

*These English language note specific terms and conditions are an unofficial translation of the original Finnish language note specific terms and conditions. Should there be any discrepancies between the Finnish language and the English language versions of the note specific terms and conditions, the Finnish language version shall prevail.*

## **THE MORTGAGE SOCIETY OF FINLAND EUR 600,000,000 PROGRAMME FOR THE ISSUANCE OF NOTES**

### **SEK 250.000.000 FLOATING RATE NOTES DUE 2016 (the “Notes”)**

#### **1. Terms and Conditions**

These note specific terms and conditions have been drawn in accordance with Article 5, paragraph 4 of the Prospectus Directive of the EU (2003/71/EC) and they are to be read together with the general terms and conditions of programme included in the Base Prospectus regarding Programme for the Issuance of Notes by the Mortgage Society of Finland dated 13 May 2013. Unless otherwise stated in these note specific terms and conditions, 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 note specific terms and conditions.

The Base Prospectus and note specific terms and conditions are available at the web page of the Mortgage Society at [www.hypo.fi](http://www.hypo.fi) under “Hypo / JVK Ohjelma” and at request from the Mortgage Society or at the subscription places mentioned in the note specific terms and conditions.

The summary of the note specific terms and conditions is attached as Annex 1.

Name of the series of Notes:	SEK 250.000.000 Floating Rate Notes due 2016
Arrangers:	Danske Bank A/S 2-12 Holmens Kanal DK-1092 Kööpenhamina K Tanska  SWEDBANK AB (publ) Regeringsgatan 13 SE-10534 Stockholm Sweden
Other subscription places of this series of Notes:	Not applicable
Issuer's Agent	Danske Bank Oyj Kaupintie 3 Helsinki 00075 DANSKE BANK
Interests of Arranger taking part in the issue:	The customary sector connected commercial interest
Capital and currency of the Notes:	Maximum SEK 250.000.000

Number of book-entry units:	Maximum 25.000
Priority of Notes:	Same as with other unsecured liabilities
Form of Notes:	Book-entry securities of EFI's RM book-entry security system
Denomination of book-entry unit:	SEK 10.000
The minimum amount of Notes to be offered for subscription:	SEK 1.000.000
Subscription fee:	Not applicable
Issue date:	May 23 <sup>rd</sup> , 2013
Issue price:	100 %
Amount and manner of redemption:	The nominal amount of capital of the Notes  The Notes will be redeemed in one instalment
Redemption date:	May 23 <sup>rd</sup> , 2016
Interest:	Section 8.2 (Floating reference interest rate):  STIBOR of 3 months  Marginal: +1,38 %  Regarding STIBOR: for each interest period the STIBOR interest will be defined two Helsinki and Stockholm banking days before the start of the interest period in question  Interest payment dates: February 23 <sup>rd</sup> , May 23 <sup>rd</sup> , August 23 <sup>rd</sup> and November 23 <sup>rd</sup> each year, starting August 23 <sup>rd</sup> 2013 and ending on Redemption date
Basis for calculation of interest:	Actual/360
Minimum/maximum amount of interest:	Not applicable
Banking day assumption:	Modified next
Delivery of book-entry securities:	The book-entry securities are recorded in the book-entry security accounts specified by the subscribers on the Issue date
ISIN code of the Notes:	FI4000064191

## 2. Other Information

Decisions and authority based on which  
Notes are issued:

Based on the authorization dated April 30<sup>th</sup>  
2013 of the issuer's board of directors

Nature of the issue:

So-called single issue which is primarily  
offered to institutional investors.

Subscription period:

May 14<sup>th</sup> 2013

Subscription places:

Danske Bank A/S  
Fixed Income Sales  
c/o Danske Bank Oyj  
Hiililaiturinkuja 2  
Helsinki  
00075 DANSKE BANK  
Tel +358 (0)10 513 8756 or +358 (0)10 513  
8750

SWEDBANK AB (publ)  
Mannerheimintie 14 B  
00100 Helsinki  
Tel +358 (0)20 74 69 100

Condition for executing the issue:

Not applicable

Notification of cancellation of  
the issue or suspension of subscription:

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  
[www.hypo.fi/sijoittajille](http://www.hypo.fi/sijoittajille).

Yield:

The effective interest yield of the Notes to  
the investor on the issue date, when the  
issue price is 100 %, is equal to the rate of  
interest of the Notes

An estimate of the capital accruing  
to the issuer under the Notes and the planned use:

99,85 % of the capital of the Notes, at  
maximum. The Notes are a part of the  
funding of the issuer.

Listing:

Shall be applied for listing on the Helsinki  
Stock Exchange

Estimated beginning of listing:

Week 22/2013

In Helsinki, on 14. day of May in 2013.

THE MORTGAGE SOCIETY OF FINLAND



Ari Pauna



Elli Reunanen



## SUMMARY OF THE BASE PROSPECTUS

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Items in italics will be complemented in the summary of the note specific terms and conditions of each series of notes.

Even though an Element may be required to be included in the summary because of the type of securities or issuer, it is possible that no relevant information can be given regarding the Element. In such case a short description of the Element is included in the summary with the mention of "Not applicable".

<b>Section A – Introduction and warnings</b>		
<b>A.1</b>	<b>Warning</b>	<p>The following summary has not been intended a comprehensive presentation, but should be read as an introduction to the Base Prospectus regarding the Programme for the Issuance of Notes of the Mortgage Society of Finland dated 13 May 2013. Any decision to invest in the Notes issued under the Programme for the Issuance of Notes must be based on consideration of the Base Prospectus as a whole including the information incorporated into it by reference and the Terms and Conditions of the Notes as a whole.</p> <p>Certain terms used in this summary are defined elsewhere in this Base Prospectus.</p> <p>The civil liability for any errors in this summary attaches to persons responsible for this Base Prospectus only if this summary is misleading, inaccurate or inconsistent in when read together with other parts of this Base Prospectus, or if the summary together with other sections of this Base Prospectus does not provide essential information to assist the investors when they are considering investing in the Notes issued under the Programme for the Issuance of Notes.</p> <p>If a claim relating to information contained in the Base Prospectus is brought before a court outside Finland, the plaintiff might, under the legislation of a jurisdiction within the European Economic area, have to bear the costs of the translating the prospectus before the legal proceedings are initiated<sup>1</sup>.</p>

<sup>1</sup> If Notes under the Programme for the Issuance of Notes were to be issued in some other country belonging to the European Economic Area than Finland, the issuer may in such situation be liable to translate only the summary to the language of such country in question. In connection with possible legal proceedings the court of the country in question may require the translation of the entire Base Prospectus.

<b>A2</b>	<b>Acceptance for using the Base Prospectus</b>	Not applicable.
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<b>Section B – The Issuer</b>		
<b>B.1</b>	<b>Legal name and commercial name of the issuer</b>	The Mortgage Society of Finland
<b>B.2</b>	<b>Domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country of incorporation</b>	The Mortgage Society of Finland is a Finnish credit institution established in accordance with Finnish law and subject to the Act on Credit Institutions (121/2007) and the Act on Mortgage Societies (936/1978).
<b>B.4b</b>	<b>Description of known trends that affect the issuer and its business sector</b>	Hypo and its business sector are mainly influenced by the sector's general conditions such as prevailing low interest level, increasing level of banking regulation and the Finnish housing market trend.
<b>B.5</b>	<b>Description of the group to which the Issuer belongs and the issuer's position within the group</b>	The Mortgage Society of Finland is a parent company that fully owns its subsidiary the Suomen AsuntohypoPankki Oy. The Mortgage Society also owns 59.4 % of the Bostadsaktiebolaget Taos and 80.4 % of the real estate subsidiary Asunto Oy Vanhaväylä 17.
<b>B.9</b>	<b>Profit forecast</b>	The following is stated in the management report attached to the financial statements of 2012: "The general financial situation has calmed down slightly, but in the housing market, 2013 begins in a rather uncertain atmosphere. However, we believe, that Hypo, a specialist in home financing, is still well positioned to also grow profitably in 2013 while managing risks. We estimate that our result for the first half of 2013 will be similar to that for the first half of 2012."
<b>B.10</b>	<b>Remarks concerning historical financial information presented in audit reports</b>	Not Applicable. There are no qualifications in the audit reports concerning historical financial information.
<b>B.12</b>	<b>Historical information, prospects for</b>	Issuers key figures have developed in the years 2011 and 2012 as follows:



	<b>development, significant changes</b>	<b>Million EUR</b>	<b>2012</b>	<b>2011</b>
		Turnover	28.3	26.8
		Operating profit/ profit before appropriations and taxes % of turnover	5.2	4.0
		Profit/revenue, %	18.4	14.9
		Return on equity % (ROE)	5.2	4.5
		Return on assets % (ROA)	0.5	0.5
		Equity ratio, %	8.8	9.2
		Capital Adequacy %	17.0	16.7
		Own funds	79.2	75.0
		Minimum requirement for own funds	37.2	36.0
		Cost-to-income ratio	55.0	61.9
		Average number of personnel	28	29
		Salaries and remuneration	2.0	2.1
		Balance sheet total	912.2	818.0
		<p>The most recent audited annual report of the Mortgage Society concerns the financial period that ended 31 December 2012. There has been no significant change in the financial position or negative change of prospects of the Mortgage Society or its group after that date.</p>		
<b>B.13</b>	<b>Recent events that are crucial in evaluating the Issuers repayment ability</b>	Not Applicable. According to the knowledge of Hypo, no recent events that would be significant in estimating the repayment ability of Hypo exist.		
<b>B.14</b>	<b>The issuer's dependence upon other entities within the group</b>	Not Applicable. Hypo is the parent company of the group and is not dependent on other companies belonging to the group.		
<b>B.15</b>	<b>Description of the issuer's principal activities</b>	<p>Hypo group is an expert organisation concentrating on housing financing and housing in Finland. Hypo group serves its customers living in different parts of Finland through Internet and telephone services from its offices in the centre of Helsinki. The main place of business of the Mortgage Society of Finland and Suomen Asuntohypopankki Oy is Helsinki.</p> <p>The mortgage society is a mutual company governed by its customer members that conducts retail banking in accordance with a license to operate as a financial institution. The aim of the Mortgage Society is to continually create optional, customer friendly ways for living and financing of living on the side of traditional services. The special purpose of the Mortgage Society is to give long term loans to private persons and corporate</p>		

		bodies mainly for living purposes. Additionally the Mortgage Society owns apartments and plots in the most important housing areas in the metropolitan area of Helsinki. The wholly owned subsidiary Suomen Asuntohypopankki Oy is a deposit bank which, in addition to receiving deposits and offering credit cards (no credit risk), offers also different types of legal services relating to retail banking as well as selected investment services.
<b>B.16</b>	<b>Description of whether the issuer is directly or indirectly in some other person's ownership or control and who such person is and the nature of such control</b>	Not applicable. The Mortgage Society is a company owned mutually by its members, being debtors with no shares and where a member is not entitled to a portion of assets of the company or the gains of the company.
<b>B.17</b>	<b>Ratings of the issuer</b>	Not applicable. Hypo or its debt securities do not have a credit rating by a credit rating agency.
<b>Section C - The Notes</b>		
<b>C.1</b>	<b>The type and form of the offered Securities</b>	<p>Under the Programme the Mortgage Society Hypo can issue senior unsecured notes that are in priority pari passu with its other commitments as well as subordinated notes. The notes are issued as book-entry securities incorporated into the book-entry system of Euroclear Finland Oy ("EFI"). The maximum amount of issued notes is at the most EUR 600 million.</p> <p><i>The notes rank pari passu with the other obligations of Hypo</i></p> <p><i>The notes are issued in a so called single tranche.</i></p> <p><i>The ISIN code of the notes is FI4000064191.</i></p>
<b>C.2</b>	<b>Currencies</b>	<p>The currency of the notes is Euro ("EUR") or Swedish Krona ("SEK").</p> <p><i>The currency of the Notes is SEK.</i></p>
<b>C.5</b>	<b>Restriction on Transferability</b>	Not Applicable. The Notes are freely transferrable.
<b>C.8</b>	<b>The Rights attaching to the Notes, Ranking and Limitations</b>	<p>Interest on the notes and the capital are repaid in accordance with the laws concerning the book-entry system and -accounts and the regulations and decisions of EFI, to the person who is, according to the book-entry account information, entitled to receive the payment.</p> <p>Other notes than subordinated notes are the Mortgage Society's direct, unsecured and unguaranteed obligations which rank pari passu with each other and with the issuer's other unsecured and unsubordinated commitments, except for commitments that have higher priority under mandatory laws.</p>



C.9	Interest, Redemption and Yield	<p>A fixed rate interest or a floating rate interest connected to a reference rate is paid on the notes. The calculation of the interest begins on the issue date of the notes.</p> <p>The floating reference rate interest can be EURIBOR or STIBOR.</p> <p>EURIBOR interest is the interest rate of a deposit corresponding to the duration of the interest period of the notes quoted by the European Banking Federation, that is announced on Reuters' page EURIBOR1 or page replacing it at 11.00 Brussels time two Helsinki banking days prior to the beginning of the interest period. If the interest period does not correspond to any time period provided on the Reuters' 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.</p> <p>STIBOR interest is the interest rate of a deposit corresponding with the interest period that is announced on Reuters' page SIDE or page replacing it at 11.00 Stockholm time two Helsinki and Stockholm banking days prior to the beginning of the interest period. If the interest period does not correspond to any time period provided on Reuters' page, the interest is calculated by interpolating by the ratio of time with two reference interest rates closest to the above-mentioned interest period, between which the interest period settles.</p> <p>If a EURIBOR or STIBOR quotation, or a quotation replacing it, is not available, then a reference rate interest percentage agreed by the arranger and the issuer, closest corresponding the interest period, based on a prevailing interest rate used, in regards with EURIBOR in Finland, and, in regards with the STIBOR in Sweden.</p> <p><i>The floating interest rate of the notes is 3 months STIBOR + 1,387 % p.a.</i></p> <p><i>The interest payment dates are 23.2., 23.5., 23.8. and 23.11.; beginning 23.8.2013 and ending on the maturity date of the notes.</i></p> <p><i>The repayment date of the notes is 23.5.2016.</i></p> <p><i>The issue price is 100%.</i></p> <p><i>The effective yield of the notes on the issue date, while the issue price is 100%, is the interest rate of the note.</i></p> <p>Noteholders' representation: Not applicable.</p> <p>The noteholders do not have a nominated representative.</p>
C.10	Derivative component in	Not Applicable. The interest is not connected to a derivative.

	<b>interest payment</b>	
<b>C.11</b>	<b>Listing and Admission to Trading</b>	<p>The Mortgage Society can apply the notes to be admitted for listing on the NASDAQ OMX Helsinki Oy ("<b>The Helsinki Stock Exchange</b>") trading list.</p> <p>The notes <i>shall</i> be applied for listing on the Helsinki Stock Exchange.</p> <p><i>The estimated beginning of listing is week 22/2013.</i></p>
<b>Section D – Risks</b>		
<b>D.2</b>	<b>Risks relating to the issuer</b>	<p><i>Credit risk</i></p> <p>A credit risk arises when the counterparty, usually the debtor is not able to discharge its obligations and the security for the credit is not sufficient to cover the creditor's receivables. The counterparty risk is handled as part of the credit risk. When realised, the credit risk is ultimately seen as impairment losses.</p> <p>The credit risk is the key risk among the business risks of the Group.</p> <p>The Group's key business area is lending that focuses on loans granted to households and housing companies against a securing housing or residential property collateral. Unsecured loans are not granted. The lending is based in the customer's creditworthiness, sufficient repayment ability and securing collateral. Additionally the project to be financed must be justified as a whole. Any deviations from the normal credit granting criteria are evaluated separately in operative processes with separate instructions.</p> <p><i>Operational risks</i></p> <p>Operational risks refer to losses caused by disturbances, errors or deficiencies in information systems, operating processes, or operations of the personnel, or changes in external factors. Operational risks also include contractual and other legal risks, continuity planning and preparedness for exceptional circumstances.</p> <p><i>Liquidity risks</i></p> <p>The Group's liquidity risks comprise of various financing risks that relate to the whole of its operations – that is the Group's financial balance sheet including also off-balance sheet items. These risks include the long-terms or structural financing risk on the balance sheet, short-term liquidity risk and refinancing risk. These risks are assessed, measured and evaluated by comparing the mutual structure and distribution of the interest-bearing items on the balance-</p>

		<p>sheet.</p> <p><i>Market risks</i></p> <p>Market risks refer to the possibility of loss (operating profit, comprehensive income) resulting from the fluctuation of market prices. These risks include the price risk or change in the market value of liquidity investments and derivatives, interest rate risk and currency risk.</p> <p><i>Risks related to the ownership of housing units and residential real estate</i></p> <p>The housing units and residential real estate owned by the Group are exposed to impairment, return and damage risk and risks relating to the concentration of ownership.</p> <p>The statutory maximum for the Group's property holdings and comparable loans granted to real estate companies and guarantees is 13 percent of the balance sheet total. This limit forms the basis for the risk management related to the Group's housing and residential real estate holdings. Through internal monitoring limits the internal maximum limit for housing and real estate holdings is kept lower than the absolute statutory limit.</p> <p><i>Strategic risks</i></p> <p>Risks arising from the cyclical and other changes in the operating environment and from the availability of deposit funding are in their nature such that they realise as a result of significant changes in macro economy and cause a demand for change in the Group's business operations. Risks related to competition situations are for their side mainly caused by decisions made by competitors. Changes in credit institutions' regulatory and supervisory environments cause in short term a regulatory risk affecting the Group's resourcing, which is managed as part of the strategic risks. Also the possible weakening of the Group's visibility and recognisability is regarded as part of the strategic risks.</p>
<b>D.3</b>	<b>Risks relating to the Notes</b>	<p>The past increase in the value of the Notes does not guarantee future results. The investor alone is responsible for his investment decisions and the financial consequences of his investment decision.</p> <p>The investor may lose the interest or the capital he has invested in whole or in part, if the issuer, the Mortgage Society, becomes insolvent during the term of the notes.</p> <p>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 even though the redemption price according to the note specific terms and conditions is the</p>



		<p>nominal amount of the notes.</p> <p>There is no security for the notes.</p> <p><i>In insolvency situations of the Mortgage Society the notes rank in priority pari passu with other creditors in respect of the remaining assets of the Mortgage Society.</i></p> <p>The Issuer will repay the capital and the interest in the currency defined in the note specific terms and conditions. This causes risks relating to currency exchange, if the investor's financial activity is mainly on other currency than the currency of the notes.</p> <p>Investing in fixed interest rate notes includes the risk that later changes in market risks may lower the market value of the notes.</p> <p>Notes issued as book-entry securities of EFi are in non-paper form, and the only proof of the notes available is the account statement provided by EFi or its account managers and no promissory notes or other documents indicating their ownership are given. Ownership of the notes and any changes to it are evident only from the book-entry register managed by EFi and its account managers.</p> <p>The general terms and conditions include provisions relating to noteholders meetings that can be summoned to handle matters affecting the noteholders' rights. A majority referred to such terms and conditions can make decisions binding on all noteholders irrespective of whether the noteholder was present in the meeting or not and irrespective of whether the noteholder participated in a voting in such meeting and whether he voted against the majority decision.</p> <p>The notes are governed by Finnish law. The effects of changes of the law, court decisions or changes in the administrative mode of operation after the date of the Base Prospectus can not in any way be guaranteed.</p> <p>Even though the notes have been applied to be admitted for listing on the NASDAQ OMX Helsinki Exchange, it is not certain that a daily secondary market would develop during the term of the notes. The sale of the notes prior to their maturity date may cause sales profit or sales loss. This may be a result of changes in the prevailing interest level, a significant change in the credit rating of the issuer or the low level of offering of the notes in the secondary market (loss of liquidity), or a combination of these factors.</p> <p>Changes in the taxation principles of the notes and their return during the term of the notes may have an effect on the</p>
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		net income received by the investor.
<b>Section E – The Offer</b>		
<b>E.2b</b>	<b>Application of funds</b>	The funds received by issuing the notes are part of the Mortgage Society's fund raising and will be used for general corporate purposes of the issuer.
<b>E.3</b>	<b>Terms of the offer</b>	<p><i>The nature of the issue:</i> So-called single issue which is primarily offered to institutional investors.</p> <p><i>Subscription time:</i> 14.5.2013</p> <p><i>Subscription places:</i> Danske Bank A/S Fixed Income Sales c/o Danske Bank Oyj Hiililaiturinkuja 2 Helsinki 00075 DANSKE BANK FINLAND tel. +358 (0)10 513 8756 or +358 (0)10 513 8750</p> <p>SWEDBANK AB (publ) Mannerheimintie 14 B 00100 Helsinki Finland tel. +358 (0)20 74 69 100</p> <p><i>Condition for executing the issue:</i> Not applicable</p> <p>Notice of cancellation of the issue or discontinuance of subscription: A notice of the cancellation of the issue or discontinuance of the subscription due to oversubscriptions is available at the subscription places and on the website <a href="http://www.hypo.fi/sijoittajille">www.hypo.fi/sijoittajille</a>.</p> <p>In case the issue is cancelled or the subscriptions are decreased due to oversubscription, the issuer will return the amount paid for the subscription to the bank account notified by the subscriber within five (5) banking days from the date of the decision to cancel or decrease the subscription.</p>
<b>E.4</b>	<b>Essential interests relating to the issue, including conflicts of interest</b>	The interests of the arrangers and possible other subscription places: customary business interests in the financial market
<b>E.7</b>	<b>Fees collected from the investors</b>	<p>The Mortgage Society does not collect fees relating to the issue or offering of the notes from the investors. The arrangers or possible other subscription places may collect such fees in which case they are based on the agreement between the investor and the arranger or possible other subscription place.</p> <p><i>The arranger(s) do not collect fees from the investors</i></p>

		<i>relating to the issue or offering of the notes.</i>
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