduction would be materially reduced); or

(B) the treatment of any of the Issuer's items of income or expense with respect to the Subordinated Debentures as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by the taxing authority in the Tax Jurisdiction, which subjects the Issuer to additional taxes, duties or other governmental charges.

"**Tax Jurisdiction**" means the Republic of Finland or any political subdivision or any authority thereof or therein having power to tax.

5. Subscription of Notes

5.1 Subscription manner and subscription price and the payment of subscriptions

Each Series of Notes is offered for subscription during the subscription period at the subscription places defined in the Final Terms of each Tranche of Notes. The Issuer may decide on shortening or lengthening the subscription period.

The subscription amount is the nominal value of the subscription multiplied by the issue price of the moment of subscription. When subscription takes place after the issue date, the accrued interest in accordance with the Final Terms for the subscribed amount for the period between the issue date and the payment date of the subscription must also be paid (except in case of zero coupon notes).

When Notes are subscribed for on any other day than on an interest payment day but after the first interest payment day, the subscriber must pay the accrued interest for the period between the beginning of the current interest period and the subscription payment day.

The Issuer does not charge the costs related to the issue or offering of the Notes from the Noteholders. The Lead Manager(s) and eventual other subscription places may charge such costs, which are based on the agreement between the Noteholder and the Lead Manager(s) or the eventual other subscription place. The eventual fees related to subscription are further determined in the Final Terms.

Approved subscriptions are confirmed after the termination of the subscription period. Subscriptions are to be paid in a manner informed in the Final Terms. Subscriptions shall be paid for as instructed in connection with the subscription or at the time of the subscription, in each case as stipulated in the relevant Final Terms of a Tranche of Notes.

5.2 Measures in oversubscription and under-subscription situations

The Issuer has the right to determine separately on the measures in a situation of oversubscription and under-subscription of a Series of Notes. In the event of oversubscription, such measures may include, for example, reducing subscriptions in part or in whole. In case the minimum amount of subscriptions is not fulfilled (undersubscription), the issue of the Series of Notes may be cancelled. It can be stipulated in the Final Terms of a Tranche of Notes that the issue of a certain Series of Notes requires a defined minimum amount of subscriptions or fulfilment of another condition.

The Issuer has the right to raise the amount of offered Notes of a Series of Notes during the subscription period or to discontinue the subscription of Notes.

Notice of cancellation of the issue or suspension of the subscription due to oversubscription is available at the subscription places and on the website at http://www.hypo.fi/en/investor-relations/.

If the issue is cancelled or the subscriptions are decreased due to oversubscription, the Issuer shall refund the price paid to the account notified by the subscriber within five (5) Business days from the date of the decision concerning the cancellation or decrease.

5.3 Issue price

The issue price of the Notes is fixed or floating and is determined in the Final Terms. In case the issue price is floating, the Issuer will determine the issue price on a daily basis throughout the subscription period. In case of a floating issue price, the maximum issue price will be determined in the Final Terms.

5.4 Subscriber's cancellation right and discontinuance of acceptance of subscriptions in certain cases

If the Issuer, during the subscription period of Notes, or before the Notes have been admitted for public trading, supplements the Base Prospectus due to an error, deficiency or material new information in it or publishes a completely updated Base Prospectus during the above-mentioned period, a subscriber, who has made a subscription before the publication of a supplement or before the publication of the updated base prospectus, has the right, according to Chapter 4 Section 14 of the Finnish Securities Markets Act (746/2012; hereinafter the "**Securities Markets Act**"), to cancel his subscription within at least two Business Days from the publication of the supplement or the update. However, the cancellation right only exists if the error, deficiency or material new information arose or was noted before the delivery of the Notes to the subscribers in accordance with Condition 6 *(Delivery of Notes)*. The supplemented Base Prospectus or a completely updated prospectus and information on the time limit for cancellation and the procedure relating to it are available at subscription places and on the Issuer's website http://www.hypo.fi/en/investor-relations/.

The Issuer has the right to discontinue the acceptance of subscriptions immediately when a need to supplement the Base Prospectus has become evident. The discontinuance will be announced in the subscription places.

6. Delivery of Notes

Book-entries are registered in the book-entry account informed by the subscriber in a manner announced in connection with the subscription and during the time period defined in the Final Terms in accordance with legislation regarding the book-entry system and book-entry accounts and the Euroclear Finland Rules.

7. Security

No security has been granted for the Senior Unsecured Notes and the Subordinated Debentures.

The Covered Bonds are covered by the assets that comprise a qualifying cover asset pool maintained by the Issuer and entered into the register of Covered Bonds in accordance with the MCBA.

8. Interest

Either a fixed rate or floating rate interest based on a reference rate is paid from time to time on the unamortized principal of the Notes. Interest is paid on due dates of payment of interest defined in the Final Terms.

Notes can also be issued as zero coupon notes which will be offered and sold at a discount to their nominal amount and will not bear interest.

8.1 Fixed rate interest

Annual interest, specified in the Final Terms, is paid on a note to which this provision is applicable according to the Final Terms.

8.2 Floating reference rate interest

Floating interest, which consists of a floating reference rate interest and a margin, is paid on a note to which this provision is applicable according to the Final Terms.

The floating reference rate interest can be EURIBOR or other relevant reference rate, such as STIBOR, NIBOR, CIBOR or LIBOR ("**OTHER**") if the issuance has been made in other currency than EUR.

The floating reference interest rate (being either LIBOR, EURIBOR, NIBOR, CIBOR or STIBOR, as specified in the applicable Final Terms) (the "**Reference Rate**") which appears or appear, as the case may be, on the relevant screen page of a designated distributor (currently Thomson Reuters) (the "**Relevant Screen Page**"), or such replacement page on a service which displays the information, as at 11.00 a.m. (London time in the case of LIBOR, Brussels time in the case of EURIBOR, Oslo time in the case of NIBOR, Copenhagen time in the case of CIBOR or Stockholm time in the case of STIBOR) two applicable Business Days (as specified in the applicable Final Terms) prior to the beginning of the interest period. If the interest period does not correspond to any time period provided on the designated distributor's page, the interest is calculated by interpolating the ratio of time with two reference interest rates closest to the above-mentioned interest period, between which the interest period settles.

8.3 Reset Note Provisions

This Condition 8.3 is applicable to the Notes only if the Reset Note provisions are specified in the relevant Final Terms as being applicable. Such Notes shall bear interest on their outstanding principal amount:

A. from (and including) the Interest Commencement Date (as specified in the relevant Final Terms) until (but excluding) the First Reset Date (as specified in the relevant Final Terms) at the rate per annum equal to the Initial Rate of Interest as specified in the relevant Final Terms;

B. from (and including) the First Reset Date until (but excluding) the Second Reset Date (as specified in the relevant Final Terms, the "**First Reset Period**") or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest (as specified in the relevant Final Terms); and

C. if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each a "**Subsequent Reset Period**") at the rate per annum equal to the relevant Subsequent Reset Rate of Interest (as specified in the relevant Final Terms),

(each "**Rate of Interest**") payable, in each case, in arrear on the Interest Payment Date(s) so specified in the relevant Final Terms and on the Maturity Date. The Rate of Interest shall be determined by the Calculation Agent at or as soon as practicable after each time at which the Rate of Interest is to be determined.

For the purposes of this Condition 8.3, "**First Reset Rate of Interest**" means either (A) an annual fixed interest rate or (B) the sum of the First Margin and the Floating Reference Rate for the First Reset Period, as specified in the Final Terms;

"**Reset Note**" means a Note on which interest is calculated at reset rates payable in arrear on a fixed date or dates in each year and/or at intervals of one, two, three, six or 12 months or at such other date or intervals as may be agreed between the Issuer and the relevant Lead Manager(s) (as indicated in the relevant Final Terms);

"**Reset Period**" means the First Reset Period or any Subsequent Reset Period, as the case may be;

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period, either (A) an annual fixed interest rate or (B) the sum of the First Margin or Subsequent Margin (as applicable) and the Floating Reference Rate for the relevant Subsequent Reset Period, as specified in the relevant Final Terms.

8.4 Benchmark replacement

Notwithstanding condition 8.2 above, if the Issuer (in consultation, to the extent practicable, with the Calculation Agent) determines that a Benchmark Event has occurred, then the following provisions shall apply:

(i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate or, alternatively, if the Independent Adviser determines that there is no Successor Rate, an Alternative Reference Rate no later than three (3) Business Days prior to the relevant interest determination date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**") for purposes of determining the Rate of Interest applicable to the Notes for all future interest periods (subject to the subsequent operation of this Condition 8.4);

(ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date in accordance with sub-paragraph (i) above, then the Issuer (in consultation, to the extent practicable, with the Calculation Agent and acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if the Issuer determines that there is no Successor Rate, an Alternative Reference Rate for the purposes of determining the Rate of Interest applicable to the Notes for all future interest periods (subject to the subsequent operation of this Condition 8.4; *provided, however, that* if this sub-paragraph (ii) applies and the Issuer is unable to determine a Successor Rate or an Alternative Reference Rate prior to the interest determination date (as referred to in the relevant final terms) relating to the next succeeding Interest Period in accordance with this sub-paragraph (ii), the Rate of Interest applicable to such Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of a preceding Interest Period (though substituting, where a different margin is to be applied to the relevant Interest Period from that which applied to the last preceding interest period, the margin relating to the relevant Interest Period, in place of the margin relating to that last preceding Interest Period);

(iii) if a Successor Rate or an Alternative Reference Rate is determined in accordance with the preceding provisions, such Successor Rate or Alternative Reference Rate shall be the Reference Rate for all future interest periods (subject to the subsequent operation of this Condition 8.4);

(iv) if the Independent Adviser (in consultation with the Issuer) or (if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine whether an Adjustment Spread should be applied) the Issuer (acting in good faith and in a commercially reasonable manner) determines (A) that an Adjustment Spread should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Rate or Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine, prior to the interest determination date relating to the next succeeding Interest Period, the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

(v) if the Independent Adviser or the Issuer (as the case may be) determines a Successor Rate or an Alternative Reference Rate or, in each case, any Adjustment Spread in accordance with the above provisions, the Independent Adviser (in consultation with the Issuer) or the Issuer (as the case may be), may also, following consultation, to the extent practicable, with the Calculation Agent, specify changes to the Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Interest Payment Date, Relevant Screen Page, Relevant Time, Relevant Financial Centre, Reference Banks and/or the definition of Reference Rate or Adjustment Spread applicable to the Notes (and, in each case, related provisions and definitions), and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to such Successor Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future interest periods (as applicable) (subject to the subsequent operation of this Condition 8.4). An Independent Adviser appointed pursuant to this Condition 8.4 shall (in the absence of bad faith, gross negligence and wilful misconduct) have no liability whatsoever to the Issuer, the Calculation Agent or Noteholders for any determination made by it or for any advice given to the Issuer in

connection with any determination made by the Issuer pursuant to this Condition 8.4. No Noteholder consent shall be required in connection with effecting the Successor Rate or the Alternative Reference Rate (as applicable), any Adjustment Spread or such other changes, including for the execution of any documents, amendments or other steps by the Issuer;

(vi) A Calculation Agent appointed for a Tranche of Notes shall (in the absence of bad faith, gross negligence and wilful misconduct) have no liability whatsoever to the Issuer, the Independent Adviser or Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 8.4; and

(vii) the Issuer shall promptly following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread give notice thereof and of any changes pursuant to sub-paragraph (v) above to the Calculation Agent and the Noteholders. For the purposes of this Condition 8.4:

"**Adjustment Spread**" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable), as a result of the replacement of the relevant Reference Rate with the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable), and is the spread, formula or methodology which:

i) in the case of a Successor Rate, is recommended in relation to the replacement of theReference Rate with the Successor Rate by any Relevant Nominating Body; or

ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage for the purposes of determining floating rates of interest in respect of bonds denominated in the Specified Currency, where such rate has been replaced by such Successor Rate or Alternative Reference Rate (as applicable); or

iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser in its discretion (in consultation with the Issuer) or the Issuer (acting in good faith and in a commercially reasonable manner) in its discretion (as applicable) determines is most comparable to the relevant Reference Rate;

"**Alternative Reference Rate**" means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest in respect of bonds denominated in the Specified Currency or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser in its discretion (in consultation with the Issuer) or the Issuer (acting in good faith and in a commercially reasonable manner) in its discretion (as applicable) determines is most comparable to the relevant Reference Rate;

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

(i) has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or

(ii) a public statement by the administrator of the relevant Reference Rate that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or

(v) it has or will become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (including, without limitation, under Regulation (EU) 2016/1011, if applicable);

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international capital markets, in each case appointed by the Issuer at its own expense;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these terms and conditions and/or the relevant Final Terms;

"**Relevant Nominating Body**" means, in respect of a reference rate:

(i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, or any other central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, (d) the International Swaps and Derivatives Association, Inc. or any part thereof, or (e) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or (acting in good faith and in a commercially reasonable manner) the Issuer (as applicable) determines is a successor to or replacement of the relevant Reference Rate (for the avoidance of doubt, whether or not such Reference Rate has ceased to be available) which is recommended by any Relevant Nominating Body.

8.5 Minimum and/or the maximum amount of interest

A minimum or a maximum amount or both for the interest mentioned in Condition 8.2, can be determined in the Final Terms.

9. Interest period

Interest period means each period of time, for which the interest is calculated. The first interest period begins on the issue date or on any other date as specified in the applicable Final Terms and ends on the following interest payment date specified in the Final Terms. Each following interest period begins on the previous interest payment date and ends on the following interest payment date. Interest accrues for each interest period including the first day of the interest period and excluding the last day of the interest period.

10. The Day Count Fraction

The Day Count Fraction applied to the Notes is defined in the Final Terms and it can be:

(a) "**Actual/Actual (ICMA)**", where the actual days of the interest period are divided by the number which is received by multiplying the actual days of the interest period with the amount of interest periods included in a year (possible irregular interest periods form an exception);

(b) "**Actual/Actual (ISDA)**", where the actual days of the interest period are divided on other years than leap years by 365 and on leap years by 366. If the interest period is only partially extended to a leap year, the interest period is divided into two parts, to which the previously explained principles will be applied and the total amount of interests are combined;

(c) "**Actual/365**", where the actual days of an interest period are divided by 365;

(d) "**Actual/360**", when the actual days of an interest period are divided by 360;

(e) "**30E/360**" or "Eurobond rule", where the interest year is combined of 12 30 day months (however so, that when the last day of the last interest period is the last day of February, February is not changed to a 30 day month), which are divided by 360; or

(f) "**30/360**", where the interest year has 360 days and the interest month has 30 days.

11. Business Day Convention

The Business Day convention is defined in the Final Terms, according to which the interest payment date will be postponed if it is not a Business Day, by choosing one of the following:

(a) "**Following**", where the interest payment date is the nearest following Business Day,

(b) "**Modified Following**", where the interest payment date is the nearest following Business Day, except if the following Business Day is in the next calendar month, then the interest payment date is the previous Business Day,

(c) "**Preceding**", where the interest payment date is the previous Business Day.

The change of the payment date of the interest of a fixed interest note does not affect the amount of interest to be paid on the share of the note.

The change of the payment date a floating rate interest influences the length of the interest period and, by implication, the amount of the interest to be paid on the share of the note.

"**Business Day"** means a day when

(a) commercial banks and foreign exchange markets settle payments and are open for general business in Finland and the Trans-European Automated Real-Time Gross Settlement Express (TARGET 2) System is open, and

(b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business in the principal financial centre of the country of the relevant currency.

12. Payment of interest

Interest is paid on the days which are defined in the in the Final Terms. The payment is to be paid according to legislation regarding the book-entry system and book-entry accounts and according to the rules and decisions of Euroclear Finland to the Noteholder, who is entitled to receive the payment according to the book-entry account information.

13. Event of Default

This Condition 13 applies only to Senior Unsecured Notes and Subordinated Debentures. For the avoidance of doubt, this Condition 13 does not apply to any Covered Bonds.

If an Event of Default (as defined below) occurs, any Noteholder of the relevant Series of Notes may by a written notice to the Issuer declare the principal amount of such Note together with the interest then accrued on such Note to be due and payable at the earliest on the 10th day from the date such claim was presented provided that an Event of Default exists on the date of receipt of the notice and on the specified early maturity date specified in such claim.

Each of the following events shall constitute an Event of Default:

(a) **Non-Payment**: Any amount of interest on or principal of a Series of Notes has not been paid within 7 Business Days from the relevant due date, unless the failure to pay is caused by a reason referred to in Condition 16 (*Force Majeure*).

(b) **Cross Default**: (Any outstanding Indebtedness is declared due or repayable prematurely by reason of an event of default (howsoever described); (i) the Issuer fails to make any payment in respect of Indebtedness on the relevant due date as extended by any originally applicable grace period; (ii) any security given by the Issuer in respect of such Indebtedness becomes enforceable by reason of default; (iii) the Issuer defaults in making any payment when due (as extended by any applicable grace period) under any guarantee in relation to such Indebtedness. However, no Event of Default will occur under (i)-(iii) above if the aggregate amount of such payment or Indebtedness is less than ten million (10,000,000) euros or its equivalent in foreign currency.

"**Indebtedness**" means for the purposes of these General Terms and Conditions, indebtedness (whether being principal, premium, interest or other amounts) in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit of the Issuer.

A Noteholder shall not be entitled to demand repayment under this sub-condition (b) if the Issuer has bona fide disputed the existence of the occurrence of an Event of Default under this sub-condition (b) in the relevant court or in arbitration as long as such dispute has not been finally and adversely adjudicated against the Issuer.

(c) **Cessation of Business**: The Issuer ceases to carry on its current business in its entirety.

(d) **Winding-up**: An order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer.

(e) **Insolvency**: (i) The Issuer becomes insolvent or is unable to pay its debts as they fall due; (ii) the Issuer makes a general assignment or an arrangement or composition with or for the benefit of its creditors; or (iii) an application is filed for it being subject to bankruptcy or re-organisation proceedings, or for the appointment of an administrator or liquidator of any of the Issuer's assets and such application is not discharged within 45 days.

14. Noteholders' Meeting and Procedure in Writing

The Issuer may convene a meeting of Noteholders (hereinafter "**Noteholders' Meeting**") or request a procedure in writing among the Noteholders (a "**Procedure in Writing**") to decide on amendments of these General Terms and Conditions or other matters as specified below. Euroclear Finland must be notified of the Noteholders' Meeting or a Procedure in Writing by the Issuer in accordance with the Euroclear Finland Rules.

Notice of a Noteholders' Meeting and the initiation of a Procedure in Writing shall be provided to the Noteholders in accordance with Condition 19 *(Notices)* at least ten (10) Business Days prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing, and shall include information on the date, place and agenda of the Noteholders' Meeting or the last day and address for replies in the Procedure in Writing (or if the voting is to be made electronically, instructions for such voting) as well as instructions as to any action required on the part of a Noteholder to attend the Noteholders' Meeting or to participate in the Procedure in Writing.

Only those who, according to the register kept by Euroclear Finland in respect of the Notes, were registered as Noteholders on the fifth (5th) Business Day prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing on the list of Noteholders to be provided by Euroclear Finland in accordance with Condition 19 *(Notices)*, or proxies authorised by such Noteholders, shall, if holding any of the principal amount of the relevant Series of Notes at the time of the Noteholders' Meeting or the last day for replies in the Procedure in Writing, be entitled to vote at the Noteholders' Meeting or in the Procedure in Writing and shall be recorded in the list of the Noteholders present in the Noteholders' Meeting or participating in the Procedure in Writing.

The Noteholders' Meeting must be held in Helsinki and the chairman of the meeting shall be appointed by the Board of Directors of the Issuer.

A Noteholders' Meeting or a Procedure in Writing shall constitute quorum only if two or more persons present hold or represent at least fifty (50) per cent or one (1) Noteholder holding one hundred (100) per cent of the principal amount of the Series of Notes for the time being outstanding attends the Noteholders' Meeting or provides replies in the Procedure in Writing.

If, within thirty (30) minutes after the time specified for the start of a Noteholders' Meeting, a quorum is not present, any consideration of the matters to be dealt with at the meeting may, at the request of the Issuer, be adjourned for consideration at a meeting to be convened on a date no earlier than fourteen (14) calendar days and no later than twenty-eight (28) calendar days after the original meeting, at a place to be determined by the Issuer. Correspondingly, if by the last day to reply the Procedure in Writing constitutes no quorum, the time for replies may be extended as determined by the Issuer.

The quorum for an adjourned Noteholders' Meeting or the extended Procedure in Writing will be at least twenty-five (25) per cent of the principal amount of the Series of Notes for the time being outstanding.

Notice of an adjourned Noteholders' Meeting or in the Procedure in Writing, information regarding the extended time for replies, shall be given in the same manner as notice of the original Noteholders' Meeting or the Procedure in Writing. The notice shall also state the requirements for the constitution of a quorum.

Voting rights of Noteholders shall be determined according to the principal amount of the Notes held.

The Issuer and any companies belonging to Hypo Group shall not hold voting rights at any Noteholders' Meeting or Procedure in Writing. Resolutions shall be carried by a majority of fifty (50) per cent of the votes cast. In the event of a tied vote, the chairman of the Noteholders' Meeting shall have the casting vote. A representative of the Issuer and a person authorised to act for the Issuer may attend and speak at a Noteholders' Meeting.

A Noteholders' Meeting or a Procedure in Writing is entitled to make the following decisions that are binding on all Noteholders:

(a) to change the Final Terms, including to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any of the Final Terms or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;

(b) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes;

provided, however, that consent of at least seventy-five (75) per cent of the aggregate principal amount of the Series of Notes for the time being outstanding is required to:

(a) decrease the principal amount of or interest on Series of Notes;

(b) extend the term of Notes;

(c) amend the requirements for the constitution of a quorum at a Noteholders' Meeting or Procedure in Writing; or

(d) amend the majority requirements of the Noteholders' Meeting or Procedure in Writing.

The consents can be given at a Noteholders' Meeting, in the Procedure in Writing or by other verifiable means in writing.

The Noteholders' Meeting and the Procedure in Writing can authorise a named person to take necessary action to enforce the decisions of the Noteholders' Meeting or of the Procedure in Writing.

Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be binding on all Noteholders of the relevant Series of Notes irrespective of whether they have been present at the Noteholders Meeting or participated in the Procedure in Writing. A noteholder is considered to have become aware of a

resolution of a Noteholders' Meeting and a Procedure in Writing when a decision has been recorded on the issue account of the Notes. In addition, Noteholders are obligated to inform subsequent transferees of Notes of resolutions made at a Noteholders' Meeting and a Procedure in Writing. A Noteholders' Meeting's resolutions must also be informed to Euroclear Finland in accordance with Euroclear Finland Rules. For the sake of clarity, any resolution at a Noteholders' Meeting or in a Procedure in Writing, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer, shall be subject to the consent of the Issuer.

15. Repurchases

The Issuer or any of its subsidiary may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or cancelled. However, Subordinated Debentures can only be repurchased subject to applicable banking regulations and after receiving an approval from the FIN-FSA. Any refusal by the FIN-FSA to grant its approval will not constitute an event of default under the Subordinated Debentures.

16. Force majeure

Neither the Issuer, the subscription place, the Issuer Agent, the Paying Agent nor the account operator is responsible for any damage arising out of:

(a) an act of an authority, war or threat of war, revolt, civil disturbance, or any act of terror;

(b) disturbance in postal or telephone traffic, electronic communication, or supply of electricity that is beyond the control of and that has an essential impact on the operations of the Issuer, other subscription place, the Issuer/Paying Agent or the account operator;

(c) interruption or delay of action or measure of the Issuer, other subscription place, the Issuer/Paying Agent or the account operator that is caused by fire of equivalent accident;

(d) strike or other industrial action which has an essential impact to the operations of the Issuer, other subscription place, the Issuer/Paying Agent or the account operator, even when it only concerns a part of the personnel of the above-mentioned entities and irrespective of whether the above-mentioned entities are involved in it or not;

(e) an act of God (such as, but not limited to, fires, explosions, earthquakes, drought, tidal waves and floods); or

(f) other equivalent force majeure or any similar reason that causes unreasonable difficulty for the operations of the Issuer, other subscription place, the Issuer/Paying Agent or the account operator.

17. Statute of limitations

If a payment due and payable has not been demanded to be paid within three (3) years of its due date, the right to receive payment has lapsed.

18. Further issues

The Issuer may from time to time, without the consent of and notice to the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in respects except for the first payment of interest on them, the issue price and/or the minimum subscription amount thereof) by increasing the maximum principal amount of the Notes or otherwise.

19. Notices

Noteholders shall be advised of matters relating to the Notes by a stock-exchange release, a notice published on the official website of the Issuer or a notice published in Helsingin Sanomat or any other major Finnish national daily newspaper selected by the Issuer. The Issuer may deliver notices on the Notes in writing

directly to the Noteholders at the address appearing on the list of the Noteholders provided by Euroclear Finland in accordance with the below paragraph (or e.g. through EFi's book-entry system or account operators of the book-entry system). Any such notice shall be deemed to have been received by the Noteholders when published in the manner specified in this Condition 19.

Notwithstanding any secrecy obligation, the Issuer shall, subject to the regulations of Euroclear Finland and applicable laws, be entitled to obtain information of the Noteholders from Euroclear Finland and Euroclear Finland shall be entitled to provide such information to the Issuer. Furthermore, the Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the Noteholders, provided that it is technically possible for Euroclear Finland to maintain such a list. The Issuer shall at the request of the Issuer Agent pass on such information to the Issuer Agent.

The address for notices to the Issuer is as follows:

The Mortgage Society of Finland

P.O. Box 509, 00101 Helsinki, Finland

20. Other provisions

The Issuer is entitled to, without the consent of a Noteholders' meeting under Condition 14 of these General Terms and Conditions, make appropriate changes to the Final Terms if such changes do not weaken the position of the Noteholders. The Issuer must notify the Noteholders of the amendments to the Notes in accordance with Condition 19 *(Notices)* above.

Such changes can be for example:

(a) changes resulting from the development of the book-entry system; or

(b) correcting minor typing errors.

21. Right to receive knowledge

Notwithstanding any secrecy obligation, the Issuer shall, subject to the Euroclear Finland Rules and applicable laws, be entitled to obtain information of the Noteholders from Euroclear Finland and Euroclear Finland shall be entitled to provide such information to the Issuer. Furthermore, the Issuer shall, subject to the Euroclear Finland Rules and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of the Notes. Further, the Issuer may provide the FIN-FSA with the information of the Noteholders, if required by applicable laws.

22. Applicable law and jurisdiction

The Notes and any non-contractual obligations arising out of or in connection herewith, are governed by, and will be construed in accordance with, Finnish law.

Any disputes relating to the Notes shall be settled in the first instance at the District Court of Helsinki (in Finnish: *Helsingin käräjäoikeus*).

If the claimant is a consumer, he/she may take legal action in a district court which has jurisdiction where he/she has a place of residence.

FORM OF FINAL TERMS

Terms and Conditions

PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of the Insurance Mediation Directive (Directive 2002/92/EC (as amended)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

[**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the Lead Manager(s) target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Lead Manager(s) target market assessment) and determining appropriate distribution channels.]

These Final Terms have been drawn in accordance with Article 5, paragraph 4 of the Prospectus Directive of the EU (2003/71/EC, as amended) and they are to be read together with the General Terms and Conditions of the Programme included in the Base Prospectus regarding programme for the Issuance of Notes by The Mortgage Society of Finland dated [●] 2019 [and the supplement[s] to it dated [●] and [●]] (the "**Base Prospectus**") (the "**Programme**"). Unless otherwise stated in these Final Terms, the General Terms and Conditions of the Programme shall apply.

The complete information regarding the Issuer and the Notes can be found in the Base Prospectus, including documents incorporated into it by reference, and in these Final Terms.

The Base Prospectus [, the supplement[s] dated [●] and [●]] and the Final Terms are available at the web page of The Mortgage Society of Finland at http://www.hypo.fi/en/investor-relations/ and at request from The Mortgage Society of Finland or at the subscription places mentioned in the Final Terms.

[EVEN THOUGH THE AMOUNT TO BE REPAID IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE NOTES IS THE NOMINAL VALUE OF THE NOTES, THE INVESTOR MAY LOSE PART OF THE SUBSCRIPTION PRICE, IF THE NOTES ARE SUBSCRIBED ABOVE NOMINAL VALUE AND THE AMOUNT OF THE SUBSCRIPTION FEE, IF APPLICABLE.]

Name and number of the Series of Notes:	[●]
Notes and their form:	[Covered Bonds][Senior Unsecured Notes][Subordinated Debentures]
Tranche number:	[●] / [Not applicable]
[Date on which the Notes become fungible:	[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of Series/Tranche of Notes] on [insert date]/the Issue date.]]
Lead Manager(s):	[Name and Address]

Subscription place(s) of this Series of Notes:	[Name and Address / Not applicable]
Issuer Agent and Paying Agent:	[Name and Address]
Calculation Agent:	[Name and Address] / [The Issuer acts as the calculation agent]
Interests of the Arranger/Lead Manager(s)/other subscription place/other parties taking part in the issue:	[The customary sector connected commercial interest / possible other interest]
Principal and currency of the Notes:	[EUR] [●] / [EUR] [●]. Final Principal is to be confirmed by the Issuer]
Number of book-entry units:	[●]
Priority of the Notes:	[Same as with other unsecured liabilities/subordinated debentures that have lower-priority status than other liabilities of the Issuer] / [Same as with all other obligations of the Issuer in respect of mortgage-backed notes covered in accordance with the MCBA (including pursuant to Sections 25 and 26 of the MCBA) as well as all Derivative Transactions and Bankruptcy Liquidity Loans].
Form of the Notes:	Book-entry securities of Euroclear Finland's Infinity book-entry security system
Denomination of book-entry unit:	[●]
The minimum amount of Notes to be offered for subscription:	[●]/ [Not applicable]
Subscription fee:	[The Lead Manager(s) [and potential other subscription places] do not charge the costs related to issuing the Notes from the Noteholders / [●] charges [●] from the Noteholders as a cost related to offering the Notes]
Payment of subscription:	[Subscriptions shall be paid for as instructed in connection with the subscription] / [The subscription shall be paid at the time of the subscription]
Issue date:	[●]
Issue price:	[The issue price is fixed: [●]] / [The issue price is floating and will not exceed [●]]
Amount and manner of redemption:	The nominal amount of principal of the Note [The Notes will be repaid in one instalment.] [The Notes will be repaid in several instalments [define the amounts of the instalments].]
Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
i) [Optional Redemption Date(s):]	[●]
ii) [Optional Redemption Amount:]	[●]

iii) [If redeemable in part:	
a) Minimum Redemption Amount:	[●]
b) Maximum Redemption Amount:]	[●]
iv) [Notice periods:]	[Minimum period: [●] days Maximum period: [●] days]
Maturity Date:	[●]
Extended Final Maturity:	[Applicable/Not applicable]
[Extended Final Maturity Date:]	[Insert Extended Final Maturity Date] [In accordance with Condition 4, if the Issuer notifies the Issuer Agent that it will fail to redeem the Notes in full on the Maturity Date [or within two Business Days thereafter,] the maturity of the nominal amount outstanding of the Covered Bonds will be extended automatically to the Extended Final Maturity Date. In that event, the interest rate payable on, and the Interest Periods and Interest Payment Dates, in respect of the Covered Bonds, will change from those that applied up to the Maturity Date and the Issuer may redeem all or part of the nominal amount outstanding of those Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Final Maturity Date, all in accordance with Condition 4.]
Interest:	[Define here, if the Notes are so-called zero-coupon Notes, or which general note terms, either Condition 8.1 (Fixed interest rate) or Condition 8.2 (Floating reference interest rate), is applied and include required details as follows:] [Condition 8.1 (Fixed interest rate):] [Interest rate] [●] [The date when the first interest period starts, if not the same as the issue date] [Interest payment date(s): [●] each year commencing on [●] until the Maturity] [Condition 8.2 (Floating reference interest rate):] [EURIBOR] [OTHER: LIBOR/STIBOR/CIBOR/NIBOR] of [●] months [Margin] [●] [Regarding OTHER: for each interest period the OTHER interest will be defined two (2) [●] Business Days before the start of the interest period in question.] [The date when the first interest period starts, if not the same as the issue date] [Interest payment date(s): [●] each year commencing on [●]

		until the Maturity]
Reset Note provisions:		[Applicable / Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
i)	[Initial Rate of Interest:]	[[●] per cent. per annum payable in arrear [on each Interest Payment Date]]
ii)	[First Margin:]	[[±][●] per cent. per annum]
iii)	[Subsequent Margin:]	[[±][●] per cent. per annum / Not Applicable]
iv)	[Interest Commencement Date:]	[●]
v)	[Interest Payment Date(s):]	[[●] [and [●]] in each year up to and including the Maturity Date [[in each case,] subject to adjustment in accordance with item x]]
vi)	[First Reset Date:]	[●] [subject to adjustment in accordance with item x]
vii)	[Second Reset Date:]	[Not Applicable /] [●] [subject to adjustment in accordance with item x]
viii)	[First Reset Rate of Interest:]	[●]
ix)	[Subsequent Reset Period:]	[●]
x)	[Subsequent Reset Date(s):]	[Not Applicable /] [●] [and [●]] [subject to adjustment in accordance with item x]
xi)	[Reset Determination Date(s):]	[●]
xii)	[Reset Determination Time:]	[●]
xiii)	[Floating Reference Rate:]	[●]
xiv)	[Relevant Screen Page:]	[●]
xv)	[Day Count Fraction:]	[Actual/Actual (ICMA / ISDA); Actual/365; Actual/360, Eurobond rule or 30/360] / [Not applicable]
xvi)	[Other terms relating to Reset Notes:]	[Not Applicable /] [●]
Day Count Fraction		[Actual/Actual (ICMA / ISDA); Actual/365; Actual/360, Eurobond rule or 30/360] / [Not applicable]
Minimum/maximum amount of interest:		[Applicable / Not applicable. If applicable, define minimum/maximum amount]
Business Day convention:		[Following / Modified Following / Preceding], [adjusted]/[unadjusted]
Business Day:		Helsinki and [TARGET 2 / insert financial centre of the currency]
Delivery of book-entry securities:		The time when the book-entry securities are recorded in the book-entry security accounts specified by the subscribers is estimated to be [●]

Relevant benchmark[s]:	[[CIBOR]/[EURIBOR]/[LIBOR]/[NIBOR]/[STIBOR] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]]/[Not Applicable]
LEI code of the Issuer:	5493009ZDBVG2CO1O689
ISIN code of the Series of the Notes:	[●]
Extended Final Maturity Interest Provisions:	[Applicable (from and including) the Maturity Date to (but excluding) the Extended Final Maturity Date / Not Applicable]
a) Fixed Rate Provisions:	(*If not applicable, delete the remaining subparagraphs*) [Applicable / Not Applicable]
i) [Rate of interest:]	(If not applicable, delete the remaining subparagraphs)
ii) [Interest Payment Dates:]	[●] day of each month, commencing on [●]
iii) [Day Count Fraction:]	[[Actual/Actual (ICMA / ISDA); Actual/365; Actual/360, Eurobond rule or 30/360] / [Not applicable]]
iv) [Minimum/maximum amount of interest:]	[Applicable / Not applicable. If applicable, define minimum/maximum amount]
v) [Business Day Convention:]	[Following / Modified Following / Preceding], [adjusted] / [unadjusted]
b) Floating Rate Provisions:	[Applicable / Not Applicable] (*If not applicable, delete the remaining subparagraphs*)
i) [Rate of interest:]	[EURIBOR] [OTHER: LIBOR/STIBOR/CIBOR/NIBOR] [of [●] months] [Margin [●]] [Regarding OTHER: for each interest period the OTHER interest will be defined two (2) [●] Business Days before the start of the interest period in question.]
ii) [Interest Payment Dates:]	[ ] [ ]
iii) [Day Count Fraction:]	[[Actual/Actual (ICMA / ISDA); Actual/365; Actual/360, Eurobond rule or 30/360] / [Not applicable]]
iv) [Minimum/maximum amount of interest:]	[Applicable / Not applicable. If applicable, define minimum/maximum amount]

v)	[Business Day Convention:]	[Following / Modified Following / Preceding], [adjusted] / [unadjusted]

Other Information

This information of the Tranche of the Notes is presented in connection with the issue of each Tranche of Notes.

Decisions and authority based on which Notes are issued:	[Based on the authorisation dates [●] of the Issuer's Board of Directors / Based on the resolution of the Issuer's Board of Directors dated on [●]]
Subscription period:	[●]
Condition for executing the issue:	[●] / [Not applicable]
Yield:	The effective interest yield to the investor on the issue date, when the issue price is 100 per cent, is [●] per cent / [zero coupon]
An estimate of the principal accruing to the Issuer under the Notes:	[●] per cent of the principal of the Notes, at maximum.
Credit rating of the Notes:	[●] / [Not applicable] / [The Notes are expected to be rated [●] by [●]]
Listing:	[Shall] / [Shall not] be applied for listing on the Helsinki Stock Exchange]
Estimated time of listing:	[●]/ [Not applicable]
Use of proceeds:	[The net proceeds from the issue of the Notes will be applied by the Issuer for its general corporate purposes, which include making a profit.] [The Issuer will apply the net proceeds from this offer of Notes specifically for financing or re-financing housing company mortgages used for investments that promote climate-friendly housing solutions, such as increased energy efficiency investments in commercial and residential buildings ("**Green Mortgage Projects**").][1]

In Helsinki, on [date]

THE MORTGAGE SOCIETY OF FINLAND

[1] Delete this paragraph unless the Notes are intended to constitute "Green Bonds".

USE OF PROCEEDS

The net proceeds from each issue of the Notes will be applied by the Issuer for its general corporate purposes, which include making a profit, unless otherwise specified in the relevant Final Terms.

In particular, if so specified in the applicable Final Terms, the Issuer will apply the net proceeds from an offer of the Notes specifically for Green Mortgage Projects. Such Notes may also be referred to as "**Green Bonds**". The relevant Green Mortgage Projects to be funded or re-financed will be described in the Issuer's internal policies and/or frameworks from time to time, available at http://www.hypo.fi/en/investor-relations/, and include, inter alia, financing or re-financing housing company mortgages used for investments that promote climate-friendly housing solutions, such as increased energy efficiency investments in commercial and residential buildings.

FINNISH ACT ON MORTGAGE CREDIT BANK ACTIVITY

The following is a brief summary of certain features of the Finnish Act on Mortgage Credit Bank Activity (in Finnish: Laki kiinnitysluottopankkitoiminnasta 688/2010) as of the date of this Base Prospectus. The summary does not purport to be, and is not, a complete description of all aspects of the Finnish legislative and regulatory framework for covered notes. Please also refer to the Risk Factors section on pages 1 to 21 above.

General

The MCBA entered into force on 1 August 2010. It enables the issue of covered notes (in Finnish: *katetut joukkolainat*) which are debt instruments secured by a cover pool of qualifying assets (the "**Cover Asset Pool**"). The MCBA regulates which assets can be used as collateral for the covered notes and the quality of such assets. They are issued by credit institutions (such as the Issuer) which are authorised to engage in mortgage banking activity (in Finnish: *kiinnitysluottopankkitoiminta*) (each an **issuer**).

Supervision

The FIN-FSA is responsible for supervising each issuer's compliance with the MCBA and may issue regulations for risk management and internal control in respect of mortgage credit business operations. If an issuer does not comply with the provisions of the MCBA or the conditions of the license granted by the FIN-FSA, the FIN-FSA shall lay down a period in which the issuer must fulfil any requirements set by the FIN-FSA. If such requirements are not fulfilled within the set period, the FIN-FSA may cancel the issuer's authorisation to engage in mortgage credit business.

Authorisation

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

Register of covered notes

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

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

the Register are sufficient to meet the requirements prescribed in the MCBA. Accordingly, the Cover Asset Pool is dynamic in the sense that an issuer may supplement or substitute assets in the Cover Asset Pool.

The FIN-FSA monitors the management of the Register, including the due and proper recording of assets. The information in the Register must be submitted to the FIN-FSA regularly.

Eligible cover pool assets

The covered notes shall be covered at all times by a specific pool of qualifying assets. Eligible assets which are permitted as collateral for covered notes consist of Mortgage Loans, Public-Sector Loans and Substitute Collateral, each as defined in the MCBA as follows:

Mortgage Loans are Housing Loans or Commercial Real Estate Loans.

Housing Loans are loans secured by (i) mortgageable property for primarily residential purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (*Maakaari* 540/1995, as amended); or (ii) shares in a housing company referred to in Chapter 1, Section 2 of the Finnish Act on Housing Companies (*Asunto-osakeyhtiölaki* 1599/2009, as amended) or shares comparable thereto, participations and rights of occupancy; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area.

Commercial Real Estate Loans are loans secured by (i) mortgageable real estate for commercial or office purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (*Maakaari* 540/1995, as amended); or (ii) shares of a housing company or a real estate company entitling the holder to occupancy of the commercial or office premises; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area. For the avoidance of doubt, Hypo does not grant Commercial Real Estate Loans that would be part of the Cover Asset Pool.

Public-Sector Loans are loans which have been granted to the Republic of Finland, a Finnish municipality or other public-sector entity which may, when calculating prudential requirements set out in Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) 648/2012, be considered equivalent to the Finnish State or Finnish municipality or a credit which is fully collateralised by a guarantee granted by a public-sector entity or a claim on such entity.

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

Substitute Collateral may only be used as collateral for covered notes on a temporary basis and in the circumstances set out in the MCBA (see *"Substitute Collateral"* below).

Derivative Transactions concluded for hedging against risks related to covered notes must be registered in the Register and therefore constitute part of the assets in the Cover Asset Pool.

Quality of the cover pool assets

Mortgage lending limit and valuation

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

Requirements for matching cover

The MCBA seeks to protect covered noteholders by requiring that the outstanding principal amount and net present value of the covered notes must be covered at all times by matching assets in the Cover Asset Pool. This is achieved by Section 16 of the MCBA which provides that (a) the total value of Cover Asset Pool must always exceed the aggregate outstanding principal amount of the covered notes and (b) the net present value of Cover Asset Pool must always be at

least 2 per cent above the net present value of the liabilities under the covered notes. In calculating the total value of the Cover Asset Pool, the following limitations apply:

1) at most 70 per cent of the underlying value of the shares or the real estate securing each Housing Loan;
2) at the most 60 per cent of the value of the shares or the real estate securing each Commercial Real Estate Loan; and
3) the book value of the Public-Sector Loans and the Substitute Collateral.

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

Requirements relating to liquidity

Under Section 17 of the MCBA, the issuer shall ensure that the average maturity date of the covered notes does not exceed the average maturity date of the loans entered in the Register. Further, the issuer shall ensure that the total amount of interest accrued from the Cover Asset Pool, during any 12-month period, is sufficient to cover the total amount payable to the holders of covered notes as interest and to the counterparties of Derivative Transactions as payments under such Derivative Transactions. Before the commencement of liquidation or bankruptcy proceedings against the issuer or a debtor of an intermediary loan, a mortgage credit bank may, in respect of collateral granted by a debtor of an intermediary loan, treat the interest payments on the intermediary loans as being the interest accrued from such collateral.

Determination of requirements under Sections 16 and 17 of the MCBA

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

(1) an amount not exceeding 70 per cent of the current value of the shares or housing property placed as collateral for any Housing Loan;

(2) an amount not exceeding 60 per cent of the current value of real estate for commercial or office purposes placed as collateral for any Commercial Real Estate Loan; and

(3) the book value of any Public-Sector Loans and Substitute Collateral.

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

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

Substitute Collateral

Up to 20 per cent of the aggregate amount of all assets constituting the statutory security for the covered notes conferred by the MCBA may temporarily consist of Substitute Collateral, provided that receivables from credit institutions shall not exceed 15 per cent (or such larger amount as may be approved by the FIN-FSA on the application of the issuer for a specific reason and for a specified period of time), of the total amount of collateral. Substitute Collateral may include: (i) bonds and other debt obligations issued by a central government, a municipality or another public-sector entity or a credit institution (other than one belonging to the same consolidated group as the Issuer); (ii) guarantees granted by a public-sector entity or a credit institution referred to in (i) above; (iii) credit insurance given by an insurance company other than one belonging to the same "group", as defined in the Finnish Act on Supervision of Finance and Insurance Groups (in Finnish: *Laki rahoitus- ja vakuutusryhmittymien valvonnasta* 699/2004, as amended), as the issuer; or (iv) assets of the issuer deposited in the Bank of Finland or a deposit bank; if the issuer is a deposit bank the deposit may not be in a deposit bank belonging to the same consolidated group as the issuer. Substitute Collateral may temporarily be used in situations where (i) Mortgage Loans or Public-Sector Loans have not yet been granted or registered as collateral for the covered notes; or (ii) the total amount of collateral does not fulfil the provisions provided for in Sections 16 and 17 of the MCBA.

Intermediary loans

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

Derivatives

The issuer may enter into Derivative Transactions to hedge against the risks relating to covered notes or their underlying collateral. Details of any such derivatives must be entered in the Register.

Set-off

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

Prohibition on transfers, pledges, execution and precautionary measures

The issuer or the debtor under an intermediary loan may not, without the permission of the FIN-FSA, assign or pledge Mortgage Loans or Public-Sector Loans which are included in the Cover Asset Pool. A mortgage credit bank may not assign or pledge any intermediary loan without the permission of the FIN-FSA. An assignment or pledge violating such prohibition shall be void.

A Mortgage Loan, a Public-Sector Loan or any Substitute Collateral entered in the Register as collateral for a covered note or an intermediary loan may not be taken in execution for a debt of an issuer, a deposit bank or a credit institution nor may precautionary measures be directed at it.

Preferential right in the event of liquidation or bankruptcy

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

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

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

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

What is set out above in respect of Section 25 of the MCBA applies *mutatis mutandis* to the counterparties of the Derivative Transactions entered in the Register and to the providers of any loan securing liquidity for the issuer in liquidation or bankruptcy (each such loan being a "**Bankruptcy Liquidity Loan**"). These parties have an equal right with the holders of the covered notes to payment from the funds, entered in the Register as collateral for the covered notes, and from the payments relating to them, and accordingly, such Derivative Transactions and Bankruptcy Liquidity Loans rank *pari passu* with the covered notes with respect to such assets in the Cover Asset Pool.

The bankruptcy administrator may, upon the demand or with the consent of the supervisor appointed by the FIN-FSA (see *Management of Cover Pool Assets during the liquidation or bankruptcy of the issuer*), transfer collateral entered in the Register of covered notes to the issuer's general bankruptcy estate, if the value and the net present value of the Cover Asset Pool, as provided for in Section 16 of the MCBA, considerably exceed the total amount of the covered notes and it is apparent that the collateral to be transferred shall not be necessary to fulfil the obligations in respect of the Covered Bonds, Derivative Transactions and Bankruptcy Liquidity Loans.

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

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

In bankruptcy proceedings the courts will by operation of law appoint a bankruptcy administrator to administer the bankruptcy estate. The Cover Asset Pool will be run by the bankruptcy administrator, but the supervisor will supervise the bankruptcy administrator, acting in the interest of the noteholders. Under Section 26 of the MCBA, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, conclude Derivative Transactions necessary for hedging against risks relating to covered notes and the relevant collateral as well as, where necessary, sell a sufficient amount of collateral for the covered note in order to fulfil the obligations relating to the covered note. In addition, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, have a right to conclude contractual arrangements to secure liquidity or take out Bankruptcy Liquidity Loans.

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

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

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

If the requirements for the Cover Asset Pool of the covered notes, as provided for in Sections 16 and 17 of the MCBA, cannot be fulfilled, the bankruptcy administrator must, upon the request or approval of the supervisor, accelerate the covered notes and sell the Cover Asset Pool assets in order to pay the covered notes.

Management of Cover Pool Assets upon the liquidation or bankruptcy of the debtor of an intermediary loan

When the debtor of an intermediary loan has entered into liquidation or bankruptcy proceedings, the FIN-FSA shall without delay appoint a supervisor to protect the interests of the holders of covered notes issued by the issuer standing as the creditor of the intermediary loan and will have a right to enforce the holders' right to be heard. The supervisor must, in particular, supervise the management of the collateral for covered notes and its conversion into cash as well as oversee the contractual payments to be made to the holders of covered notes and other parties comparable to such holders. Notwithstanding the liquidation or bankruptcy of the debtor of the intermediary loan, the issuer's obligations

under the covered note must be paid for the full term of the covered note, in accordance with its contractual terms, from the collateral entered in the Register before other claims can be met, and following, where applicable, what is provided for in Section 25 of the MCBA in respect of payment priority.

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

(1) sell to the issuer the Mortgage Loans or Public-Sector Loans, included in the collateral of its covered note, in such a manner that the substitute claim is set-off partially or wholly against the claim under the intermediary loan of the issuer; or

(2) if necessary, sell to a third party a sufficient amount of collateral for a covered note to comply with its obligations under the covered note.

CHARACTERISTICS OF THE COVER ASSET POOL

The Issuer must ensure that the Cover Asset Pool comprises only of Housing Loans and Substitute Collateral within the limits set by the MCBA (as summarised under "*Finnish Act on Mortgage Credit Bank Activity*") and the terms and conditions of the Covered Bonds. The Issuer will substitute assets that are no longer eligible to be included in the Cover Asset Pool in accordance with the requirements of the MCBA and such terms and conditions and supplement the Cover Asset Pool with new Housing Loans or Substitute Collateral upon the existing Housing Loans or Substitute Collateral in the Cover Asset Pool being repaid by the relevant borrower in respect of such assets. The Issuer continuously monitors that the current value of the Cover Asset Pool exceeds the combined payment obligations resulting from the Covered Bonds by at least two per cent. In addition, the Issuer assesses the adequacy of the value and the quality of the Cover Asset Pool by regular stress tests.

The criteria that the Issuer applies in the selection of assets for the Cover Asset Pool and the policies for granting loans are summarised below.

Origination Criteria for the Housing Loans and the Cover Asset Pool

All Housing Loans included in the Cover Asset Pool are originated by the Issuer in Finland in accordance with the applicable lending criteria, which include, but are not limited to the following:

- verifying the identity of the borrower;
- verifying the borrower has legal capacity;
- assessing the creditworthiness of the borrower;
- assessing the borrower has sufficient repayment capability;
- verifying public payment defaults in Suomen Asiakastieto Oy's credit information register; and
- checking the borrowers previous loan payment behavior in the Issuer's internal register.

The Issuer identifies the Housing Loans that are eligible for inclusion in the Cover Asset Pool according to criteria set by the MCBA and the Issuer. These criteria, in summary, include but are not limited to the following:

- the borrower is identified by a Finnish social security number or a Finnish business identity number;
- the borrower is not an employee of The Mortgage Society of Finland;
- the principal amount of the Housing Loan must not exceed the fair value of the collateral securing the Housing Loan, that is, the loan-to-value ratio must be 100 per cent or lower;
- the Housing Loan must be secured by eligible assets located in Finland and must be denominated in euro; and
- the terms and conditions of the pledge relating to the property that constitutes the collateral for the Housing Loan must contain a provision according to which the pledgor undertakes to maintain the fire insurance of the property.

For the avoidance of doubt, Issuer does not grant Commercial Real Estate Loans that would be part of the Cover Asset Pool.

All of the abovementioned origination criteria for the Housing Loans, including the applicable lending criteria, and for the Cover Asset Pool have been set out as of the date of this Base Prospectus and might change over time. The composition and characteristics of the Cover Asset Pool will change over time. The Issuer will maintain a separate register for the Cover Asset Pool in accordance with the MCBA and inform the Noteholders of the composition of the Cover Asset Pool on its website at http://www.hypo.fi/en/investor-relations/ on a quarterly basis in connection with the issuance of its financial statements and interim financial statements.

DERIVATIVE TRANSACTIONS RELATED TO THE COVERED BONDS

Permitted Derivative Transactions

The Issuer may from time to time enter into one or more Derivative Transactions in order to hedge against risks relating to Covered Bonds and/or a Series of Covered Bonds or the assets in the Cover Asset Pool. Such Derivative Transactions will be entered into the Register for the Cover Asset Pool.

The Issuer may enter into one or more interest rate swap transactions to hedge the interest rate exposure arising as a result of Mortgages and other assets in the Cover Asset Pool that carry floating rates of interest covering the relevant Covered Bonds that carry a fixed rate payment obligation for the Issuer. The Issuer may also enter into one or more interest rate swap transactions to hedge the interest rate exposure arising as a result of Mortgages and other assets in the Cover Pool that carry fixed rates of interest covering the relevant Covered Bonds that carry a floating rate payment obligation for the Issuer.

Documentation

The Issuer currently anticipates that Derivative Transactions entered into between the Issuer and a swap counterparty will be evidenced by a confirmation and such confirmation will supplement, form part of and be subject to an agreement between the Issuer and such swap counterparty in the form of an ISDA 2002 Master Agreement, as amended and supplemented from time to time, each as published by the International Swaps and Derivatives Association Inc. (ISDA) (each such agreement a Swap Agreement). All such Derivative Transactions will be terminable by a party if an Event of Default (as defined in the relevant Swap Agreement) occurs in respect of the other party or all or a group of Derivative Transactions will be terminable by one or both of the parties if a Termination Event (as defined in the relevant Swap Agreement) occurs.

Upon the early termination of one or more Derivative Transactions, the Issuer or the relevant swap counterparty may be liable to make a payment to the other party reflecting the value of the terminated Derivative Transaction(s).

The Issuer may also at its discretion use other types of instruments and transactions for the purposes described in this section "*Derivative Transactions related to the Covered Bonds*".

Bankruptcy or Liquidation of the Issuer

Under the MCBA, obligations arising under a Derivative Transaction entered into the Register for the Cover Asset Pool shall continue to be fulfilled towards the Issuer in accordance with its terms notwithstanding a bankruptcy or liquidation of the Issuer unless otherwise provided in the terms of the Derivative Transaction. Counterparties to such Derivative Transactions (along with holders of the Covered Bonds and providers of Bankruptcy Liquidity Loans) are given a statutory priority in the liquidation or bankruptcy of the Issuer to the assets in the Cover Asset Pool. Accordingly, such counterparties (and holders of the Covered Bonds and providers of liquidity loans) have the statutory right to receive payment from the assets in the Cover Asset Pool before all other holders of claims and this right remains for so long as the Covered Bonds remain outstanding.

Under the MCBA, the bankruptcy administrator is, upon the request of the supervisor appointed by the FIN-FSA, entitled to terminate a Derivative Transaction or to transfer a Derivative Transaction and security to a third party if it is deemed to be in the interest of the holders of the Covered Bonds.

OTHER INFORMATION TO SUBSCRIBERS

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

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

Secondary Market of Notes

If the Final Terms indicate that a Series of Notes will be listed, the application for stock listing shall be delivered to the Helsinki Stock Exchange provided that the subscribed amount of the Notes in such Series of Notes is 200,000 euros at minimum. Additional issues of a listed Series of Notes shall be notified as amendments to the amount of the previously issued listed Notes.

Effective Yield of the Notes

The effective interest yield percentage of the Notes shall be notified in the Final Terms. The effective yield of the Notes depends on the current issue rate and the interest paid on the Notes, increasing when the issue rate is decreased and decreasing when the issue rate is increased. The effective yield has been calculated by using the current value method, widely in use in the securities market.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, HONG KONG, SOUTH AFRICA AND CERTAIN OTHER JURISDICTIONS

No offering will be made to persons who are residents of the United States, Australia, Canada, Japan, Hong Kong or South Africa or in any jurisdiction in which such offering would be unlawful.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be forward looking statements. Forward-looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled "Risk Factors" and "Information about the Issuer" and other sections of this Base Prospectus. The Issuer has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its

forward-looking statements are reasonable as of the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Base Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

Any forward-looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS DIRECTIVE

The Arranger has represented and agreed, and each further Lead Manager appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus, as completed by the Final Terms in relation thereto, to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of the Insurance Mediation Directive (Directive 2002/92/EC (as amended)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) if the Notes have a denomination of less than 100,000 euro (or its equivalent in another currency), not a qualified investor as defined in Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the "**Prospectus Directive**"); and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

TAXATION IN FINLAND

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, and prospective subscribers of Notes should consult their own tax advisers as to the tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes under the individual circumstances and laws applicable to each subscriber. This summary is based upon the law and/or established tax practice as in effect on the date of this Base Prospectus and is subject to any change in law that may take place also retroactively.

The Issuer shall withhold the Finnish taxes imposed on the interest paid, to the extent required by the relevant tax laws, practices and tax authorities' regulations and instructions in force from time to time.

Finnish Resident Individuals and Estates

Unless otherwise indicated in the following paragraph, a tax at source, in accordance with the Act on Tax at Source of Interest Income (1341/1990, as amended), has to be withheld from the interest paid to natural persons resident in Finland for tax purposes and Finnish estates of deceased persons. The tax at source is currently 30 per cent of the amount of interest paid.

The Act on Tax at Source of Interest Income is not applicable, *inter alia*, if a prospectus does not have to be prepared with respect to the notes due to (1) the notes being offered for a consideration of in the minimum EUR 100,000 per investor and for each separate offer or in the denomination of in the minimum of EUR 100,000 per book-entry unit; (2) the offer being addressed solely to qualified investors (as defined in the Finnish Securities Markets Act (746/2012, as amended)); or (3) the offer being addressed in each country belonging to the European Economic Area to a maximum number of under 150 investors who are not qualified investors as defined in the Finnish Securities Markets Act. When the Act on Tax at Source of Interest Income is not applicable, a tax withholding at the current rate of 30 per cent is operated from the interest paid to natural persons resident in Finland for tax purposes and Finnish estates of deceased persons in accordance with the Act on Tax Withholding (1118/1996, as amended). Interests are subject to final taxation as capital income in accordance with the Income Tax Act (1535/1992, as amended). The tax rate applicable to capital income of up to 30,000 euros is 30 per cent and for the amount exceeding this threshold, 34 per cent.

Possible capital gains received from disposal of the Notes are subject to final taxation as capital income in accordance with the Income Tax Act. Capital gains are exempted from tax if the total amount of the sales prices of all assets disposed by a taxpayer do not exceed 1,000 euro in a tax year (excluding tax-exempt disposals and disposals of ordinary household effects or other corresponding assets utilized for the personal use). The possible capital loss is deductible from other capital income the year during which the sale took place and during five subsequent tax years. Capital losses are however not tax deductible if the total amount of the acquisition prices (excluding tax-exempt disposals and disposals of ordinary household effects or other corresponding assets utilized for the personal use) does not exceed 1,000 euro in a tax year.

Taxable capital gains and losses are calculated as the difference between the sales proceeds and the aggregate of the actual acquisition cost and the sales related expenses. When calculating capital gains, Finnish resident individuals and estates may choose to apply the so-called presumptive acquisition cost instead of the actual acquisition cost. The presumptive acquisition cost is 20 per cent of the sales proceeds, or 40 per cent if the Notes have been held by the Finnish resident individual or estate for a period of at least ten years. If the presumptive acquisition cost is applied, sales related expenses are not deductible.

Should Notes be sold prior to maturity, any accrued and unpaid interest (secondary market compensation, in Finnish *jälkimarkkinahyvitys*) is taxable as capital income in accordance with the Income Tax Act. The Issuer or paying agent shall withhold the tax from the secondary market compensation received in accordance with the Act on Tax Withholding as described above concerning interests.

When purchasing notes in the secondary market, the secondary market compensation paid is a deductible item in capital income taxation and, if the deductions exceed the amount of capital income, in earned income taxation to the limited extent allowed in the Income Tax Act.

The Issuer or paying agent reports the secondary market compensation paid to the Finnish tax authorities. Inter alia, credit institutions, investment service companies and account holders generally report to the Finnish tax authorities also the information regarding the sale and other transfers of notes. Information on secondary market compensation received

by an investor and information on possible capital gains or losses stated on the investor's pre-completed tax return must be verified and, when necessary, corrected.

Finnish Resident Corporate Bodies

Interest is generally taxable income to corporate bodies and subject to final taxation as corporate income in accordance with the Business Income Tax Act (360/1968, as amended) or the Income Tax Act. The current rate of corporate income tax is 20 per cent.

Capital gains and possible secondary market compensation are also subject to final taxation as corporate income in accordance with the Business Income Tax Act or the Income Tax Act, at the corporate income tax rate of 20 per cent.

The deductibility of capital losses derived from the disposal of the Notes depends on whether they are taxed under the Business Income Tax Act or the Income Tax Act. Capital losses taxable under the Business Income Tax Act are generally deductible from a corporate body's income taxable under the Business Income Tax Act in the same tax year and the ten subsequent tax years, whereas capital losses taxable under the Income Tax Act are only deductible from capital gains taxed under the Income Tax Act on the tax year of the sale and during five subsequent tax years.

Non-residents

Payments made by or on behalf of the Issuer to persons not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland are not taxable in Finland, and may be made without tax withholding, provided that the identity and tax residence of that person can be appropriately established.

Transfer Tax

Generally a transfer tax amounting 1.6 per cent is payable on transfers of securities. However, the Notes should not be classified as securities within the meaning of Finnish Transfer Tax Act (29.11.1996/931, as amended) (the Finnish Transfer Tax Act) and thus, transfer tax should not be payable, provided that the yield of Notes is not determined by the profit of an entity or by the amount of dividend or is not otherwise deemed to entitle to the share of annual profit or surplus of an entity.

No transfer tax is generally payable in Finland on transfers or sales of the securities admitted to trading on the regulated market or other multi-lateral trading facility.

INFORMATION ABOUT THE ISSUER

General information on the Issuer

Hypo (business ID 0116931-8), was established on 24 October 1860. The domicile and location of the administrative headquarters of Hypo is Helsinki. Hypo operates nationwide in Finland but its operations focus on Helsinki, the Helsinki metropolitan area, the Uusimaa region and other growth centres.

Hypo is by its legal form a mortgage society within the meaning of the Act on Mortgage Societies (in Finnish: *Laki hypoteekkiyhdistyksistä*, 936/1978; hereinafter "**Act on Mortgage Societies**"). Businesswise Hypo is a credit institution focusing on home financing and housing products. According to Section 2 of the Hypo's bylaws (hereinafter "**Hypo Bylaws**"), the special purpose of Hypo is to use funds mostly acquired as long-term loans to grant long-term loans mainly against a mortgage or other safeguarding collateral to private persons and entities mainly for residential and other purposes. Hypo carries out this activity in accordance with the Act on Credit Institutions and the Act on Mortgage Societies. Further, Hypo has on 29 January 2016 received from the FIN-FSA a license to engage in mortgage credit bank activity (in Finnish: *kiinnitysluottopankkitoiminta*) in accordance with Section 10 of the MCBA. The Finnish Financial Supervisory Authority exercises supervisory and regulatory powers over Hypo's operations.

Hypo is a mutual entity governed by its member customers. The member customers are the debtors under the loans which Hypo has granted (excluding debtors that have been granted loans from the state's funds). The member customers of Hypo exercise the ultimate administrative powers at the meetings of Hypo. A member customer is obliged to pay an entry fee to Hypo, the amount of which is determined by the Board of Directors. The member customers are not entitled to any profit or other distribution over Hypo's assets.

According to the consolidated balance sheet of Hypo, the total assets were ca. 3.38 billion euros on 31 March 2019. As at 31 March 2019, the loan portfolio was 2.61 billion euros (2.27 billion euros as at 31 March 2018) and the average Loan to Value ratio of Hypo was 35.6 per cent (36.5 as at 31 March 2018). The consolidated operating profit of Hypo Group before appropriations and taxes for the financial year 2018 was ca. 7.2 million euros (ca. 6.7 million euros for the financial year 2017) and ca. 1.4 million euros for the first quarter of 2019 (ca. 1.5 million euros for the first quarter 2018). The common equity tier 1 (CET 1) ratio of the Hypo Group was 12.2 per cent on 31 March 2019.

On 17 May 2019 the FIN-FSA set Hypo Group a discretionary additional capital requirement of 1.25 percent (Pillar 2 requirement) which is to be met with Common Equity Tier 1 capital (CET 1). The requirement takes effect on 31 December 2019 and it remains in force until further notice, however not longer than until 31 December 2022. According to the management of the Issuer, the requirement was expected and it will be met.

Description of operations

Main operating areas and main markets

Hypo Group is an expert organisation specialising in home financing and housing in Finland. With the help of its internet and phone services Hypo Group serves its customers in different parts of Finland from its customer premises located in the very centre of Helsinki. The headquarters of Hypo Group are located in Helsinki.

Hypo operates in retail banking in accordance with the credit institution authorisation. The objective of Hypo is to constantly create alternative, customer-focused solutions to home financing and housing products, in addition to its traditional services.

Homes and residential land owned and rented out by Hypo enable the Group to offer its customers a more comprehensive selection of housing products and services. Hypo's properties are located in growth centres, mainly in the Helsinki Metropolitan Area, distributed across key residential areas. These properties mainly consist of apartments that have been rented out as well as residential land that has been rented for a long term to housing companies which will purchase them gradually.

Hypo's subsidiary company Suomen Asuntohypopankki Oy ("**Asuntohypopankki**") is a deposit bank that in addition to deposit products and distribution of credit cards (no credit risk) offers its institutional customers trustee services relating to residential land investments. Asuntohypopankki is a member of the Deposit Guarantee Fund and the Investors' Compensation Fund.

The book value of the housing units and residential land, excluding premises in Group's own use, was about 60.0 million euros as per 31 March 2019 (59.7 million euros as per 31 March 2018). At the end of 2018, the occupancy rate was 98.1 per cent (95.1 per cent). The net return target for housing and residential land investment varies between five and seven per cent, depending on the site. The net return on housing and residential land investments, calculated by using book values, was 4.2 per cent in 2018 (3.8 per cent in 2017). In housing units, the average monthly rent per square metre was 21.2 euros in 2018 (21.3 euros per square metre per month in 2017).

During the financial year 2018, Hypo issued covered bond notes to the wholesale debt market of a value amounting to 300 million euros. In addition, in March 2019, Hypo issued covered bond notes to the wholesale debt market with an amount of 300 million euros. The share of long-term funding of total funding was 42.9 per cent on 31 March 2019 (37.9 per cent on 31 March 2018).

Organisational structure

Asuntohypopankki is entirely owned by Hypo. In addition, as at 31 March 2019, Hypo owned 54.6 per cent of a housing company Bostadsaktiebolaget Taos. Hypo further partly-owns housing companies that are affiliate companies. Information on Asuntohypopankki, Bostadsaktiebolaget Taos, other subsidiaries, and affiliated companies is available in Hypo's financial statements for 2018 and 2017.

Future outlook

In the interim report for the three month period ended 31 March 2019, the following description of probable future developments has been given:

"Finnish economy grows at a slower pace but employment continues to improve in the next 12 months. Housing loan demand is supported by low interest rates. Urbanization will continue and support the housing market and loan demand in growth cities, while areas with declining population will suffer and polarization between and within areas will deepen. Newbuilding will increase the importance of the largest cities.

Hypo Group focuses on its core business and expects the share of profit made by it to continue to rise following the increase of net interest and net fee income.

Capital adequacy is expected to remain unchanged and the operating profit for 2019 is estimated to reach at least the 2018 level."

Influence of Hypo's Board of Directors and management on factors affecting the future outlook

The assumptions for the future outlook upon which the Board of Directors and management can influence for their part include the development of Hypo's income and profitability through ordinary managerial measures. Such measures include, among others, decisions concerning pricing, product and service range, amount and allocation of investments and risk management. Other assumptions about factors affecting the outlook are outside the influence of the Board of Directors and management.

Administrative and managing bodies

Hypo is a mutual company governed by its members, i.e. debtors, in which there are no shares and in which the members are not entitled to the property of the company or profits produced by the company.

The operations of Hypo are regulated by the general laws and regulations regarding operations of credit institutions and the special enactment of the Act on Mortgage Societies. The FIN-FSA as the license granting authority monitors the operations of Hypo. Even though Hypo is not a listed company, it has, as the Issuer of the Notes and as a mutual company which has outstanding listed notes, an obligation to comply with regulations concerning listed companies in many parts. A report of the administrative and managing bodies of Hypo has been published as a separate document which is available at Hypo and its homepage at http://www.hypo.fi/en/investor-relations/ under section "Corporate Governance Statement".

General Meeting, Supervisory Board and Board of Directors of Mortgage Society

Members of Hypo have the highest authority in the general meetings of Hypo.

Matters of Hypo are handled by the Supervisory Board, the Board of Directors and the CEO.

Members of Supervisory Board since 22 March 2019

Markku Koskela Chairman Doctor Of Science (Econ.)	Professor (retired)
Hannu Hokka Vice Chair Master of Science (Econ.)	Managing Director
Timo Aro Doctor of Social Science	Specialist
Elina Bergroth Master of Arts	Lecturer
Julianna Borsos Doctor of Science (Econ.)	Managing Director
Mikael Englund Master of Science (Tech.), MBA	Managing Director
Markus Heino Master of Laws (trained on the bench)	Managing Director
Timo Hietanen Master of Science (Econ.)	Chief Customer Officer
Timo Kaisanlahti Doctor of Law, Master of Science (Econ.)	Director
Hanna Kaleva Master of Science (Econ.)	Managing Director
Juha Metsälä Master of Science (Tech.)	President and CEO
Elias Oikarinen Doctor Of Science (Econ.)	Associate Professor
Kallepekka Osara Agrologist	Farmer
Anni Sinnemäki Bachelor of Arts	Deputy Mayor
Liisa Suvikumpu Ph.D., European history	Managing Director
Mari Vaattovaara Ph.D in planning geography, M.Sc. in Landscape Architecture	Professor, Vice Dean
Riitta Vahela-Kohonen Master of Arts	Business Development Manager
Ira van der Pals Master of Science (Econ.)	Chief Investment Officer

Members of Board of Directors since 22 March 2019:

Sari Lounasmeri Chairman Master Of Science (Econ.) Member of the Board since 2011	Managing Director
Kai Heinonen Master of Laws	Real Estate Director

Member of the Board since 2014	
Harri Hiltunen Master Of Science (Econ.), Vice Chairman Member of the Board since 2012	Managing Director
Pasi Holm Ph.D (Political Sciences) Member of the Board since 2015	Research Director
Mikko Huopio Master of Laws (trained on bench) Member of the Board since 2017	Chief Risk Officer
Hannu Kuusela Doctor Of Science (Econ.) Member of the Board since 2001	Professor
Teemu Lehtinen Doctor of Social Sciences, Master of Science (Tech.) Member of the Board since 2005	Managing Director
Ari Pauna Master of Laws Member of the Board since 2006	Chief Executive Officer
Tuija Virtanen Doctor Of Science (Econ.) Member of the Board since 2009	University Lecturer

Mr Mikko Huopio (Chief Risk Officer) serves as secretary to the Board.

The working address of the members of the Board is Yrjönkatu 9 A, FI-00120 Helsinki (visiting address), and P.O. Box 509, FI-00101 Helsinki (post address).

The Chief Executive Officer of Hypo is Mr Ari Pauna. Deputy to the CEO is Chief Risk Officer Mr Mikko Huopio.

Employer companies of certain persons in administrating and managing organisations are in a customer relationship with Hypo. According to the mandatory special legislation, a person who is not a member i.e. a debtor of Hypo, cannot be appointed as a member of the Supervisory Board. The mandatory special legislation regarding mortgage societies requires that the CEO and his substitute are members of the Board of Directors.

There are no conflicts of interests between the matters handled by these persons in Hypo and their personal benefits or other duties.

No significant changes or litigations

The most recent audited financial statements of Hypo and Hypo Group concerns the financial year that ended 31 December 2018. Since that date the financial position of Hypo or Hypo Group has not changed significantly and there has not been any significant negative change regarding the future developments.

During the last 12 months prior to the date of this Base Prospectus, there have not been any administrative or legal proceedings or arbitration that has had or that may have a significant effect on the financial position or profitability of Hypo or Hypo Group. Furthermore, Hypo or the companies of Hypo Group are not aware of any such pending or otherwise threatened proceedings.

Absence of Conflicts of Interest

To the knowledge of the Issuer, the members of the Board of Directors, the Supervisory Board and the Chief Executive Officer do not have any conflicts of interest between their duties relating to the Issuer and their private interests and/or their other duties.

Total expenses

The total expenses of the Programme depend among other things on the number of final issuances under the Programme. The total expenses of the Programme as at the date of this Base Prospectus are approximately EUR 40 thousand.

Information derived from third party sources

Where certain information contained in this Base Prospectus has been derived from third party sources, such sources have been identified herein. The Issuer confirms that such third party information has been accurately reproduced herein. In addition, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Agreements outside the ordinary course of business

There are no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in Hypo or any member of the Hypo Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders.

The interests of the Arranger, Lead Manager(s) and possible other subscription places

Customary business interests in the financial market.

Credit Rating of the Issuer and the Notes

As at the date of this Base Prospectus, the Issuer has long- and short-term issuer credit ratings 'BBB/A-2' by S&P. At the date of this Base Prospectus, Covered Bonds issued under the Programme are rated 'AAA' by S&P.

Under the S&P's rating definitions for long-term issuer credit ratings, an obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. Respectively, for a short-term issuer credit rating, an obligor rated 'A-2' has adequate capacity to meet its financial obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

S&P Global Ratings, a division of S&P Global is established in the EEA and are registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), and is, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (http://www.esma.europa.eu/page/list-registered-and-certified-CRAs) in accordance with the CRA Regulation.

Notes to be issued under the Programme may be rated or unrated. Where an issue of Notes is rated, the applicable rating will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Notes already issued (if applicable). Whether or not a credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the EEA and registered under the CRA Regulation will be disclosed in the Final Terms.

ESMA is obliged to maintain on its website, http://www.esma.europa.eu/page/list-registered-and-certified-CRAs, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

AVAILABLE DOCUMENTS

The Hypo Bylaws, Hypo's trade register extract (in Finnish), audited financial statements (parent company and consolidated) and auditor's reports regarding the last two financial years are available during the period of validity of the Base Prospectus at the office of Hypo, Yrjönkatu 9 A, 00120 Helsinki.

INFORMATION INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Base Prospectus. They are available at Hypo's website at http://www.hypo.fi/en/investor-relations/ and upon request from Hypo.

Document	**Referred information**
Interim report 1 January – 31 March 2019	Unaudited consolidated interim report for the three months ended 31 March 2019
Financial statements 2018	Financial statements including audited consolidated and parent company's financial statements 1 January – 31 December 2018, pages 34 – 132
Financial statements 2018	Auditor's report 2018, pages 133 – 138
Financial statements 2017	Financial statements including audited consolidated and parent company's financial statements 1 January – 31 December 2017, pages 14-111
Financial statements 2017	Auditor's report 2017, pages 112-118
Base Prospectus 2018 and Final Terms	The terms and conditions set out on pages 22 – 31 (inclusive) of the base prospectus dated 26 June 2018 relating to the Programme under the heading "General Terms and Conditions of the Programme".
Base Prospectus 2017 and Final Terms	The terms and conditions set out on pages 20 – 29 (inclusive) of the base prospectus dated 23 May 2017 relating to the Programme under the heading "General Terms and Conditions of the Programme".
Base Prospectus 2016 and Final Terms	The terms and conditions set out on pages 54 – 63 (inclusive) of the base prospectus dated 1 April 2016 relating to the Programme under the heading "General Terms and Conditions of the Programme".
Base Prospectus 2015 and Final Terms	The terms and conditions set out on pages 49 – 56 (inclusive) of the base prospectus dated 14 October 2015 relating to the Programme under the heading "General Terms and Conditions of the Programme".

GLOSSARY OF DEFINED TERMS

The following glossary contains certain defined key terms in relation to the Covered Bonds.

Bankruptcy Liquidity Loan	A contractual arrangement made by the bankruptcy administrator of the Issuer to secure liquidity or take out liquidity credit in accordance with Section 25 of the MCBA.
Commercial Real Estate Loan	A loan secured by (i) mortgageable property for commercial or office purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (*Maakaari* 540/1995, as amended); or (ii) shares of a housing company or a real estate company entitling the holder to occupancy of the commercial or office premises; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area. For the avoidance of doubt, Hypo does not grant Commercial Real Estate Loans that would be part of the Cover Asset Pool.
Cover Asset Pool	The Mortgage Loans, Public-Sector Loans, Substitute Collateral and Derivative Transactions entered into the Register as statutory security for the Covered Bonds under the MCBA.
Derivative Transactions	Derivative transactions concluded for hedging against risks related to the Covered Bonds and therefore constitute part of the assets in the Cover Asset Pool.
Housing Loan	A loan secured by (i) mortgageable property for primarily residential purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (*Maakaari* 540/1995, as amended); or (ii) shares in a housing company referred to in Chapter 1, Section 2 of the Finnish Act on Housing Companies (*Asunto-osakeyhtiölaki* 1599/2009, as amended) or shares comparable thereto, participations and rights of occupancy; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area.
MCBA	The Finnish Act on Mortgage Credit Bank Activity (*Laki kiinnitysluottopankkitoiminnasta 688/2010*)
Public-Sector Loan	A loan which has been granted to the Republic of Finland, a Finnish municipality or other public-sector entity which may, when calculating prudential requirements set out in Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) 648/2012, be considered equivalent to the Finnish State or Finnish municipality or a credit which is fully collateralised by a guarantee granted by a public-

	sector entity or a claim on such entity.
Register	The register of Covered Bonds and the collateral which forms the assets in the Cover Asset Pool for the Covered Bonds, including the Derivative Transactions and Bankruptcy Liquidity Loans, which the Issuer is required to maintain pursuant to Chapter 5 of the MCBA.
Substitute Collateral	(a) bonds and other debt obligations issued by a central government, a municipality or another public-sector entity or a credit institution (other than one belonging to the same consolidated group as the Issuer); (b) guarantees granted by a public-sector entity or a credit institution referred to in paragraph (a); (c) credit insurance given by an insurance company other than one belonging to the same group, as defined in the Finnish Act on Supervision of Finance and Insurance Groups (in Finnish: *Laki rahoitus- ja vakuutusryhmittymien valvonnasta* 699/2004, as amended), as the Issuer; or (d) assets of the Issuer deposited in the Bank of Finland or a deposit bank; if the Issuer is a deposit bank the deposit may not be in a deposit bank belonging to the same consolidated group as the Issuer.

THE ISSUER

The Mortgage Society of Finland
Yrjönkatu 9 A
FI-00120 Helsinki
Finland

ARRANGER

Nordea Bank Abp
Satamaradankatu 5
FI-00020 NORDEA
Finland

LEGAL ADVISER TO THE ISSUER

Castrén & Snellman Attorneys Ltd
Eteläesplanadi 14
FI-00130 Helsinki
Finland

AUDITOR

PricewaterhouseCoopers Oy
Itämerentori 2
FI-00180 Helsinki
Finland