



The Mortgage Society of Finland
as Issuer
Programme for the Issuance of Notes
1,500,000,000 euros

Under this 1,500,000,000 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**”) and subordinated debentures (“**Subordinated Debentures**”) denominated mainly in euro (the “**Notes**”). The Notes will be subject to a minimum maturity of one year. The Programme provides that Notes may be listed on the Helsinki Stock Exchange maintained by NASDAQ OMX Helsinki Ltd (the “**Helsinki Stock Exchange**”) as specified in the final terms of the relevant series of Notes (the “**Series 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 (as defined above) and with the Final Terms of the relevant Series 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.

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. This Base Prospectus or the Final Terms are not to be distributed to the United States or in 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



IMPORTANT INFORMATION

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 Finland Plc 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 Market Act (746/2012, as amended) (the “**Finnish Securities Market Act**”), the Finnish Ministry of Finance Decree on prospectuses referred to in Chapters 3 to 5 of the Finnish Securities Market Act (1019/2012), the Commission Regulation (EC) No 809/2004, as amended, in application of the Annexes V, XI and XXII 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 80/02.05.04/2015), 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 their attention.

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.

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 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 Series 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 not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Lead Manager(s) as 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. 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 and the Notes. The Arranger and the Lead Manager(s) accordingly disclaims 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.

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. However, a summary of information relating to the Issuer, the Programme, the Notes and certain risk factors relating to the Issuer, the Programme and the Notes has been prepared in Finnish. 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.

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SUMMARY

The summary is 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 Final Terms 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”.

Section A – Introduction and warnings

A.1. **Warning**

The following summary has not been intended as 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 (hereinafter “**Hypo**”) (the “**Programme**”) dated 14 October 2015. 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 Final Terms of the relevant Series of Notes.

Certain terms used in this summary are defined elsewhere in this Base Prospectus.

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 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 Noteholders when they are considering investing in the Notes issued under the Programme.

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.¹

A.2. **Consent to the use of the Base Prospectus**

Not applicable.

Section B – The Issuer

B.1 **The Legal and commercial name of the Issuer**

The Mortgage Society of Finland

B.2 **The domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country of**

Hypo 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).

¹ If Notes under the Programme 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.

incorporation

- B.4b** Description of the most significant recent trends affecting the Issuer and the industries in which it operates
- Hypo and the industry in which it operates are mainly influenced by the industry's general conditions in the market such as prevailing low interest level, increasing level of banking regulation and the Finnish housing market trend.
- B.5** Description of Hypo Group to which the Issuer belongs and the Issuer's position within Hypo Group
- Hypo is a parent company that fully owns its subsidiary Suomen AsuntoHypoPankki Oy. Hypo also owns 62.2 per cent of Bostadsaktiebolaget Taos and 80.4 per cent of the non-consolidated subsidiary Asunto Oy Vanhaväylä 17.
- B.9** Profit forecast
- The following is stated in the management report attached to the financial statements of 2014: "The outlook for the Finnish national economy continues to be modest, and economic cycles are not expected to boost the housing market. Despite the uncertain operating environment, we are very confident on that Hypo, as a specialist in home financing, is in good position to continue the profitable growth of its business operations in 2015 while managing risks. We estimate that our result for 2015 will be on a par with 2014 and our liquidity will continue to improve." In the interim report as at and for six month period ended June 30, 2015 the operating profit is estimated to reach 2014 levels, although the liquidity will be further strengthened. Further, the uncertainty in the operating environment is estimated to create uncertainty also for Hypo's financial performance.
- B.10** Description of the nature of any qualifications in the audit report on the historical financial information
- Not applicable. There are no qualifications in the audit reports concerning historical financial information.
- B.12** Selected historical key financial information regarding the Issuer, prospects for development, significant changes
- In years 2013 and 2014, and during the time period covered by the second interim report 2015, the Issuer's key figures have developed as follows:

CONSOLIDATED INCOME STATEMENT, IFRS

1,000 €	1 Jan -30 June 2015	1 Jan -30 June-2014	2014	2013
Interest income	10,426.6	10,259.0	21,070.7	17,663.2
Interest expenses	-7,889.8	-7,132.3	-14,643.2	-12,373.0
NET INTEREST INCOME	2,536.8	3,126.7	6,427.5	5,290.2
Income from equity investments	0.0	84.0		
From other companies			84.0	98.0
Fee and commission income	1,857.7	1,817.7	3,658.9	2,747.6
Fee and commission expenses	-24.2	-25.4	-48.6	-24.2
Net income from securities and foreign currency transactions				
Net income from securities	-749.6	0.0	-101.0	
Net income from foreign currency transactions	0.3	-0.6	-1.0	-1.7
Net income from available for sale financial assets	1,251.9	890.2	2,880.8	103.6
Net income from investment properties	3,475.1	2,168.5	4,362.5	5,825.4
Other operating income	-3.2	-2.8	-6.5	8.5
Administrative expenses				
Personnel expenses				
Salaries and remuneration	-2,067.6	-2,073.5	-4,662.6	-3,329.2
Indirect personnel expenses				
Pension expenses	433.5	-399.3	-1,110.6	-824.9
Other indirect personnel expenses	-46.6	-103.7	-319.1	-99.7
Other administrative expenses	-1,169.3	-1,232.2	-2,763.0	-3,060.9
Total administrative expenses	-3,717.0	-3,808.7	-8,855.4	-7,314.7
Depreciation and impairment losses on tangible and intangible assets	-181.9	-156.2	-312.1	-261.4
Other operating expenses	-227.7	-187.7	-560.1	-484.3
Impairment losses on loans and other commitments	21.7	-179.6	-31.1	19.1
OPERATING PROFIT	4,239.8	3,726.1	7,498.0	6,006.1
Income taxes	-763.5	-660.7	-1,330.3	-1,116.5
OPERATING PROFIT AFTER TAX	3,476.3	3,065.4	6,167.7	4,889.7
PROFIT FOR THE PERIOD	3,476.3	3,065.4	6,167.7	4,889.7

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT, IFRS

1 000 €	1 Jan-30 June 2015	1 Jan -30 June-2014	2014	2013
Profit for the period	3,476.3	3,065.4	6,167.7	4,889.7
Other comprehensive income				
Items that may subsequently be reclassified to profit or loss				
Change in fair value reserve				
Cash flow hedges	776.9	198.9	309.0	700.0
Available for sale financial assets	-1,306.6	925.6	703.6	-110.3
	-529.6	1124.5	1,012.7	589.7
Changes in the corporate tax rate				
Deferred tax on credit loss provisions				1,074.7
Deferred tax on revaluation reserve				409.7
IAS deferred tax on the pension foundation				275.1
			0.0	1,759.5
Items that will not subsequently be reclassified to profit or loss				
Revaluation of defined benefit pension plans	177.5	508.0	719.4	488.0
Effect of changes in ownership of Bostads Ab Taos	169.9	0.0	0.0	
Total other comprehensive income	-182.2	1632.5	1,732.0	2,837.2
COMPREHENSIVE INCOME FOR THE PERIOD	3 294,1	4 697,9	7,899,7	7,726,9

**CONSOLIDATED BALANCE SHEET 31 DECEMBER
2014, IFRS**

1,000 €	1 Jan-30 June 2015	1 Jan -30 June-2014	2014	2013
ASSETS				
Cash assets	38,013.9	0.0	75,000.0	560.0
Debt securities eligible for refinancing with central banks				
Treasury bills				10,029.5
Other	232,520.4	114,976.1	111,070.4	109,193.2
			111,070.4	119,222.7
Receivables from credit institutions				
Repayable on demand	31,780.6	25,753.0	35 085.8	16,932.4
Other	1,075.9	4,250.7	159.3	43,915.0
	32,856.5	30,003.7	35,245.1	60,847.4
Receivables from the public and public sector entities				
Other than those repayable on demand	1,308,753.3	1,077,809.8	1,204,041.8	977,893.5
Debt securities				
From others	5,078.0	4,026.5	5 090.7	1,999.4
	5,078.0	4,026.5	5,090.7	1,999.4
Shares and holdings	115.9	113.4	113.4	113.4
Derivative financial instruments	1,327.0	2,448.6	0.0	
Intangible assets				
Other long-term expenditure	1,205.0	849.6	948.5	739.1
Tangible assets				
Investment properties and shares and holdings in investment properties	62,165.2	49,081.1	54,356.9	46,068.6
Other properties and shares and holdings in housing property corporations	950.8	825.4	842.6	828.3
Other tangible assets	386.6	299.9	273.4	298.8
	63,502.5	50,206.3	55,472.9	47,195.7
Other assets	11,380.8	8,173.4	7,762.1	7,518.0
Accrued income and prepaid expenses	4,823.4	4,653.3	4,506.1	2,740.6
Deferred tax receivables	675.4	699.7	663.8	765.4
TOTAL ASSETS	1,700,252.1	1,293,960.4	1,499,914.8	1,219,595.1

1,000 €	1 Jan-30 June 2015	1 Jan-30 June 2014	2014	2013
LIABILITIES				
LIABILITIES				
Liabilities to credit institutions				
Central banks	20,000.0	54,000.0	35,000.0	40,000.0
Credit institutions				
Repayable on demand	0.0	23,374.2	16,824.7	27,749.5
Other than those repayable on demand	134,587.3	119,059.8	148,549.9	123,347.0
	154,587.3	196,434.0	200,374.6	191,096.5
Liabilities to the public and public sector entities				
Deposits				
Repayable on demand	340,208.4	195,803.6	192,068.3	182,996.3
Other than those repayable on demand	405,863.9	143,301.4	275,995.4	132,226.4
	746,072.3	339,105.1	468,063.7	315,222.7
Other liabilities				
Other than those repayable on demand	36,915.6	43,602.9	40,339.7	47,241.4
	782,987.8	382,708.0	508,403.4	362,464.1
Debt securities issued to the public				
Bonds	506,271.7	469,769.4	518,423.4	417,847.3
Other	104,372.3	103,385.4	130,028.7	116,404.0
	610,644.0	573,154.8	648,452.1	534,251.3
Derivative financial instruments	5,794.2	76,350.5	7,856.7	3,035.5
Other liabilities				
Other liabilities	15,000.1	6,307.1	8,125.9	7,184.9
Accrued expenses and deferred income	5,892.7	5,986.7	4,551.0	4,490.9
Subordinated liabilities				
Other	17,962.8	22,793.3	17,962.1	21,834.7
Deferred tax liabilities	8,696.6	8,035.3	8,796.5	7,744.3
EQUITY				
Basic capital	5,000.0	5,000.0	5,000.0	5,000.0
Other restricted reserves				
Reserve fund	22,795.2	22,793.8	22,793.8	22,790.4
Fair value reserve				
From cash flow hedging	-1,878.1	-2,765.2	-2,655.1	-2,964.1
From fair value recognition	-498.6	1,029.9	807.9	104.3
Defined benefit pension plans	1,384.9	996.0	1,207.4	488.0
Unrestricted reserves				
Other reserves	22,923.5	22,923.5	22,923.5	22,923.5
Retained earnings	45,483.6	39,147.4	39,147.4	34,261.1
Profit for the period	3,476.3	3,065.4	6,167.7	4,889.7
	98,686.7	92,190.8	95,392.6	87,492.9
TOTAL LIABILITIES AND EQUITY	1,700,252.1	1,293,960.4	1,499,914.8	1,219,595.1

CHANGE IN EQUITY

1,000 €	Basic capital	Reserve fund	Fair value reserve	Other reserves	Retained earnings	Total
Equity 1 Jan 2013	5,000.0	22,789.4	-3,449.5	22,923.5	32,502.6	79,766.0
Profit for the period					4,889.7	4,889.7
Other comprehensive income						
The impact of the change in the tax rate on deferred taxes on items included in retained earnings					1,759.5	1,759.5
Distribution of profits		1.0			-1.0	0.0
Hedging of cash flow						
Amount recognised in equity			1.0			1.0
Amount transferred to the income statement			1,147.0			1,147.0
Change in deferred taxes			-448.0			-448.0
Financial assets available for sale						
Change in fair value			-50.3			-50.3
Amount transferred to the income statement			-103.6			-103.6
Change in deferred taxes			43.6			43.6
Defined benefit pension plans						
Actuarial gains/losses			610.0			610.0
Change in deferred taxes			-122.0			-122.0
Total other comprehensive income	0.0	1.0	1,077.7	0.0	1,758.5	2,837.2
Equity 31 Dec 2013	5,000.0	22,790.4	-2,371.8	22,923.5	39,150.8	87,492.9
1,000 €						
Equity 1 Jan 2014	5,000.0	22,790.4	-2,371.8	22,923.5	39,150.8	87,492.9
Profit for the period					6,167.7	6,167.7
Other comprehensive income						
Distribution of profits		3.4			-3.4	0.0
Hedging of cash flow						
Amount recognised in equity			-542.1			-542.1
Amount transferred to the income statement			928.4			928.4
Change in deferred taxes			-77.3			-77.3
Financial assets available for sale						
Change in fair value			3,760.4			3,760.4
Amount transferred to the income statement			-2,880.8			-2,880.8
Change in deferred taxes			-175.9			-175.9
Defined benefit pension plans						
Actuarial gains/losses			899.2			899.2
Change in deferred taxes			-179.8			-179.8
Total other comprehensive income	0.0	3.4	1,732.0	0.0	-3.4	1,732.0
Equity 31 Dec 2014	5,000.0	22,793.8	-639.8	22,923.5	45,315.1	95,392.6
1,000 €						
Equity 1 Jan 2015	5,000.0	22,793.8	-639.8	22,923.5	45,315.1	95,392.6
Profit for the period					3,476.3	3,476.3
Other comprehensive income						
Effect of changes in ownership of Bostads Ab Taos		0.5			169.4	169.9
Profit use of funds		0.9			-0.9	0.0
Cash flow hedges						
Amount recognised in equity			352.0			352.0
Amount transferred to the income statement			619.1			619.1
Change in deferred taxes			-194.2			-194.2

Financial assets available for sale					
Change in fair value			-2,382.8		-2,382.8
Amount transferred to the income statement			749.6		749.6
Change in deferred taxes			326.6		326.6
Revaluation of defined benefit plans					
Actuarial gains / losses			221.9		221.9
Change in deferred taxes			-44.4		-44.4
Investments property, revaluation reserves					
Amount transferred to the previous period profits					
Change in deferred taxes					
Total other comprehensive income	0.0	1.4	-352.1	0.0	168.5
Equity 30 June 2015	5,000.0	22,795.2	-991.9	22,923.5	48,959.9
					98,686.7

CONSOLIDATED CASH FLOW STATEMENT

1,000 €	1 Jan-30 June 2015	1 Jan -30 June- 2014	2014	2013
Cash flow from operating activities				
Interest received	10,040.6	9,061.4	20,586.8	17,051.7
Interest paid	-6,501.2	-5,948.7	-15,177.7	-13,146.9
Fee income	1,718.6	1,750.9	3,665.9	2,712.4
Fee expenses	-24.2	-25.4	-48.6	-24.2
Net income from securities and foreign currency transactions	-749.3	-0.6	-101.9	-1.7
Net income from available-for-sale financial assets	1,251.9	890.2	2,880.8	103.6
Net income from investment properties	3,780.9	1,406.3	3,246.5	5,666.4
Other operating income	-3.2	-2.8	-6.5	8.5
Administrative expenses	-4,505.4	-3,792.5	-7,778.7	-6,925.4
Other operating expenses	-229.7	-201.9	-703.9	-583.5
Credit and guarantee losses	21.7	-179.6	-31.1	19.1
Income taxes	-477.6	-314.8	-1,227.2	-145.9
Total net cash flow from operating activities	4,323.2	2,642.6	5,304.4	4,734.1
Operating assets increase (-) / decrease (+)				
Receivables from customers (lending)	-101,638.8	-102,568.4	-228,501.9	-250,828.1
Investment properties	-8,646.6	-1,479.6	-4,180.8	8,966.6
Operating assets increase (-) / decrease (+) total	-110,285.4	-104,048.0	-232,682.8	-241,861.4
Operating liabilities increase (+) / decrease (-)				
Liabilities to the public and public sector entities (deposits)	278,008.6	23,882.4	152,841.0	46,695.1
Operating liabilities increase (+) / decrease (-) total	278,008.6	23,882.4	152,841.0	46,695.1
NET CASH FLOWS ACCRUED FROM OPERATING ACTIVITIES	172,046.4	-77,522.9	-74,537.4	-190,432.3
Cash flows from investments				
Change in fixed assets	-659.7	-264.9	-510.5	-698.3
Equity investments increase (-) / decrease (+)	-2.4	0.0		
Dividends received	0.0	84.0	84.0	98.0
NET CASH FLOWS ACCRUED FROM INVESTMENTS	-662.1	-180.9	-426.5	-600.3
Cash flows from financing				
Bank loans, new withdrawals	28,673.3	71,951.4	364,062.2	164,031.7
Bank loans, repayments	-74,460.5	-66,613.9	-354,784.2	-160,224.9
Other liabilities increase (+) / decrease (-)	-3,308.7	-2,379.8	-6,073.1	-7,813.6
Bonds, new issues	63,500.0	102,261.8	258,330.7	358,465.8
Bonds, repayments	-78,070.0	-49,078.9	-152,547.2	-135,966.4
Certificates of deposit, new issues	138,391.1	108,153.3	274,108.8	255,952.2
Certificates of deposit, repayments	-164,047.5	-121,171.9	-260,484.1	-240,330.9
Subordinated liabilities, new withdrawals	10.4	960.8	967.4	21,501.1
Subordinated liabilities, repayments	-9.8	-2.2	-4,839.9	-346.5
NET CASH FLOWS ACCRUED FROM FINANCING	-89,321.7	44,080.5	118,740.5	255,268.6
NET CHANGE IN CASH AND CASH EQUIVALENTS	82,062.6	-33,623.3	43,776.6	64,236.1

Cash and cash equivalents at the beginning of the period	226,406.2	182,629.5	182,629.5	118,393.5
	308,468.8	149,006.3		
Cash and cash equivalents at the end of the period	[30 June]	[30 June]	226,406.2	182,629.5
CHANGE IN CASH AND CASH EQUIVALENTS	82,062.6	-33,623.3	43,776.6	64,236.1

GROUP'S DEVELOPMENT PER QUARTER

1,000 €	10-12/2014	7-9/2014	4-6/2014	1-3/2014	10-12/2013
Interest income	5,347.4	5,464.3	5,303.6	4,955.3	5,163.0
Interest expenses	-3,718.5	-3,792.4	-3 707.1	-3,425.2	-3,189.5
Net interest income	1,629.0	1,671.9	1,596.6	1,530.1	1,973.5
Income from equity investments					28.0
Fee income	1,089.8	751.4	1,096.7	721.0	698.6
Fee expenses	-8.4	-14.7	-17.0	-8.4	-4.1
Net income from securities and foreign currency transactions					
Net income from securities	-101.0				
Net income from currency transactions	-0.3	-0.1	-0.4	-0.2	-0.6
Net income from available-for-sale financial assets	545.8	1,444.8	388.7	501.5	90.0
Net income from investment properties	1,609.5	584.5	977.2	1,191.3	1,645.2
Other operating income	-1.7	-2.0	2.4	-5.2	-15.7
Administrative expenses					
Personnel expenses					
Salaries and remuneration	-1,479.3	-1,109.8	-801.8	-1,271.7	-1,152.3
Indirect personnel expenses					
Pension expenses	-502.1	-209.2	-162.0	-237.3	-438.4
Other indirect personnel expenses	-178.1	-37.3	-59.0	-44.7	-38.7
Other administrative expenses	-880.7	-650.1	-594.5	-637.7	-878.0
Total administrative expenses	-3,040.3	-2,006.4	-1,617.3	-2,191.4	-2,507.4
Depreciation and impairment losses on tangible and intangible assets	-79.5	-76.5	-76.6	-79.6	-77.3
Other operating expenses	-201.8	-170.6	-58.0	-129.7	-130.7
Impairment losses on loans and other commitments	143.0	5.5	-185.3	5.7	-9.2
Operating profit	1,584.1	2,187.8	2,191.0	1,535.1	1,690.3
Income taxes	-278.1	-391.5	-391.3	-269.4	-220.6
PROFIT FROM OPERATIONS AFTER TAXES	1,306.0	1,796.3	1,799.7	1,265.7	1,469.7
PROFIT FOR THE PERIOD	1,306.0	1,796.3	1,799.7	1,265.7	1,469.7

**CONSOLIDATED COMPREHENSIVE INCOME
STATEMENT. IFRS**

1,000 €	10-12/2014	7-9/2014	4-6/2014	1-3/2014	10-12/2013
Profit for the period	1,306.0	1,796.3	1,799.7	1,265.7	1,469.8
Items that may subsequently be reclassified to profit or loss					
Change in fair value reserve					
Hedging of cash flows	-92.4	202.5	-190.5	389.4	-237.0
Financial assets available for sale	-89.6	-132.3	692.4	233.2	-149.0
	-182.0	70.2	501.9	622.6	-385.9
Changes in the corporate tax rate					
Deferred tax on credit loss provisions					1,074.7
Deferred tax on revaluation reserve					409.7
IAS deferred tax on the pension foundation					275.1
	0.0	0.0	0.0	0.0	1,759.5
Items that will not subsequently be reclassified to profit or loss					
Revaluation of defined benefit pension plans	211.4		508.0		589.9
Total other comprehensive income	29.3	70.2	1,009.9	622.6	1,963.5
COMPREHENSIVE INCOME FOR THE PERIOD	1,335.4	1,866.4	2,809.6	1,888.3	3,433.2

OWN FUNDS AND CAPITAL ADEQUACY

1,000 €	1 Jan-30 June 2015	1 Jan-30 June 2014	2014	2013
Equity	98,686.7	92,190.8	95,392.6	87,492.9
Fair value reserve	1,878.1	1,701.7	1,847.1	2,762.5
Revaluation of defined benefit pension plans	-1,384.9	-996.0	-1,207.4	-488.0
Surplus from defined benefit pension plans	-5,701.4	-5,485.8	-5,515.1	-4,938.2
Core equity (CET1) before deductions	93,478.6	87,410.7	90,517.3	84,829.2
Intangible assets	-964.0	-679.7	-758.8	-591.2
Core equity (CET1)	92,514.6	86,731.0	89,758.5	84,238.0
Additional Tier 1 equity before deductions				
Deductions from additional Tier 1 equity				
Additional Tier 1 equity (AT1)				
Tier 1 equity (T1 = CET1 + AT1)	92,514.6	86,731.0	89,758.5	84,238.0
Tier 2 equity			807.9	201.6
Total own funds (TC = T1 + T2)			90,566.4	84,439.6
Total risk-weighted items	643,165.3	605,700.1	595,458.2	572,825.0
of which credit risk	616,632.6	581,691.1	568,925.6	548,816.0
of which market risk	0.0	0.0		
of which operational risk	26,532.7	24,009.0	26,532.7	24,009.0
of which other risks	0.0	0.0	0.0	
Core equity (CET1) in relation to risk-weighted items (%)	14.38	14.32	15.07	14.71
Tier 1 equity (T1) in relation to risk-weighted items (%)	14.38	14.32	15.07	14.71
Own funds (TC) in relation to risk-weighted items (%)	14.38	14.49	15.21	14.74

Capital adequacy has been calculated in accordance with the EU Capital Requirements Regulation (CRR, EU 575/2013).

The capital adequacy requirement for the credit risk is calculated using the standard method. The capital adequacy requirement for the operational risk is calculated using the basic method.

Negative unrealised valuations are included in core equity, and positive unrealised valuations are included in Tier 2 equity.

KEY FINANCIAL INDICATORS	IFRS	IFRS	IFRS	IFRS
Hypo Group	1 -6 / 2015	1-6 / 2014	2014	2013
Turnover, EUR million			32.7	27.1
Operating profit/profit before appropriations and taxes, EUR million			7.5	6.0
Operating profit, % of turnover			22.9	22.2
Return on equity (ROE), %			6.7	5.8
Return on assets (ROA), %			0.5	0.5
Leverage ratio, %	4.9	5.5	6.4	7.2
Capital adequacy, %			15.2	14.7
CET 1 Capital ratio, %	14.4	14.3	15.1	14.7
Own funds, EUR million			90.6	84.4
Common Equity Tier 1 funds, EUR million	92.5	86.7	89.8	84.2
Minimum requirement of own funds, EUR million			48.4	45.8
Cost-to-income ratio, %	49.5	51.5	56.4	57.4
Average number of personnel*			52	36
Salaries and remuneration, EUR million			4.1	2.9
Non-performing receivables, % of loan portfolio	0.24	0.19	0.23	0.14
Loan-to-value ratio (average LTV), %	43.0	47.9	44.9	50.0
Deposits/loans, %			42.1	36.8
Receivables from the public and public sector entities	1,308.8	1,077.8	1,204.0	977.9
Deposits (incl. deposits of financial institutions)	748.1	379.3	507.4	359.7
Balance sheet total, EUR million	1,700.3	1,294.0	1,499.9	1,219.6

* Including employees in permanent and fixed-term employment relationships, but excluding the CEO and the COO.

Capital adequacy has been calculated in accordance with the EU Capital Requirements Regulation (CRR, EU 575/2013) for 2013 and 2014.

DEFINITIONS OF KEY INDICATORS

Turnover =	$\frac{\text{interest income} + \text{income from equity investments} + \text{fee income} + \text{net income from available-for-sale financial assets} + \text{net income from currency operations and securities trading} + \text{income from investment properties} + \text{other operating income}}{\text{net interest income} + \text{income from equity investments} + \text{net fee income} + \text{net income from available-for-sale financial assets} + \text{net income from currency operations and securities trading} + \text{net income from investment properties} + \text{other operating income}}$
Return on equity % (ROE) =	$\frac{\text{operating profit} - \text{income taxes}}{\text{shareholders' equity} + \text{accumulated appropriations less deferred tax liabilities (average total at the beginning and end of the year)}} * 100$
Return on assets % (ROA) =	$\frac{\text{operating profit} - \text{income taxes}}{\text{average balance sheet total (average total at the beginning and end of the year)}} * 100$
Leverage ratio, % =	$\frac{\text{shareholders' equity} + \text{accumulated appropriations less deferred tax liabilities}}{\text{balance sheet total}} * 100$
Capital adequacy, % =	$\frac{\text{own funds}}{\text{total risk}} * 100$
Cost-to-income ratio, % =	$\frac{\text{administrative expenses} + \text{depreciation and impairment losses on tangible and intangible assets} + \text{other operating expenses}}{\text{net interest income} + \text{income from equity investments} + \text{net fee income} + \text{net income from available-for-sale financial assets} + \text{net income from currency operations and securities trading} + \text{net income from investment properties} + \text{other operating income}} * 100$

The latest audited annual report of Hypo concerns the financial period that ended December 31, 2014 and the audited interim report for the period ended on June 30, 2015. There has been no significant change in the financial position or negative change of prospects of Hypo or Hypo Group since the latter date.

- B.13 Description of any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency** Not applicable. According to the knowledge of Hypo, no recent events that would be significant in estimating the repayment ability of Hypo exist.
- B.14 The Issuer's dependence upon other entities within Hypo Group** Not applicable. Hypo is the parent company of Hypo Group and is not dependent on other companies belonging to Hypo Group.
- B.15 Description of the Issuer's principal activities** Hypo Group is an expert organisation specializing 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.
- Hypo's apartment and residential land investments are located in the central residential areas of the Helsinki metropolitan area and include, in addition to apartments, residential land rented to housing companies with long term contracts meant to be redeemed fractionally and part-owned apartments rented to their owners. Hypo's subsidiary company AsuntoHypoPankki Oy is a deposit bank that in addition to deposit products and distribution of credit cards (no credit risk) offers its customers trustee services relating to retail banking and selected investment services.
- B.16 Description of whether the Issuer is directly or indirectly owned or controlled and by whom and description of the nature of such control** Not applicable. Hypo 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.17 Credit ratings of the Issuer or its debt securities** Hypo, but not any of its debt securities, has been assigned a credit rating at the date of this Base Prospectus. As at the date of this Base Prospectus, the Issuer has a long- and short-term counterparty credit ratings BBB/A-3 by Standard & Poor's Credit Market Services Europe Limited.

[Series of Notes have been rated [●] / Series of Notes have been unrated.]

Section C - The Notes

- C.1 Description of the type and the class of the securities being offered** Under the Programme Hypo can issue (i) Senior Unsecured Notes that rank pari passu with its other commitments and (ii) Subordinated Debentures (as defined in the General Terms and Conditions). The Notes are issued as book-entry securities incorporated into the book-entry system of Euroclear Finland Ltd ("**Euroclear Finland**"). The maximum amount of issued Notes is at the most 1,5 billion euros.

[The Notes of the Series of Notes rank pari passu with the other senior unsecured obligations of Hypo/ The Notes of the Series of Notes are Subordinated Debentures.]

Notes are issued in series (each a "**Series of Notes**") and Notes of each Series of Notes

will all be subject to identical terms (except issue price, issue date and interest commencement date, which may or may not be identical) whether as to currency, denomination, interest or maturity or otherwise. Further tranches of Notes (each a “**Tranche**”) may be issued as part of an existing Series of Notes.

The name of the Series of Notes is [●].

The Tranche number is [●].

The ISIN code of the Notes is [●].

C.2 Currencies

The currency of the Notes is euro (“**EUR**”) and/or such other currency or currencies as may be separately resolved by the Issuer upon each issuance of the Notes under the Programme, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

C.5 Description of any restrictions on the free transferability of the Notes

This Base Prospectus contains a summary of certain selling restrictions 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 have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered and sold within the United States or to, or for the account or benefit of U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

C.8 Description of the Rights attaching to the Notes, including ranking and limitations to those rights

Interest on the Notes and the principal are paid in accordance with the laws concerning the book-entry system and book-entry accounts and the regulations and decisions of Euroclear Finland, to the person who is, according to the book-entry account information, entitled to receive the payment.

Other Notes than Subordinated Debentures are Hypo’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.

[The Subordinated Debentures have a lower priority than the other commitments of Hypo.] [The Subordinated Debentures cannot be used to set off a counterclaim.]

C.9 Interest, Redemption and Yield

A fixed rate interest or a floating rate interest linked to a reference rate is paid on the Notes. The calculation of the interest begins on the issue date of the Notes.

The floating reference rate can be EURIBOR or other relevant reference rate, such as STIBOR, NIBOR or LIBOR (“**OTHER**”) if the issuance has been made in other currency than EUR. The margin will be added to the reference rate.

The floating reference interest rate (being either LIBOR, EURIBOR, NIBOR or STIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the relevant screen page of a designated distributor (currently Thomson Reuters), 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 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.

If a EURIBOR or OTHER quotation or a quotation replacing it is not available, a reference rate for the closest corresponding interest period agreed on by the Lead Manager(s) and the Issuer, and based on the prevailing EURIBOR interest rate level in Finland and OTHER interest rate level in the relevant country, is used. The margin will be added to the reference rate.

[The fixed interest rate of the Notes is [●] per cent p.a.]

[The floating interest rate of the Notes is [●] months EURIBOR/OTHER: LIBOR, NIBOR, STIBOR + [●] per cent p.a.]

The interest payment dates are [●] [and [●] beginning and ending on the maturity date of the Notes.

The Redemption Date of the Notes is [●].

*[The issue price is fixed: [●]] / [The issue price is floating and will not exceed [●]]*The effective yield of the Notes depends on issue price of the Notes. It is not an indication of the future yield.

The effective yield of the Notes on the issue date, while the issue price is [●], is [●] per cent.

Noteholders' representation: Not applicable.

The Noteholders do not have a nominated representative.

C.10 Derivative component in interest payment in Not applicable. The interest is not connected to a derivative.

C.11 Listing and admission to trading to Hypo can apply for the Notes to be admitted for listing on the NASDAQ OMX Helsinki Oy ("The Helsinki Stock Exchange") stock exchange list.

The Notes *[shall / shall not]* be applied for listing on the Helsinki Stock Exchange.

[The estimated time of listing is [●].]

Section D – Risks

- D.2 Risks relating to the Issuer**
- Negative economic developments and conditions in Finland can adversely affect Hypo Group's business and results of operations
 - The Issuer is exposed to credit risk which refers to losses of Hypo when Hypo or some of its subsidiaries' counterparty, usually the debtor, is not able to discharge its obligations
 - 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 the Group's lending
 - Hypo Group is exposed to risks relating to the outflow of deposits
 - Credit ratings assigned to Hypo or to Notes, debt or any other securities may not reflect all the risks associated with an investment in Notes and may be lowered, withdrawn or not maintained
 - Various operational losses caused inter alia by 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, failure to protect its assets, failure of physical and security protection, natural disasters or the failure of external systems and failure to fulfil its obligations, contractual or otherwise may have a negative impact on Hypo's business
 - Hypo Group could fail to attract or retain senior management or other key employees
 - Failure of executing Hypo's strategy or failure of the strategy itself may adversely affect the business, growth and profit of Hypo in the future
 - Hypo Group is exposed to risk of changes in tax legislation as well as to increases in tax rates
 - Finland has implemented the European Union bank recovery and resolution directive, and the new 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

- Hypo Group may not receive financing at competitive terms or at all and may fail in repaying its existing debt
- Liquidity risk is inherent in Hypo Group's operations
- The long-term or structural funding risk on the balance sheet 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
- Hypo Group's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate
- 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's liquidity
- Realisation of market price risk 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
- Fluctuations in interest rates may adversely affect Hypo's financial position
- Hypo Group is exposed to structural foreign exchange risk which refers to the possibility of loss that results from the fluctuation of currency rates and affects Hypo Group's result.
- The fair value of residential land or shares in housing companies may decrease.
- The returns of holdings may decrease and eventual other losses may incur.
- Concentration of location of secured properties may adversely affect Hypo Group's business

D.3 Risks relating to the Notes

- The Notes may not be a suitable investment for all investors. Each potential investor should, inter alia, be 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.
- No security is given in respect of the Notes. In the event of insolvency of Hypo, and due to the fact that no security on the Notes is given, the investor may lose the invested principal and/or the interest either partly or wholly.
- The Notes are subject to risks related to exchange rates and exchange controls. 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. Also, eventual currency controls may have a negative influence on the exchange rates.
- *[The value of the Notes may be adversely affected by movements in market interest rates]*
- The completion of transaction relating to the Notes is dependent on Euroclear Finland Ltd.'s operations and systems. 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.
- Modification of the Terms and Conditions of the Notes bind all Noteholders regardless of whether a Noteholder was present at the meeting or not. The modifications of Terms and Conditions of the Programme and other resolutions made in the Noteholders' Meetings may not be in all Noteholders' interest.
- There is no assurance on change of laws or practices and how such changes affect the value of the Notes and/or the position of the Noteholders.
- Active secondary market for the Notes may not develop. The selling of a Note prior to its due date may result in capital gains or loss.
- *[Subordinated Debentures have a lower priority in relation to other debts of the Issuer. The investor may lose the invested subscription either partly or totally.]*

Section E – The Offer

- E.2b** **Reasons for the offers under the Programme and use of proceeds** The funds received by issuing the Notes are part of Hypo's fund raising and will be used for general corporate purposes of the Issuer.
- E.3** **Terms and conditions of the offer** *The nature of the issue: [●]*
Subscription time: [●]
[Subscription places: [●]]
Condition for executing the issue: [●]
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 <http://www.hypo.fi/en>.
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) Business days from the date of the decision to cancel or decrease the subscription.
- E.4** **Description of any material interest relating to the issue, including conflicts of interest** The interests of the Arranger, Lead Manager(s) and possible other subscription places: customary business interests in the financial market.
- E.7** **Estimated expenses charged to the investor by the Issuer** Hypo does not collect fees relating to the issue or offering of the Notes from the Noteholders. [The Lead Manager(s) and 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.]

[The Lead Manager(s) and possible other subscription place(s) do not collect fees from the Noteholders relating to the issue or offering of the Notes. / [●] collects from the Noteholders a fee of [●] relating to the offering of the Notes.]

TIIVISTELMÄ

Tiivistelmät koostuvat sääntelyn edellyttämistä tiedoista, joita kutsutaan nimellä "osatekijät". Nämä osatekijät on numeroitu jaksoittain A–E (A.1 – E.7).

Tämä tiivistelmä sisältää kaikki ne osatekijät, jotka kyseessä olevasta arvopaperista ja sen liikkeeseenlaskijasta tulee esittää. Osatekijöiden numerointi ei välttämättä ole juokseva, koska kaikkia osatekijöitä ei arvopaperin tai liikkeeseenlaskijan luonteen vuoksi ole esitettävä tässä tiivistelmässä.

Kursivoidut osatekijät täydennetään kunkin lainan lainakohtaisessa tiivistelmässä.

Vaikka arvopaperin tai liikkeeseenlaskijan luonne edellyttäisi jonkin osatekijän sisällyttämistä tiivistelmään, on mahdollista, ettei kyseistä osatekijää koskevaa merkityksellistä tietoa ole lainkaan. Tällöin osatekijä kuvataan lyhyesti ja sen yhteydessä mainitaan "ei sovellu".

Jakso A – Johdanto ja varoitukset

A.1 Varoitus

Seuraavaa tiivistelmää ei ole tarkoitettu kattavaksi esitykseksi, vaan se on johdanto Suomen Hypoteekkiyhdistyksen (myöhemmin "**Hypo**" tai "**Liikkeeseenlaskija**") [●] päivättyyn joukkovelkakirjalainaohjelman Ohjelmaesitteeseen. Sijoituspäätös joukkovelkakirjalainaohjelman alla liikkeeseen laskettavaan arvopaperiin on tehtävä perustuen Ohjelmaesitteessä, mukaan luettuna siihen viittaamalla liitetyissä asiakirjoissa sekä lainakohtaisissa ehtoissa, esitettyihin tietoihin kokonaisuutena.

Tietyt tässä tiivistelmässä käytetyt termit on määritelty muualla tässä Ohjelmaesitteessä.

Ohjelmaesitteestä vastuulliset henkilöt vastaavat tiivistelmässä olevista virheistä siviilioikeudellisesti vain, jos tiivistelmä on harhaanjohtava, epätarkka tai epäjohdonmukainen suhteessa Ohjelmaesitteen muihin osiin tai jos tiivistelmässä ei anneta yhdessä Ohjelmaesitteen muiden osien kanssa keskeisiä tietoja sijoittajien auttamiseksi, kun he harkitsevat sijoittamista joukkovelkakirjalainaohjelman alla liikkeeseen laskettavaan arvopaperiin.

Jos Ohjelmaesitteeseen sisältyviä tietoja koskeva kanne pannaan vireille Suomen ulkopuolella, kantaja saattaa Euroopan talousalueeseen kuuluvan tuomioistuinnan lain nojalla joutua kustantamaan esitteen kääntämisen ennen oikeudenkäynnin alkamista.¹

A.2 Suostumus Ohjelmaesitteen käyttämiseen

Ei sovellu.

Jakso B – Liikkeeseenlaskija

B.1 Liikkeeseenlaskijan virallinen nimi ja muu liiketoiminnassa

Suomen Hypoteekkiyhdistys

¹ Jos joukkovelkakirjalainaohjelman alla laskettaisiin lainaosuuksia liikkeeseen jossakin muussa Euroopan talousalueen maassa kuin Suomessa, liikkeeseenlaskija olisi siinä vaiheessa velvollinen kääntämään kyseisen maan kielelle vain tiivistelmän. Mahdollisessa oikeudenkäynnissä toisen maan tuomioistuin voi edellyttää käännöstä koko Ohjelmaesitteestä.

käytetty toiminimi

- B.2 Liikkeeseenlaskijan asuinpaikka ja oikeudellinen muoto, Liikkeeseenlaskijaan sovellettava laki ja Liikkeeseenlaskijan perustamismaa** Hypo on Suomen lain mukaisesti perustettu suomalainen luottolaitos, jonka toimintaa säätelevät laki luottolaitostoiminnasta (121/2007) ja laki hypoteekkiyhdistyksistä (936/1978).
- B.4b Kuvaus mahdollisista tiedossa olevista suuntauksista, jotka vaikuttavat liikkeeseenlaskijaan ja sen toimialaan** Hypoon ja sen toimialaan vaikuttavat keskeiset suuntaukset ovat toimialan yleiset olosuhteet markkinoilla, kuten vallitseva matala korkotaso, pankkisääntelyn kiristyminen ja Suomen asuntomarkkinoiden kehityssuunta.
- B.5 Kuvaus konsernista, johon Liikkeeseenlaskija kuuluu, ja Liikkeeseenlaskijan asemasta siinä** Hypo on emoyhtiö, jonka täysin omistama tytäryhtiö on Suomen AsuntoHypoPankki Oy. Lisäksi Hypo omistaa 62,2 % Bostadsaktiebolaget Taoksesta ja 80,4 % kiinteistötytäryhtiö Asunto Oy Vanhaväylä 17:sta ja sillä on omistuksia osakkuusyhtiöissä.
- B.9 Tulosenuste tai -arvio** Hypon vuoden 2014 toimintakertomuksessa on todettu seuraavaa: “Suomen kansantalouden näkymät ovat vielä vaatimattomat eikä suhdanteiden odoteta tuovan nopeaa piristystä asuntomarkkinatilanteeseen. Toimintaympäristön epävarmuudesta huolimatta Hypolla, asuntorahoituksen ja asumisen erikoistoimijana, on hyvät mahdollisuudet jatkaa liiketoimintansa kannattavaa kasvua halliten myös vuonna 2015. Arvioimme vuoden 2015 tuloksen yltävän vuoden 2014 tasolle maksuvalmiuden edelleen vahvistuessa. Osavuosisikatsauksessa 30.6.2015 päättyneeltä kuuden kuukauden pituiselta jaksolta ennustetaan tuloksen saavuttavan vuonna 2015 vuoden 2014 tason, vaikka maksuvalmiutta vahvistetaan edelleen. Toimintaympäristön epävarmuuden ennustetaan luovan epävarmuutta myös Hypon tuloskehitykseen.”
- B.10 Kuvaus historiallisia taloudellisia tietoja koskevassa tilintarkastuskertomuksessa esitettyjen muistutusten luonteesta** Ei sovellu. Historiallisia taloudellisia tietoja koskevissa tilintarkastuskertomuksissa ei ole esitetty muistutuksia.
- B.12 Liikkeeseenlaskijaa koskevat valikoidut, historialliset taloudelliset tiedot, kehitysnäkymät ja merkittävät muutokset** Liikkeeseenlaskijan keskeiset tunnusluvut ovat kehittyneet vuosina 2013 ja 2014 sekä vuoden 2015 ensimmäisen osavuosisikatsauksen kattamalla ajanjaksolla seuraavasti:

KONSERNIN TULOSLASKELMA, IFRS

1 000 €	1.1.-30.6.2015	1.1.-30.6.2014	2014	2013
Korkotuotot	10 426,6	10 259,0	21 070,7	17 663,2
Korkokulut	-7 889,8	-7 132,3	-14 643,2	-12 373,0
KORKOKATE	2 536,8	3 126,7	6 427,5	5 290,2
Tuotot oman pääoman ehtoista sijoituksista				
Muista yrityksistä	0,0	84,0	84,0	98,0
Palkkio- ja komissiotuotot	1 857,7	1 817,7	3 658,9	2 747,6
Palkkio- ja komissiokulut	-24,2	-25,4	-48,6	-24,2
Arvopaperikaupan ja valuuttatoiminnan nettotuotot				
Arvopaperikaupan nettotuotot	-749,6	0,0	-101,0	
Valuuttatoiminnan nettotuotot	0,3	-0,6	-1,0	-1,7
Myytävissä olevien rahoitusvarojen nettotuotot	1 251,9	890,2	2 880,8	103,6
Sijoituskiinteistöjen nettotuotot	3 475,1	2 168,5	4 362,5	5 825,4
Liiketoiminnan muut tuotot	-3,2	-2,8	-6,5	8,5
Hallintokulut				
Henkilöstökulut				
Palkat ja palkkiot	-2 067,6	-2 073,5	-4 662,6	-3 329,2
Henkilösivukulut				
Eläkekulut	-433,5	-399,3	-1 110,6	-824,9
Muut henkilösivukulut	-46,6	-103,7	-319,1	-99,7
Muut hallintokulut	-1 169,3	-1 232,2	-2 763,0	-3 060,9
Hallintokulut yhteensä	-3 717,0	-3 808,7	-8 855,4	-7 314,7
Poistot ja arvonalentumiset aineellisista ja aineettomista hyödykkeistä	-181,9	-156,2	-312,1	-261,4
Liiketoiminnan muut kulut	-227,7	-187,7	-560,1	-484,3
Arvonalentumistappiot luotoista ja muista sitoumuksista	21,7	-179,6	-31,1	19,1
LIIKEVOITTO	4 239,8	3 726,1	7 498,0	6 006,1
Tuloverot	-763,5	-660,7	-1 330,3	-1 116,5
VARSINAISEN TOIMINNAN VOITTO VEROJEN JÄLKEEN	3 476,3	3 065,4	6 167,7	4 889,7
TILIKAUDEN VOITTO	3 476,3	3 065,4	6 167,7	4 889,7

KONSERNIN LAAJA TULOSLASKELMA, IFRS

1 000 €	1.1.-30.6.2015	1.1.-30.6.2014	2014	2013
Tilikauden voitto	3 476,3	3 065,4	6 167,7	4 889,7
Muut laajan tuloksen erät				
Erät, jotka saatetaan tulevaisuudessa siirtää tulosvaikutteisiksi				
Käyvän arvon rahaston muutos				
Rahavirtojen suojaukset	776,9	198,9	309,0	700,0
Myytävissä olevat rahoitusvarat	-1 306,6	925,6	703,6	-110,3
			1 012,7	589,7
Yhteisöverokannan muutos				
Luottotappiovarauksen laskennallinen vero				1 074,7
Arvonkorotusrahaston laskennallinen vero				409,7
Eläkesäätiön IAS laskennallinen vero			0,0	275,1
				1 759,5
Erät, joita ei voida luokitella myöhemmin uudelleen tuloslaskelmaan				
Etuuspohjaisten eläkejärjestelyjen uudelleen arvostus	177,5	508,0	719,4	488,0
Bostads Ab Taos omistusosuuden muutoksen vaikutus	169,9	0,0		
Muut laajan tuloksen erät yhteensä	-182,2	1 632,5	1 732,0	2 837,2
TILIKAUDEN LAAJA TULOS	3 294,1	4 697,9	7 899,7	7 726,9

KONSERNIN TASE, IFRS**1 000 €**

	1.1.-30.6.2015	1.1.-30.6.2014	2014	2013
VASTAAVAA				
Käteiset varat	38 013,9	0,0	75 000,0	560,0
Keskuspankkirahoitukseen oikeuttavat saamistodistukset				10 029,5
Valtion velkasitoumukset				109 193,2
Muut	232 520,4	114 976,1	111 070,4	119 222,7
Saamiset luottolaitoksilta			111 070,4	
Vaadittaessa maksettavat	31 780,6	25 753,0	35 085,8	16 932,4
Muut	1 075,9	4 250,7	159,3	43 915,0
	32 856,5	30 003,7	35 245,1	60 847,4
Saamiset yleisöltä ja julkisyhteisöiltä				
Muut kuin vaadittaessa maksettavat	1 308 753,3	1 077 809,8	1 204 041,8	977 893,5
Saamistodistukset				
Muilta	5 078,0	4 026,5	5 090,7	1 999,4
	5 078,0	4 026,5	5 090,7	1 999,4
Osakkeet ja osuudet	115,9	113,4	113,4	113,4
Johdannaissopimukset	1 327,0	2 448,6	0,0	
Aineettomat hyödykkeet				
Muut pitkävaikutteiset menot	1 205,0	849,6	948,5	739,1
Aineelliset hyödykkeet				
Sijoituskiinteistöt ja sijoituskiinteistöosakkeet ja -osuudet	62 165,2	49 081,1	54 356,9	46 068,6
Muut kiinteistöt ja kiinteistöyhteisöjen osakkeet ja osuudet	950,8	825,4	842,6	828,3
Muut aineelliset hyödykkeet	386,6	299,9	273,4	298,8
	63 502,5	50 206,3	55 472,9	47 195,7
Muut varat	11 380,8	8 173,4	7 762,1	7 518,0
Siirtosaamiset ja maksetut ennakot	4 823,4	4 653,3	4 506,1	2 740,6
Laskennalliset verosaamiset	675,4	699,7	663,8	765,4
VASTAAVAA YHTEENSÄ	1 700 252,1	1 293 960,4	1 499 914,8	1 219 595,1

KONSERNIN TASE, IFRS
1 000 €

	1.1.-30.6.2015	1.1.-30.6.2014	2014	2013
VASTATTAVAA				
VIERAS PÄÄOMA				
Velat luottolaitoksille				
Keskuspankeille	20 000,0	54 000,0	35 000,0	40 000,0
Luottolaitoksille				
Vaadittaessa maksettavat	0,0	23 374,2	16 824,7	27 749,5
Muut kuin vaadittaessa maksettavat	134 587,3	119 059,8	148 549,9	123 347,0
	154 587,3	196 434,0	200 374,6	191 096,5
Velat yleisölle ja julkisyhteisöille				
Talletukset				
Vaadittaessa maksettavat	340 208,4	195 803,6	192 068,3	182 996,3
Muut kuin vaadittaessa maksettavat	405 863,9	143 301,4	275 995,4	132 226,4
	746 072,3	339 105,1	468 063,7	315 222,7
Muut velat				
Muut kuin vaadittaessa maksettavat	36 915,6	43 602,9	40 339,7	47 241,4
	782 987,8	382 708,0	508 403,4	362 464,1
Yleiseen liikkeeseen lasketut velkakirjat				
Joukkovelkakirjalainat	506 271,7	469 769,4	518 423,4	417 847,3
Muut	104 372,3	103 385,4	130 028,7	116 404,0
			648 452,1	534 251,3
Johdannaissopimukset	5 794,2	6 350,5	7 856,7	3 035,5
Muut velat				
Muut velat	15 000,1	6 307,1	8 125,9	7 184,9
Siirtovelat ja saadut ennakot	5 892,7	5 986,7	4 551,0	4 490,9
Velat, joilla on huonompi etuoikeus kuin muilla veloilla				
Muut	17 962,8	22 793,3	17 962,1	21 834,7
Laskennalliset verovelat	8 696,6	8 035,3	8 796,5	7 744,3
OMA PÄÄOMA				
Peruspääoma	5 000,0	5 000,0	5 000,0	5 000,0
Muut sidotut rahastot				
Vararahasto	22 795,2	22 793,8	22 793,8	22 790,4
Käyvän arvon rahasto				
Rahavirran suojauksesta	-1 878,1	-2 765,2	-2 655,1	-2 964,1
Käypään arvoon arvostamisesta	-498,6	1 029,9	807,9	104,3
Etuuspohjaiset eläkejärjestelyt	1 384,9	996,0	1 207,4	488,0
Vapaat rahastot				
Muut rahastot	22 923,5	22 923,5	22 923,5	22 923,5
Edellisten tilikausien voitto	45 483,6	39 147,4	39 147,4	34 261,1
Tilikauden voitto	3 476,3	3 065,4	6 167,7	4 889,7
	98 686,7	92 190,8	95 392,6	87 492,9
VASTATTAVAA YHTEENSÄ	1 700 252,1	1 293 960,4	1 499 914,8	1 219 595,1

LASKELMA KONSERNIN OMAN PÄÄOMAN MUUTOKSISTA

1 000 €	Perus- pääoma	Vara-rahasto	Käyvän arvon rahasto	Muut rahastot	Voittovarajat	Yhteensä
Oma pääoma 1.1.2013	5 000,0	22 789,4	-3 449,5	22 923,5	32 502,6	79 766,0
Tilikauden voitto					4 889,7	4 889,7
Muut laajan tuloksen erät						
Edellisen tilikauden voittovaroihin sisältyvien erien laskennallisten verojen vero%:n muutoksen vaikutus					1 759,5	1 759,5
Voittovarojen käyttö		1,0			-1,0	0,0
Rahavirran suojaukset						
Omaan pääomaan kirjattu määrä			1,0			1,0
Tuloslaskelmaan siirretty määrä			1 147,0			1 147,0
Laskennallisten verojen muutos			-448,0			-448,0
Myytavissä olevat rahoitusvarat						
Käyvän arvon muutos			-50,3			-50,3
Tuloslaskelmaan siirretty määrä			-103,6			-103,6
Laskennallisten verojen muutos			43,6			43,6
Etuuspohjaiset eläkejärjestelyt						
Vakuutusmatemaattiset voitot/tappiot			610,0			610,0
Laskennallisten verojen muutos			-122,0			-122,0
Muut laajan tuloksen erät yhteensä	0,0	1,0	1 077,7	0,0	1 758,5	2 837,2
Oma pääoma 31.12.2013	5 000,0	22 790,4	-2 371,8	22 923,5	39 150,8	87 492,9
1 000 €						
Oma pääoma 1.1.2014	5 000,0	22 790,4	-2 371,8	22 923,5	39 150,8	87 492,9
Tilikauden voitto					6 167,7	6 167,7
Muut laajan tuloksen erät						
Voittovarojen käyttö		3,4			-3,4	0,0
Rahavirran suojaukset						
Omaan pääomaan kirjattu määrä			-542,1			-542,1
Tuloslaskelmaan siirretty määrä			928,4			928,4
Laskennallisten verojen muutos			-77,3			-77,3
Myytavissä olevat rahoitusvarat						
Käyvän arvon muutos			3 760,4			3 760,4
Tuloslaskelmaan siirretty määrä			-2 880,8			-2 880,8
Laskennallisten verojen muutos			-175,9			-175,9
Etuuspohjaiset eläkejärjestelyt						
Vakuutusmatemaattiset voitot/tappiot			899,2			899,2
Laskennallisten verojen muutos			-179,8			-179,8
Muut laajan tuloksen erät yhteensä	0,0	3,4	1 732,0	0,0	-3,4	1 732,0
Oma pääoma 31.12.2014	5 000,0	22 793,8	-639,8	22 923,5	45 315,1	95 392,6
1 000 €						
Oma pääoma 1.1.2015	5 000,0	22 793,8	-639,8	22 923,5	45 315,1	95 392,6
Kauden voitto					3 476,3	3 476,3
Muut laajan tuloksen erät						
Bostads Ab Taos Oy:n omistuksessa tapahtuneen muutoksen vaikutus		0,5			169,4	169,9
Voittovarojen käyttö		0,9			-0,9	0,0
Rahavirran suojaukset						
Omaan pääomaan kirjattu määrä			352,0			352,0
Tuloslaskelmaan siirretty määrä			619,1			619,1
Laskennallisten verojen muutos			-194,2			-194,2
Myytavissä olevat rahoitusvarat						
Käyvän arvon muutos			-2 382,8			-2 382,8
Tuloslaskelmaan siirretty määrä			749,6			749,6
Laskennallisten verojen muutos			326,6			326,6

Etuuspohjaiset eläkejärjestelyt						
Vakuutusmatemaattiset voitot/tappiot			221,9			221,9
Laskennallisten verojen muutos			-44,4			-44,4
Sijoituskiinteistöt, uudelleenarvostusrahasto						
Edellisen tilikauden voittovaroihin siirretty määrä						
Laskennallisten verojen muutos						
Muut laajan tuloksen erät yhteensä	0,0	1,4	-352,1	0,0	168,5	-182,2
Oma pääoma 30.6.2015	5 000,0	22 795,2	-991,9	22 923,5	48 959,9	98 686,7

KONSERNIN RAHAVIRTALASKELMA

1 000 €	1.1.-30.6.2015	1.1.-30.6.2014	2014	2013
Liiketoiminnan rahavirta				
Saadut korot	10 040,6	9 061,4	20 586,8	17 051,7
Maksetut korot	-6 501,2	-5 948,7	-15 177,7	-13 146,9
Palkkiotuotot	1 718,6	1 750,9	3 665,9	2 712,4
Palkkiokulut	-24,2	-25,4	-48,6	-24,2
Arvopaperikaupan ja valuuttatoiminnan nettotuotot	-749,3	-0,6	-101,9	-1,7
Myytävissä olevien rahoitusvarojen nettotuotot	1 251,9	890,2	2 880,8	103,6
Sijoituskiinteistöjen nettotuotot	3 780,9	1 406,3	3 246,5	5 666,4
Liiketoiminnan muut tuotot	-3,2	-2,8	-6,5	8,5
Hallintokulut	-4 505,4	-3 792,5	-7 778,7	-6 925,4
Liiketoiminnan muut kulut	-229,7	-201,9	-703,9	-583,5
Luotto- ja takaustappiot	21,7	-179,6	-31,1	19,1
Tuloverot	-477,6	-314,8	-1 227,2	-145,9
Liiketoiminnan nettorahavirta yhteensä	4 323,2	2 642,6	5 304,4	4 734,1
Liiketoiminnan varojen lis. (-) / väh. (+)				
Saamiset asiakkailta (antolainaus)	-101 638,8	-102 568,4	-228 501,9	-250 828,1
Sijoituskiinteistöt	-8 646,6	-1 479,6	-4 180,8	8 966,6
Liiketoiminnan varojen lis. (-) / väh. (+) yhteensä	-110 285,4	-104 048,0	-232 682,8	-241 861,4
Liiketoiminnan velkojen lis. (+) / väh. (-)				
Velat yleisölle ja julkisyhteisölle (talletukset)	278 008,6	23 882,4	152 841,0	46 695,1
Liiketoiminnan velkojen lis. (+) / väh. (-) yhteensä	278 008,6	23 882,4	152 841,0	46 695,1
LIIKETOIMINNASTA KERTYNEET NETTORAHAVIR RAT	172 046,4	-77 522,9	-74 537,4	-190 432,3
Investointien rahavirrat				
Käyttöomaisuuden muutos	-659,7	-264,9	-510,5	-698,3
Osakesijoitusten lis. (-) / väh. (+)	-2,4	0,0		
Saadut osingot	0,0	84,0	84,0	98,0
INVESTOINNEISTA KERTYNEET NETTORAHAVIR RAT	-662,1	-180,9	-426,5	-600,3
Rahoituksen rahavirrat				
Pankkilainat, uudet nostot	28 673,3	71 951,4	364 062,2	164 031,7
Pankkilainat, takaisinmaksut	-74 460,5	-66 613,9	-354 784,2	-160 224,9
Muiden velkojen lis. (+) / väh. (-)	-3 308,7	-2 379,8	-6 073,1	-7 813,6
Joukkovelkakirjalainat, uudet liikkeeseenlaskut	63 500,0	102 261,8	258 330,7	358 465,8
Joukkovelkakirjalainat, takaisinmaksut	-78 070,0	-49 078,9	-152 547,2	-135 966,4
Sijoitustodistukset, uudet liikkeeseenlaskut	138 391,1	108 153,3	274 108,8	255 952,2
Sijoitustodistukset, takaisinmaksut	-164 047,5	-121 171,9	-260 484,1	-240 330,9
Velat, joilla huonompi etuoikeus, uudet nostot	10,4	960,8	967,4	21 501,1
Velat, joilla huonompi etuoikeus, takaisinmaksut	-9,8	-2,2	-4 839,9	-346,5
RAHOITUKSESTA KERTYNEET NETTORAHAVIR RAT	-89 321,7	44 080,5	118 740,5	255 268,6
RAHAVAROJEN NETTOMUUTOS	82 062,6	-33 623,3	43 776,6	64 236,1
Rahavarat tilikauden alussa	226 406,2	182 629,5	182 629,5	118 393,5
Rahavarat tilikauden lopussa	308 468,8	149 006,3	226 406,2	182 629,5

RAHAVAROJEN MUUTOS**82 062,6****-33 623,3****43 776,6****64 236,1****KONSERNIN KEHITYS NELJÄNNESVUOSITTAIN**

1000 €	10-12/2014	7-9/2014	4-6/2014	1-3/2014	10-12/2013
Korkotuotot	5 347,4	5 464,3	5 303,6	4 955,3	5 163,0
Korkokulut	-3 718,5	-3 792,4	-3 707,1	-3 425,2	-3 189,5
KORKOKATE	1 629,0	1 671,9	1 596,6	1 530,1	1 973,5
Tuotot oman pääoman ehtoisista sijoituksista			84,0		28,0
Palkkiotuotot	1 089,8	751,4	1 096,7	721,0	698,6
Palkkiokulut	-8,4	-14,7	-17,0	-8,4	-4,1
Arvopaperikaupan ja valuuttatoiminnan nettotuotot					
Arvopaperikaupan nettotuotot	-101,0				
Valuuttatoiminnan nettotuotot	-0,3	-0,1	-0,4	-0,2	-0,6
Myytävässä olevien rahoitusvarojen nettotuotot	545,8	1 444,8	388,7	501,5	90,0
Sijoituskiinteistöjen nettotuotot	1 609,5	584,5	977,2	1 191,3	1 645,2
Liiketoiminnan muut tuotot	-1,7	-2,0	2,4	-5,2	-15,7
Hallintokulut					
Henkilöstökulut					
Palkat ja palkkiot	-1 479,3	-1 109,8	-801,8	-1 271,7	-1 152,3
Henkilösivukulut					
Eläkekulut	-502,1	-209,2	-162,0	-237,3	-438,4
Muut henkilösivukulut	-178,1	-37,3	-59,0	-44,7	-38,7
Muut hallintokulut	-880,7	-650,1	-594,5	-637,7	-878,0
Hallintokulut yhteensä	-3 040,3	-2 006,4	-1 617,3	-2 191,4	-2 507,4
Poistot ja arvonalentumiset aineellisista ja aineettomista hyödykkeistä	-79,5	-76,5	-76,6	-79,6	-77,3
Liiketoiminnan muut kulut	-201,8	-170,6	-58,0	-129,7	-130,7
Arvonalentumistappiot luotoista ja muista sitoumuksista	143,0	5,5	-185,3	5,7	-9,2
Liikevoitto	1 584,1	2 187,8	2 191,0	1 535,1	1 690,3
Tuloverot	-278,1	-391,5	-391,3	-269,4	-220,6
VARSINAISEN TOIMINNAN VOITTO VEROJEN JÄLKEEN	1 306,0	1 796,3	1 799,7	1 265,7	1 469,7
TILIKAUDEN VOITTO	1 306,0	1 796,3	1 799,7	1 265,7	1 469,7

KONSERNIN LAAJA TULOSLASKELMA

1000 €	10-12/2014	7-9/2014	4-6/2014	1-3/2014	10-12/2013
Kauden voitto	1 306,0	1 796,3	1 799,7	1 265,7	1 469,8
Erät, jotka voidaan luokitella myöhemmin uudelleen tuloslaskelmaan					
Käyvän arvon rahaston muutos					
Rahavirtojen suojaukset	-92,4	202,5	-190,5	389,4	-237,0
Myytävissä olevat rahoitusvarat	-89,6	-132,3	692,4	233,2	-149,0
	-182,0	70,2	501,9	622,6	-385,9
Yhteisöverokannan muutos					
Luottotappiovarauksen laskennallinen vero					1 074,7
Arvonkorotusrahaston laskennallinen vero					409,7
Eläkesäätiön IAS laskennallinen vero					275,1
	0,0	0,0	0,0	0,0	1 759,5
Erät, joita ei voida luokitella myöhemmin uudelleen tuloslaskelmaan					
Etuuspohjaisten eläkejärjestelyjen uudelleen arvostus	211,4		508,0		589,9
Muut laajan tuloksen erät yhteensä	29,3	70,2	1 009,9	622,6	1 963,5
KAUDEN LAAJA TULOS	1 335,4	1 866,4	2 809,6	1 888,3	3 433,2

**KONSERNIN OMAT VARAT JA
VAKAVARAISUUS**

1000 €	1.1.-30.6.2015	1.1.-30.6.2014	2014	2013
Oma pääoma	98 686,7	92 190,8	95 392,6	87 492,9
Käyvän arvon rahasto	1 878,1	1 701,7	1 847,1	2 762,5
Etuuspohjaisten eläkejärjestelyjen uudelleen arvostus	-1 384,9	-996,0	-1 207,4	-488,0
Etuuspohjaisten eläkejärjestelyjen ylikate	-5 701,4	-5 485,8	-5 515,1	-4 938,2
Ydinpääoma (CET1) ennen vähennyksiä	93 478,6	87 410,7	90 517,3	84 829,2
Aineettomat hyödykkeet	-964,0	-679,7	-758,8	-591,2
Ydinpääoma (CET1)	92 514,6	86 731,0	89 758,5	84 238,0
Ensisijainen lisäpääoma ennen vähennyksiä				
Vähennykset ensisijaisesta lisäpääomasta				
Ensisijainen lisäpääoma (AT1)	0,0	0,0		
Ensisijainen pääoma (T1 = CET1 + AT1)	92 514,6	86 731,0	89 758,5	84 238,0
Toissijainen pääoma (T2)	0,0	1 063,5	807,9	201,6
Omat varat yhteensä (TC = T1 + T2)	92 514,6	87 794,5	90 566,4	84 439,6
Riskipainotetut erät yhteensä	643 165,3	605 700,1	595 458,2	572 825,0
josta luottoriskin osuus	616 632,6	581 691,1	568 925,6	548 816,0
josta markkinariskin osuus	0,0	0,0		
josta operatiivisen riskin osuus	26 532,7	24 009,0	26 532,7	24 009,0
josta muiden riskien osuus	0,0	0,0	0,0	
Ydinpääoma (CET1) suhteessa riskipainotettuihin eriin (%)	14,38	14,32	15,07	14,71
Ensisijainen pääoma (T1) suhteessa riskipainotettuihin eriin (%)	14,38	14,32	15,07	14,71
Omat varat yhteensä (TC) suhteessa riskipainotettuihin eriin (%)	14,38	14,49	15,21	14,74

Vakavaraisuus on laskettu EU:n vakavaraisuusasetuksen (EU 575/2013), CRR mukaisesti myös vertailuvuoden 2013 osalta.

Luottoriskin vakavaraisuusvaatimus lasketaan standardimenetelmällä ja operatiivisen riskin perusmenetelmällä.

Negatiiviset realisoitumattomat arvostukset on luettu ydinpääomiin ja positiiviset toissijaisiin pääomiin.

TALOUDELLISET TUNNUSLUVUT	IFRS	IFRS	IFRS	IFRS
Konserni	1 -6 / 2015	1-6 / 2014	2014	2013
Liikevaihto, milj. €			32,7	27,1
Liikevoitto / tulos ennen tilinpäätössiirtoja ja veroja, milj. €			7,5	6,0
Liikevoitto/liikevaihto, %			22,9	22,2
Oman pääoman tuotto % (ROE)			6,7	5,8
Koko pääoman tuotto % (ROA)			0,5	0,5
Omavaraisuusaste, %	4,9	5,5	6,4	7,2
Vakavaraisuussuhde, %			15,2	14,7
Vakavaraisuussuhde, % ydinpääoma (CET1)	14,4	14,3	15,1	14,7
Omat varat (TC), milj. €			90,6	84,4
Ydinpääoma (CET1), milj. €	92,5	86,7	89,8	84,2
Omien varojen vähimmäisvaatimus, milj. €			48,4	45,8
Kulu-tuotto-suhde, %	49,5	51,5	56,4	57,4
Henkilöstömäärä keskimäärin *			52	36
Palkat ja palkkiot, milj. €			4,1	2,9
Järjestämättömät saamiset, % lainakannasta	0,24	0,19	0,23	0,14
Luototusaste (LTV-keskiarvo), %	43,0	47,9	44,9	50,0
Talletukset / Luotot, %			42,1	36,8
Saamiset yleisöltä ja julkisyhteisöiltä	1.308,8	1.077,8	1 204,0	977,9
Talletukset (ml. rahalaitosten talletukset)	748,1	379,3	507,4	359,7
Taseen loppusumma, milj. €	1.700,3	1.294,0	1 499,9	1 219,6

* Sisältäen vakituiset ja määräaikaiset, mutta pois lukien toimitusjohtaja ja tämän varamies.

Vakavaraisuus on laskettu EU:n vakavaraisuusasetuksen (EU 575/2013), CRR mukaisesti myös vertailuvuoden 2013 osalta.

TUNNUSLUKUJEN JA VAKAVARAISUUDEN LASKENTAKAAVAT

Liikevaihto =	korkotuotot + tuotot oman pääoman ehtoisista sijoituksista + palkkiotuotot + myytävissä olevien rahoitusvarojen nettotuotot + arvopaperikaupan ja valuuttatoiminnan nettotuotot + sijoituskiinteistöjen tuotot + liiketoiminnan muut tuotot	
Oman pääoman tuotto % (ROE)=	$\frac{\text{liikevoitto} - \text{tuloverot}}{\text{oma pääoma} + \text{tilinpäätössiirtojen kertymä laskennallisella verovelalla vähennettynä (vuoden alun ja lopun keskiarvo)}}$	* 100
Koko pääoman tuotto % (ROA)=	$\frac{\text{liikevoitto} - \text{tuloverot}}{\text{Taseen loppusumma keskimäärin (vuoden alun ja lopun keskiarvo)}}$	* 100
Omavaraisuusaste % =	$\frac{\text{oma pääoma} + \text{tilinpäätössiirtojen kertymä laskennallisella verovelalla vähennettynä}}{\text{taseen loppusumma}}$	* 100
Vakavaraisuus % =	$\frac{\text{omat varat}}{\text{kokonaisriski}}$	* 100
Kulu–tuotto-suhde =	$\frac{\text{hallintokulut} + \text{poistot ja arvonalentumiset aineellisista ja aineettomista hyödykkeistä} + \text{liiketoiminnan muut kulut}}{\text{korkokate} + \text{tuotot oman pääoman ehtoisista sijoituksista} + \text{nettopalkkiotuotot} + \text{myytävissä olevien rahoitusvarojen nettotuotot} + \text{arvopaperikaupan ja valuuttatoiminnan nettotuotot} + \text{sijoituskiinteistöjen nettotuotot} + \text{liiketoiminnan muut tuotot}}$	* 100

Hypon viimeisin tilintarkastettu tilinpäätös koskee 31.12.2014 päätyttyä tilikautta ja yleisluonteisesti tarkastettu osavuositarkastus 30.6.2015 päätyttyä katsauskautta. Jälkimmäisen päivämäärän jälkeen Hypon tai sen konsernin taloudellisessa asemassa ei ole tapahtunut merkittävää muutosta eikä sen tulevaisuudennäkymissä ole tapahtunut merkittävää kielteistä muutosta.

- B.13 Kuvaus Liikkeeseenlaskijaan liittyvistä viimeaikaisista tapahtumista, jotka ovat ratkaisevia arvioitaessa Liikkeeseenlaskijan maksukykyä** Ei sovellu. Hypon tiedossa ei ole sellaisia Hypoon liittyviä viimeaikaisia tapahtumia, jotka olisivat ratkaisevia arvioitaessa Hypon maksukykyä.
- B.14 Liikkeeseenlaskijan riippuvuus muista konserniin kuuluvista yksiköistä** Ei sovellu. Hypo on konsernin emoyhtiö, joka ei ole riippuvainen muista konserniin kuuluvista yhtiöistä.
- B.15 Kuvaus Liikkeeseenlaskijan päätoimialoista** Hypo-konserni on asunorahoitukseen ja asumiseen keskittynyt erikoistoimija Suomessa. Hypo-konserni palvelee eri puolilla Suomea asuvia asiakkaitaan internet- ja puhelinpalvelujen avulla Helsingin ydinkeskustassa sijaitsevista asiakastiloissaan. Hypo-konsernin päätoimipaikka on Helsinki.
- Hypo harjoittaa luottolaitosluvan mukaista vähittäispankkitoimintaa. Hypon tavoitteena on luoda jatkuvasti vaihtoehtoisia, asiakaslähtöisiä tapoja asumiseen ja asumisen rahoittamiseen perinteisten palvelujen rinnalle.
- Hypon omistamat vuokrattavaksi tarkoitetut huoneistot ja tontit sijaitsevat pääkaupunkiseudun keskeisillä asuntoalueilla. Huoneistojen lisäksi Hypo vuokraa aika ajoin lunastettavia tontteja asunto-osakeyhtiöille pitkäaikaisilla vuokrasopimuksilla sekä osittain omistamiaan asuntoja asunnon omistajille. Talletuspankkitoimintaa harjoittava tytäryhtiö Suomen AsuntoHypoPankki Oy tarjoaa asiakaskunnalle talletusten ja luottokorttien (ei luottoriskiä) lisäksi myös erilaisia vähittäispankkitoimintaan liittyviä notariaattipalveluja sekä valikoituja sijoituspalveluja.
- B.16 Kuvaus siitä, onko Liikkeeseenlaskija suoraan tai välillisesti jonkun omistuksessa tai määräysvallassa ja mikä tämä taho on sekä määräysvallan luonne** Ei sovellu. Hypo on jäsentensä eli lainanottajien keskinäisesti omistama yhtiö, jossa ei ole osakkeita ja jossa jäsenellä ei ole osuutta yhtiön omaisuuteen eikä yhtiön tuottamaan voittoon.
- B.17 Liikkeeseenlaskijalle tai sen velkapapereille laaditut luottokelpoisuusluokitukset** Hypolla, mutta ei sen arvopapereilla, on luottoluokituslaitoksen antama luottokelpoisuusluokitus tämän Ohjelmaesitteen päivämääränä. Tämän Ohjelmaesitteen päivämääränä Liikkeeseenlaskijalla on pitkä- ja lyhytaikainen vastapuoliluottoluokitus BBB/A-3, jonka on antanut Standard & Poor's Credit Market Services Europe Limited.
- [Lainaosuudelle on annettu luottoluokitus [●] / Lainaosuudelle ei ole annettu luottoluokitusta.]*

Jakso C – Arvopaperit

- C.1 Tarjottavien arvopapereiden tyyppi ja laji** Hypo voi laskea Ohjelman alla liikkeeseen (i) vakuudettomia lainaoksia, joilla on sama etuoikeus kuin Hypon muilla vakuudettomilla sitoumuksilla, sekä (ii) debenttuureja. Lainaosuudet lasketaan liikkeeseen Euroclear Finland Oy:n ("Euroclear Finland") arvo-osuusjärjestelmän arvo-osuuksina. Liikkeessä olevien lainojen enimmäismäärä on enintään 1,5 miljardia euroa.
- [Lainaosuudella on sama etuoikeus kuin Hypon muilla vakuudettomilla sitoumuksilla] /*

[Lainaosuus on debentuurilaina].

Lainaosuudet lasketaan liikkeeseen sarjoina (“**Sarjalaina**”) ja jokaisen Sarjalainan lainaosuuksiin soveltuvat identtiset ehdot (lukuunottamatta hintaa, liikkeeseenlaskupäivää ja koronlaskun alkamispäivää, jotka voivat olla, mutta eivät välttämättä ole, identtisiä) koskien valuuttaa, arvonmäärittystä, korkoa tai maturiteettia tai muutoin. Edelleen yksittäisiä lainaosuuksia voidaan laskea liikkeeseen olemassa olevan Sarjalainan osana.

Sarjalainan numero on [●].

Yksittäisen lainaosuuden numero on [●].

Lainaosuuden ISIN-tunnus on [●].

- C.2 Valuutta** Lainaosuuksien valuutta on euro tai muu vastaava Ohjelman alla tapahtuvan lainaosuuden liikkeeseenlaskun yhteydessä erikseen sovittu valuutta ottaen huomioon kaikkien soveltuvien lainsäädännöllisten ja/tai muun sääntelyn ja/tai keskuspankin vaatimusten noudattaminen.
- C.5 Rajoitukset luovutettavuudessa** Tämän Ohjelmaesitteen jakeluun liittyy rajoituksia Yhdysvalloissa, Australiassa, Kanadassa, Japanissa, Hong Kongissa, Singaporessa ja muissa maissa, joihin Lainaosuuksien toimittaminen olisi kiellettyä tai joissa Lainaosuuksien tarjoaminen, myynti, jälleenmyynti, luovuttaminen tai toimittaminen, suoraan tai epäsuorasti, ei ole sallittua.
- Lainaosuuksia ei ole rekisteröity eikä niitä tulla rekisteröimään Yhdysvaltain vuoden 1933 arvopaperilain, muutoksineen (“**Yhdysvaltain Arvopaperilaki**”) mukaisesti eikä niitä tarjota tai myydä Yhdysvalloissa tai Yhdysvaltoihin eikä Yhdysvaltain kansalaisen puolesta tai lukuun. Edellä mainitusta poikkeuksen muodostavat tietyt transaktiot, joihin soveltuu Yhdysvaltain Arvopaperilaissa määritelty poikkeus rekisteröintivaatimuksissa.
- C.8 Oikeudet, etuoikeusjärjestys ja rajoitukset** Lainaosuuden korot ja pääoma maksetaan arvo-osuusjärjestelmästä ja –tileistä annettujen lakien ja Euroclear Finlandin sääntöjen ja päätösten mukaisesti sille, jolla on arvo-osuustilitietojen mukaan oikeus vastaanottaa suoritus. Muut kuin debentuurilainat ovat Hypon suorita, vakuudettomia ja takaamattomia velvoitteita, jotka ovat samanarvoisia keskenään ja Liikkeeseenlaskijan kaikkien muiden vakuudettomien ja etuoikeudettomien sitoumusten kanssa, lukuun ottamatta niitä sitoumuksia, joilla on etuoikeus pakottavan lain nojalla.
- Debentuurilainoilla on huonompi etuoikeus kuin Hypon muilla sitoumuksilla. Debentuurilainaa ei voi käyttää vastasaatavan kuittaukseen.
- C.9 Korko, takaisinmaksu ja tuotto** Lainaosuudelle maksetaan kiinteää tai vaihtuvaan viitekorkoon sidottua korkoa. Koron laskeminen alkaa lainaosuuden liikkeeseenlaskupäivästä.
- Vaihtuva viitekorko voi olla EURIBOR tai muu vastaava vaihtuva viitekorko, kuten STIBOR, NIBOR tai LIBOR (“**MUU**”), jos liikkeeseenlasku on tapahtunut muussa valuutassa kuin eurossa. Vaihtuvaan viitekorkoon lisätään marginaali.
- Kulloinkin soveltuva(t) vaihtuva viitekorko tai viitekorot (joko LIBOR, EURIBOR, NIBOR tai STIBOR, kuten tarkemmin määritelty soveltuviissa lainakohtaisissa ehdoissa) ilmoitetaan nimetyin informaationvälittäjän sivulla (tällä hetkellä Thomson Reuters), tai informaatiota välittävän palvelun korvaavalla sivulla, aamupäivällä kello 11.00 (LIBOR:n osalta Lontoon aikaa, EURIBOR:n osalta Brysselin aikaa, NIBOR:n osalta Oslon aikaa ja STIBOR:n osalta Tukholman aikaa) kaksi pankkipäivää (kuten tarkemmin määritelty soveltuviissa lainakohtaisissa ehdoissa) ennen korkojakson alkamista. Jos korkojakso ei vastaa mitään nimetyin informaationvälittäjän sivulla annettua ajanjaksoa, lasketaan korko interpoloimalla ajan suhteen kahdesta tätä korkojaksoa lähinnä olevasta edellä mainituista viitekorosta, joiden väliin korkojakso asetuu.
- Mikäli EURIBOR- tai MUU-noteerausta tai sitä korvaavaa noteerausta ei ole saatavilla, käytetään lainaosuuden järjestäjän ja Liikkeeseenlaskijan yhdessä sopimaa, lähinnä vastaavaa korkojakson pituisen ajan viitekorkoprosenttia, joka perustuu EURIBORin osalta Suomessa ja MUUn osalta kyseisessä valtiossa vallitsevaan korkotasoon.

Viitekorkoon lisätään marginaali.

[Lainaosuuden kiinteä korko on [●] % p.a.]

[Lainaosuuden korko on [●] kuukauden [EURIBOR/MUU: LIBOR, NIBOR, STIBOR] + [●] % p.a.]

Koronmaksupäivät ovat [●] ja [●], alkaen [●] ja päättyen lainaosuuden takaisinmaksupäivänä.

Lainaosuuden takaisinmaksupäivä on [●].

[Lainaosuuden emissiokurssi on kiinteä [●] / Lainaosuuden emissiokurssi on vaihtuva eikä se ylitä [●].]

Lainaosuuden efektiivinen tuotto liikkeeseenlaskupäivänä emissiokurssin ollessa [●] on [●] %.

Lainaosuuksien omistajien edustus: Ei sovellu.

Lainaosuuksien omistajilla ei ole nimitetty edustajaa.

C.10 Mahdollinen yhteys johdannaiseen

Ei sovellu. Korko ei ole yhteydessä johdannaiseen.

C.11 Listalleotto

Hypo voi hakea lainaosuuden listattavaksi NASDAQ OMX Helsinki Oy:n (**“Helsingin Pörssi”**) pörssilistalle.

Lainaosuus *[haetaan/ei haeta]* listattavaksi Helsingin Pörssin pörssilistalle.

[Listauksen arvioitu alkamisaika on [●]].

Jakso D – Riskit

D.2 Liikkeeseenlaskijaan liittyvät riskit

- Suomen talouden heikko tilanne ja kehitys voivat vaikuttaa haitallisesti Hypo-konsernin liiketoimintaan ja toiminnan tuloksiin
- Liikkeeseenlaskija on altis luottoriskille, millä tarkoitetaan tilannetta, jossa Hypolle koituu tappioita, kun Hypon tai jonkun sen tytäryhtiön vastapuoli, yleensä velallinen, ei pysty täyttämään velvoitteitaan
- Hypo-konserni on altis asumisen lainoittamista turvaavien vakuuksien arvon alentumiselle. Asunto- ja kiinteistövuokrat ovat Hypo-konsernin tärkein vakuusmuoto.
- Hypo-konserni on altis riskille koskien talletusten menettämistä
- Hypolle tai lainaosuuksille, lainoille tai muille arvopapereille annetut luottoluokitukset voivat alentua, ne voidaan peruuttaa tai ne eivät säily entisellään, eivätkä ne välttämättä heijasta kaikkia niitä riskejä, joita lainaosuuksiin sijoittaminen sisältää
- Erilaiset operatiiviset tappiot, johtuen muun muassa virheistä, ulkoistamisesta, asiakkaiden, myyjien, alihankkijoiden, yhteistyökumppaneiden ja muiden kolmansien kanssa tehtävien liiketoimien tai sopimusten dokumentoinnin tai valtuutusten tai lupien puutteellisuudesta, asiakasvalituksista, laiminlyönneistä sääntelyn noudattamisesta, varojen suojaamattomuudesta, puutteista turvallisuudessa, luonnonkatastrofeista, ongelmista ulkoisissa järjestelmissä, tai sopimuksellisten tai muiden velvoitteiden laiminlyönneistä, voivat vaikuttaa haitallisesti Hypon liiketoimintaan
- Hypo-konserni voi menettää tärkeitä henkilöitä ylemmästä johdosta tai muusta avainhenkilöstöstä, tai voi epäonnistua tällaisten henkilöiden rekrytoinnissa
- Hypon strategian epäonnistuminen tai epäonnistuminen sen toteuttamisessa voi tulevaisuudessa vaikuttaa haitallisesti Hypon liiketoimintaan, kasvuun ja tulokseen.
- Hypo-konserni on altis verolainsäädännön muutoksista ja veronkorotuksista johtuville riskeille
- Suomi on implementoinut Euroopan Unionin direktiivin luottolaitosten tervehdyttämisestä ja likvidaatiosta, ja direktiivin nojalla annettu sääntely antaa viranomaisille mahdollisuuden toteuttaa joukon erilaisia toimenpiteitä sellaisten

rahoituslaitosten kanssa, jotka eivät onnistu täyttämään niille asetettuja vaatimuksia. Mikäli Liikkeeseenlaskija joutuisi viranomaisten toteuttamien tervehtymis- ja likvidaatiotoimenpiteiden kohteeksi, Lainaosuuksiin saatetaan tehdä arvonalennuskirjauksia, mikä saattaa johtaa siihen, että Lainaosuuksien haltijat menettävät investoimansa rahamäärän kokonaan tai osittain

- Hypo-konserni ei välttämättä saa rahoitusta kilpailukykyisillä ehdoilla tai lainkaan ja voi epäonnistua olemassa olevien velkojen takaisinmaksussa
- Likviditeettiriski on olennainen Hypo-konsernin liiketoiminnassa
- Hypo-konsernin taseen pitkän aikavälin tai rakenteellinen jälleenrahoitusriski voi uhata luotonannon jatkuvuutta ja Hypo-konsernin taloudellista asemaa
- Realisoitunut lyhyen aikavälin maksukykyisyysriski voi aiheuttaa vaikeuksia maksuvelvoitteiden täyttämässä
- Vakavaraisuussuhdelukujen heikkenemisellä tai epätydyttävällä tasolla voisi olla vaikutuksia Hypo-konsernin toimintakykyyn
- Saatavien ja vastuiden maturiteettien välinen epätasapaino voi nostaa jälleenrahoituskuluja ja sillä voi olla merkittävä haitallinen vaikutus Hypon maksukykyyn
- Markkinahintariskin materialisoituminen voi edellyttää Hypo-konsernilta arvonalennuksia ja arvonalentumistappioiden kirjauksia, joilla voi olla merkittävä haitallinen vaikutus Hypo-konsernin liiketoimintaan, taloudelliseen asemaan ja liiketoimien tulokseen
- Korkotasojen heilahtelulla voi olla merkittävä haitallinen vaikutus Hypon taloudelliseen asemaan
- Hypo-konserni on altis rakenteellisille valuuttakurssiriskeille, mikä merkitsee valuuttakurssien heilahtelusta johtuvien tappioiden mahdollisuutta ja vaikuttaisi siten Hypo-konsernin tulokseen
- Asuntokiinteistöntonttien tai asunto-osakeyhtiön osakkeiden käypä arvo voi laskea
- Tuotot omistusosuuksista voivat laskea, minkä lisäksi voi ilmetä muita lopullisia tappioita
- Vakuudellisten kiinteistöjen sijainnin keskittyminen voi vaikuttaa haitallisesti Hypo-konsernin liiketoimintaan

D.3 Arvopapereihin liittyvät riskit

- Lainaosuudet eivät välttämättä ole sopiva sijoituskohte kaikille sijoittajille. Jokaisen mahdollisen sijoittajan on, muun muassa, pystyttävä arvioimaan mahdollisia skenaarioita taloudellisten tekijöiden, korkotekijöiden ja muiden tekijöiden vaihtelulle, mitkä voivat vaikuttaa sijoituksen arvoon, sekä kykyään kantaa sijoitukseen liittyvät riskit.
- Lainaosuuksille ei anneta vakuutta. Jos Hypo tulee maksukyvyttömäksi, ja johtuen siitä, että lainaosuuksille ei ole annettu vakuutta, sijoittaja voi menettää sijoitetun pääoman ja/tai koron kokonaan tai osittain.
- Lainaosuudet ovat alttiita valuuttakurssisiin ja valuuttasäännöstelyyn liittyville riskeille. Sijoittajan valuutan vahvistuminen suhteessa valuuttaan, johon Lainaosuudet ovat sidottuja, vähentää (i) sijoittajan lainaosuuksista saaman tuoton vasta-arvoa, (ii) sijoittajalle maksettavan lainaosuuksien pääoman vasta-arvoa ja (iii) lainaosuuksien markkinahinnan vasta-arvoa. Myös valuuttasäännöstelyllä voi olla negatiivisia vaikutuksia valuuttakurssisiin sijoittajan valuutassa mitattuna.
- *[Markkinakorkotasojen muutokset voivat vaikuttaa haitallisesti lainaosuuksien arvoon.]*
- Lainaosuuksiin kohdistuvan oikeustoimien toteutuminen on riippuvainen Euroclear Finlandin toiminnoista ja järjestelmistä. Lainaosuuksien haltijat ovat riippuvaisia Euroclear Finlandin järjestelmästä, tai, soveltuessaan, Clearstreamin tai muun selvitysyrityksen, joka on vastuussa Lainaosuuksiin liittyvien siirtojen ja maksujen suorittamisesta sekä tiedon jakamisesta Liikkeeseenlaskijan kanssa, järjestelmästä.
- Lainaosuuksien ehtojen muutokset sitovat kaikkia lainaosuuksien haltijoita riippumatta siitä, oliko lainaosuuden haltija paikalla kokouksessa vai ei. Ohjelman yleisten ehtojen muutokset ja muut lainaosuuksien haltijoiden kokouksissa tehdyt päätökset eivät välttämättä ole kaikkien lainaosuuksien haltijoiden edun mukaisia.
- Takeita lakien tai käytäntöjen muuttumisesta tai siitä miten tällaiset muutokset vaikuttavat lainaosuuksien arvoon ja/tai lainaosuuksien haltijoiden asemaan ei ole.
- Lainaosuuksille ei välttämättä kehity aktiivisia jälkimarkkinoita. Lainaosuuksien voimassaoloaikana ja Lainaosuuden myyminen ennen eräpäivää saattaa johtaa myyntivoittoihin tai -tappioihin.
- *[Debentuurit ovat viimesijaisia suhteessa Liikkeeseenlaskijan muihin velkoihin. Sijoittaja saattaa menettää sijoitetun merkintähinnan joko osittain tai kokonaan.]*

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- E.2b Varojen käyttö** Lainaosuuksien liikkeeseenlaskuilla hankitut varat ovat osa Hypon varainhankintaa ja se käyttää varat tavanomaiseen liiketoimintaansa.
- E.3 Tarjousehdot** *Liikkeeseenlaskun luonne: [●].*
Merkintäaika: [●]
Merkintäpaikat: [●]
Ehto lainaosuuksien liikkeeseenlaskun toteuttamiselle: [●]
Ilmoitus liikkeeseenlaskun peruuttamisesta tai merkinnän keskeyttämisestä: Tieto liikkeeseenlaskun peruuttamisesta tai merkinnän keskeyttämisestä ylimerkinnän johdosta on saatavilla merkintäpaikoista ja verkkosivuilla <http://www.hypo.fi/tietoa-hyposta/sijoittajille/ohjelmaesite-2015-ja-lainakohtaiset-ehdot/>.
- Mikäli liikkeeseenlasku peruutetaan tai merkintöjä pienennetään ylimerkinnän johdosta, liikkeeseenlaskija maksaa merkinnästä maksetun rahamäärän takaisin merkitsijän ilmoittamalle tilille viiden (5) pankkipäivän kuluessa peruutus- tai pienennyksestä päättämispäivästä lukien.
- E.4 Liikkeeseenlaskuun liittyvät olennaiset intressit, mukaan lukien eturistiriidat** Lainaosuuksien järjestäjien ja mahdollisten muiden merkintäpaikkojen intressit: rahoitusmarkkinoilla tavanomaiset liiketoimintaintressit
- E.7 Sijoittajalta veloitettavat kustannukset** Hypo ei veloita sijoittajalta lainaosuuksien liikkeeseenlaskuun tai tarjoamiseen liittyviä maksuja. Lainaosuuksien järjestäjä(t) ja mahdolliset muut merkintäpaikat voivat tällaisia maksuja veloittaa, jolloin ne perustuvat sijoittajan sekä järjestäjän tai mahdollisen muun merkintäpaikan väliseen sopimukseen.
- [Lainaosuuksien järjestäjä(t) [ja mahdolliset merkintäpaikat] ei(vät) veloita sijoittajilta lainaosuuksien liikkeeseenlaskuun liittyviä maksuja. / [●] veloittaa lainaosuuteen sijoittajalta lainaosuuden tarjoamiseen liittyvänä maksuna [●]]*

RISK FACTORS

Any investment in the Notes is subject to a number of risks. 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(ies) in which it operates together with all other information contained in this Base Prospectus, including, in particular the risk factors described below..

Prospective investors should note that the risks relating to the Issuer, the industry(ies) in which it operates and the Notes summarised in the section of this Base Prospectus headed "Summary" are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to invest in the Notes. However, as the risks which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Base Prospectus headed "Summary" but also, among other things, the risks and uncertainties 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.

Risk taking is an essential part of credit granting and other operations of credit institutions, such as Hypo Group.

Hypo Group is exposed especially to the following risks, as in more detail explained below.

- Credit risk: losses caused by non-fulfilment of payment obligations by Hypo Group's counterparty
- Operative risk: losses caused by acts or omissions by the Issuer's personnel, non-functioning of IT systems, business processes, legal risks or discontinuity of Hypo Group's business operations due to errors
- Liquidity risk: discontinuity of Hypo Group's business operations due to lack of liquid funds needed for fulfilment of Hypo Group's payment obligations falling due
- Market risk: losses caused by changes in market prices, especially in interest rates or currency exchange rates
- Strategic risk: losses caused by changes in business environment or interpretations in regulation issued by authorities
- Residential property risks: losses caused by decrease in housing market prices or damages in residential property owned by Hypo Group

Risks Relating to Current Macroeconomic Conditions

Negative macroeconomic development and general conditions in Finland can adversely affect Hypo Group's business and results of operations

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 especially in domestic growth centres, domestic unemployment ratio, development of interest rates and development of households' disposable income. Adverse macroeconomic development has 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.

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 of Hypo Group company's counterparty, usually the debtor, is not able 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 seen as impairment losses which may have an 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 occur despite of compliance of 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 the Group's lending

The Group's total lending at 30 June 2015 was 1,308.8 million euros, of a large share of which consists of home loans to private persons in Finland.

The value of housing and residential property collateral of the mortgage loans granted by the Issuer may decline sharply and rapidly in the event of a general downturn in housing market in Finland. Such downturn may hence have a material adverse effect on the Issuer's financial condition, results of operations and ability to make payments under the Notes. The value of other collateral (either real estate or shares in housing companies), including but not limited to financial status of a guarantor, may change negatively in the course of time. Also such a change may hence have a material adverse effect on the Issuer's financial condition, results of operations and ability to make payments under the Notes.

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

Deposits comprise a major share of Hypo Group's funding, being 748.1 million euros as of June 2015. Should the current financial situation lead to a significant outflow of deposits, Hypo Group's funding structure would change substantially and the average cost of funding would increase. Furthermore, this may jeopardize the Hypo's liquidity, and Hypo would be unable to meet their current and future cash flow and collateral needs, both expected and unexpected, without affecting their daily operations or overall financial position. Therefore, this could have a negative impact on the Hypo's business, results of operations and financial conditions.

Credit ratings assigned to Hypo or to Notes, debt or any other securities may not reflect all the risks associated with an investment in Notes and may be lowered, withdrawn or not maintained

The Issuer's credit ratings do not always mirror the risk related to individual Notes under the Programme. 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) 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 credit rating agency 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 in question. In addition, at any time a credit rating agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to the Notes may be lowered. 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 and may be revised or withdrawn by the rating agency at any time.

One or more independent credit rating agencies may also assign credit ratings to the Notes, which may not necessarily be the same ratings as the Issuer rating described in this Base Prospectus or any rating(s) assigned to Notes already issued. 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. When realised, operational risks lead to impairment or other kind of losses or increased costs or expenses, which may have a material adverse effect on the Issuer's financial condition, results of operations and ability to make payments under the Notes.

Management and reporting of operative risks is based on separate principles of operative risk management. However, operational risk may occur despite of compliance of said principles.

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 from within the financial services industry, including from other financial institutions, as well as from businesses outside the financial services industry for key employees is intense. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future could have an adverse effect on Hypo Group's business.

Failure of executing Hypo's strategy or failure of the strategy itself may adversely affect the business, growth and profit of Hypo in the future

Strategic risks are identified, assessed regularly, and documented as part of both the strategy work of the senior management. By their nature, the risks related to cyclical and other changes in the operating environment, as well as those affecting deposit funding, are the kind that they are materialised as a result of substantial changes in the macro economy and bring demands for changes in Hypo Group's business operations. As for the risks related to the competition situation, they are mainly caused by decisions made by competitors. Changes in the credit institutions' regulation and supervisory environment create a regulation risk that affects resourcing in Hypo Group over the short term, which is managed as part of the strategic risks. Any decreases in the visibility and recognisability of Hypo Group are also regarded as strategic risks.

Risks related to economic and other corresponding fluctuations in the business environment as well as risks that affect the availability of funding result by their nature from fundamental macroeconomic changes and set demands for changes on the business operations of Hypo Group. Also changes in the operational circumstances of the central information system provider can have significant effects on the operations of Hypo Group. Risks related to competitive situation will in turn result from actions taken by competitors but also from business decisions made by Hypo Group itself. Changes in relation to regulatory environment and supervision of credit institutions will in the short term cause a regulatory risk affecting the resourcing of Hypo Group. Such risk is managed as part of strategic risks. Also possible decline in the awareness of Hypo Group brand is regarded as a strategic risk.

Regulatory risk refers to changes in the regulation and supervisory environment of credit institution operations that may possibly be implemented even over a short period of time. The rapid realisation of such changes may increase costs related to governance and information technology, which may be relatively higher than those of competitors due to the size of Hypo Group, and therefore weaken the profitability of Hypo Group's operations over a short term period. Difficulties may also arise from the fact that the special legislation pertaining to Hypo will not be sufficiently considered by the authorities and while setting new regulations. Rapid changes may also delay the market launch of special products and special service packages of the customer service and affect Hypo Group's competitiveness in relation to other credit institutions.

Should a strategic risk realise, it could have a material adverse effect on the business, the result generated by the business and the financial position of Hypo.

Hypo Group is exposed to risk of changes in tax legislation as well as to increases in tax rates

Hypo Group's activities are subject to tax at various rates in accordance with applicable legislation and practice. Hypo Group's business is conducted in accordance with Hypo Group's interpretation of applicable laws, regulations and requirements of the tax authorities. However, there can be no assurances that its interpretation of applicable laws, regulations or other rules or administrative practice is correct, or that such rules or practice are not changed, possibly with retroactive effect. Changes in the tax treatment of the Notes and their return during the term of the Notes may affect the net returns received by the Noteholder.

Finland has implemented the European Union bank recovery and resolution directive, and the new 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**”), 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 resolution authority which will be established for the purposes of the enforcement of the Resolution Act and other regulation relating to recovery and resolution of financial institutions.

The aim of the implementing laws of the BRRD (in Finland, 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 new 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 new regime allows competent authorities, the FIN-FSA to intervene and take early intervention measures with respect to the financial institution where the FIN-FSA consider that it is likely that the institution will not 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 of the institution.

The resolution authority is vested with power to implement resolution measures with respect to a financial institution where the resolution authority considers that the financial institution in question 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 the 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 been classified as a systematically important institution domestically or globally or as otherwise significant credit institution to financial system in Finland by the FIN-FSA.

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, in order to cover losses of the distressed financial institution, to write down or convert capital instruments (shares or other equity) in the institution. The resolution instruments (in Finnish: *kriisinratkaisuvälineet*) available to the resolution 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;

- 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 resolution 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 assets in the distressed financial institution to one or more asset management vehicles (in Finnish: *omaisuudenhoitoyhtiö*) to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down.

The powers set out in the Resolution Laws will impact 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 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 resolution 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 resolution authority. Further, Noteholders will have very limited rights to challenge the exercise of powers by the resolution authority, even where such powers have resulted in the write down of the Notes.

It is not possible to assess the full impact of the Resolution Laws on Hypo Group and the Noteholders and there can be no assurance that the taking of any actions contemplated in the BRRD would not adversely affect the price or value of an investment in Notes and/or the ability of the Issuer to satisfy its obligations under such Notes. However, the exercise of any such actions or any suggestion of such exercise could materially adversely affect the value of any Notes and could lead to the holders of the Notes losing some or all of their investment in the Notes. Prospective investors in the Notes should consult their own advisors as to the consequences of the implementation of the Resolution Laws.

Risks Related to Financial Position and Financing

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’s business, in particular Hypo’s growth strategy, will increase and that such financing will be less readily available. As a result of the Issuer’s notes in the domestic bond markets the Issuer currently has outstanding notes in the market due to which Hypo is exposed to future adverse changes in debt capital markets. Hypo’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 may not have difficulty in raising new debt or repaying its existing debt. Any failure to repay the principal or pay interest in respect of Hypo’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’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 mutual 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 on the balance sheet 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, on the balance sheet refers to uncertainty related to the financing of long-term lending or other long-term commitments, arising from the funding on market terms. If realised, 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 are falling due.

Management and reporting of liquidity risk is based on separate Principles of Liquidity Risk Management. Said principles also take into account future mandatory requirement of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio, the latter possibly becoming a mandatory requirement in the future accordingly. Despite of compliance of said principles and measures therein, liquidity risk may jeopardise or prevent continuation of Hypo's business operations.

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). 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.

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'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 the refinancing costs. The 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 mortgage loans in relation to the original repayment plans of the mortgage loan customers results in the maturity imbalance between receivables and liabilities on the balance sheet being actually slighter 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'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'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.

During the first quarter of year 2015, the European Central Bank (hereinafter “ECB”) set its interest rates historically low, close to zero. In addition to this, ECB initiated its quantitative easing measures in March, which also might 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. This might have an 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.

The income risk is measured by, for example, calculating the impact of a parallel interest rate shift of one (1) percentage point and two (2) percentage points (stress test) in Hypo Group’s net interest income over one year. The objective of income risk management is to maintain such amounts of, and reference rates and re-pricing dates for, receivable and liability items on the financial balance sheet that the effects of fluctuations in market interest rates on Hypo Group’s net interest income are as slight and temporary as possible. The reference rates of interest-bearing receivables are determined in accordance with reference rates generally used for mortgage loans. Funding operations are based on market terms. Depending on the arrangement, the reference rate used is either Euribor (or another market-determined interest) or a fixed rate. The most common reference rate for deposits is Hypo Prime, which is by Hypo Group’s own decisions adjusted to changes in the general interest rate level.

The present value risk is measured by calculating the impact of a parallel shift of one (1) percentage point and two (2) percentage points (stress test) in interest rates on the present value of interest-sensitive balance sheet items. The negative effect of the discounted net cash flows from the interest-sensitive receivable and liability items on the balance sheet may not exceed a set limit proportioned to Hypo Group’s own funds.

Open interest risk is managed through derivative contracts.

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 an 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.

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 sharply and rapidly in the event of a general downturn in the value of property in Finland. Such downturn may hence have an adverse effect on the Issuer’s financial condition, results of operations and ability to make payment under the Notes.

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.

Investor may lose in part or wholly the 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 Notes

There is no security on the Notes (as regards the Subordinated Debentures, giving a security is not permissible in accordance with Finnish law). In the event of insolvency of Hypo the Notes, other than Subordinated Debentures, 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 Notes is given, the investor may lose the invested principal and/or the interest either partly or wholly.

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 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 transaction 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 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 Terms and Conditions 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 majority described in the Terms and Conditions in question 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. The modifications of the Terms and Conditions of the Programme and other resolutions made in 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 Series 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.

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 the invested subscription price either partly or totally.

GENERAL INFORMATION

Issuer

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

Arranger

Nordea Bank Finland Plc
Reg.no. 1680235-8
Satamaradankatu 5
00020 Nordea, Helsinki

Auditor of the Issuer

PricewaterhouseCoopers Oy
Authorised Public Accountants
Itämerentori 2
00180 Helsinki
Responsible auditor Juha Tuomala, M.Econ,
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 accounting periods of 2013 and 2014 and continues as current auditor.

Financial statements of 2013 and 2014 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> and also upon request from Hypo or from the subscription places mentioned in the Final Terms.

GENERAL DESCRIPTION OF THE PROGRAMME

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
Arranger of the Programme:	Nordea Bank Finland Plc
Lead Manager(s) of Series of Notes and possible other subscription places:	Defined in Final Terms
Issuer Agent and Paying Agent:	Defined in Final Terms
Maximum amount of the Programme:	1,500,000,000 euros. The Issuer may increase the maximum amount.
Final Terms:	Final Terms of the relevant Series of Notes will be prepared on the basis of the General Terms and Conditions of the Programme
Form of the Notes:	The Notes are issued in book-entry form in the book-entry system of Euroclear Finland
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 Notes:	Senior Unsecured Notes rank pari passu with other unsecured obligations and commitments of Hypo. The Subordinated Debentures rank lower in priority than other obligations and commitments of Hypo.
Listing:	The Notes can be applied for listing in 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.
Redemption:	The nominal amount of the Notes.
Applicable law:	Finnish law
Credit rating:	As at the date of this Base Prospectus, the Issuer has a long- and short-term counterparty credit ratings BBB/A-3 (S&P). The outlook is negative reflecting S&P's view of the weak economic recovery in the Finnish economy. Series of Notes to be issued under the Programme may be rated or unrated. There is no guarantee that the rating of the Issuer assigned by S&P will be maintained following the date of this Base Prospectus, 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

1. Notes and their form

In the framework of the Programme, the Mortgage Society of Finland (the "Issuer") can issue senior unsecured notes and subordinated debentures (together referred to as the "Notes") conforming to the then current legislation. The terms and conditions of a single note are formed by combining these General Terms and Conditions and the Final Terms of the Series of Notes ("Terms and Conditions").

Notes can be issued:

- (a) as senior unsecured notes that rank *pari passu* with the Issuer's other unsecured commitments (the "Senior Unsecured Notes") or
- (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 FIN-FSA, if the purchase requires such permission.

Notes can be issued to be subscribed by institutional investors and/or retail investors.

The Notes will be issued in the Infinity of Euroclear Finland Oy, incorporated in Finland with Reg. No. [●], 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 Book-Entry System Act 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 issue administrator (Fi: *liikkeeseenlaskun hoitaja*) for a Series of Notes referred to in the regulations of Euroclear Finland as well as the issuer and paying of the Notes (the "Issuer Agent" and/or where applicable, the "Paying Agent") are defined 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 advised in connection with the issuance of the Notes in accordance with the Finnish legislation governing the book-entry system and Book-Entry Accounts as well as the Euroclear Finland Rules.

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 one billion five hundred million (1,500,000,000) 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 are defined in the Final Terms. The Issuer may decide on raising or lowering the issued aggregate principal of each Series of Notes during the subscription period.

Each Series of Notes is numbered annually in numerical order.

4. The term of the Notes and redemption

The term of the Notes is at least one year. The principal of the Notes is to be repaid on the Redemption Date as defined in the Final Terms. The business day convention defined in Final Terms is applicable to the Redemption Date. The redemption amount is the nominal amount of the principal.

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 or alternatively by auction (the use of auction, as applicable, is explicitly provided in the Final Terms). In auctions, the Lead Manager(s) transmit note subscriptions to the Issuer. 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 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.

Hypo 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 connection with the auction or in conjunction with another subscription.

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 measure 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 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.

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 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 section 6. 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>.

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 an auction or other subscription method 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 Notes.

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 or LIBOR (“OTHER”) if the issuance has been made in other currency than EUR.

The floating reference interest rate (being either LIBOR, EURIBOR, NIBOR or STIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the relevant screen page of a designated distributor (currently Thomson Reuters), 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 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.

If a EURIBOR or OTHER quotation or a quotation replacing it is not available, a reference rate for the closest corresponding interest period agreed on by the Lead Manager(s) and the Issuer, and based on the prevailing EURIBOR interest rate level in Finland and OTHER interest rate level in the relevant country, is used. The margin will be added to the reference rate.

8.3 Minimum and/or the maximum amount of interest

A minimum or a maximum amount or both for the interest mentioned in section 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 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 basis for interest calculation

The basis for interest calculation 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 (ISMA)**”, 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

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 Redemption Date.

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 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 subcondition (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-organization 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

The Issuer may convene a meeting of Noteholders (hereinafter “**Noteholders’ meeting**”) 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 by the Issuer in accordance with the Euroclear Finland Rules.

Notice of a Noteholders’ Meeting shall be provided to noteholders in accordance with Condition 19 at least ten (10) days prior to the meeting, and shall include information on the date, place and agenda of the Noteholder Meeting and instructions for the Noteholders to attend the Noteholder Meeting.

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.

The quorum of any Noteholders' Meeting will be one or more persons present holding or representing at least seventy-five (75) per cent of the principal amount of the Series of Notes for the time being outstanding.

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. The quorum for an adjourned Noteholders' Meeting 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 shall be given in the same manner as notice of the original meeting. 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. Resolutions shall be carried by a two thirds (2/3) of majority of the votes cast. 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 is entitled to make the following decisions that are binding on all Noteholders:

- (a) to change the Terms and Conditions of the Notes, including to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any of the Terms and Conditions 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 ninety-five (95) per cent of the votes cast is required to:

- (a) decrease the principal amount of or interest on Series of the Notes;
- (b) extend the term of Notes;
- (c) amend the requirements for the constitution of a quorum at a Noteholders' Meeting; or
- (d) amend the majority requirements of the Noteholders' Meeting.

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

The Noteholders' Meeting can authorise a named person to take necessary action to enforce the decisions of the Noteholders' Meeting.

Resolutions passed at a Noteholders' Meeting shall be binding on all Noteholders of the relevant Series of Notes irrespective of whether they have been present at the Noteholders Meeting. A noteholder is considered to have become aware of a resolution of a Noteholders' meeting 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. A Noteholders' meeting's resolutions must also be informed to Euroclear Finland in accordance with Euroclear Finland Rules.

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 after receiving an approval from the FIN-FSA.

16. Force majeure

Neither the Issuer, the subscription place, the Issuer Agent and Paying Agent nor the account operator is not 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 and the account operator;
- (c) interruption or delay of action or measure of the Issuer, other subscription place, the Issuer/Paying Agent and the account operator that is caused by fire or 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 and 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; or
- (e) other equivalent force majeure or similar reason that causes unreasonable difficulty in the operations of the Issuer, other subscription place, the Issuer/Paying Agent and 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 all 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

All notices to Noteholders will be sent in accordance with Euroclear Finland Rules (which provide, at the Issue Date, that such notices will be in writing, sent by mail, and addressed to such Noteholders at the address appearing in Euroclear Finland Register), and will be deemed to have been validly given on the fourth Business Day after the date such notice is mailed or otherwise sent in accordance with the Euroclear Finland Rules. In addition, to the extent notices cannot be sent in accordance with such rules, as an alternative to the procedure described above, notices concerning the Notes may be published in a Finnish daily newspaper of national coverage selected by the Issuer or in any other manner specified in the Final Terms.

The address for notices to the Issuer is as follows:

The Mortgage Society of Finland
Yrjönkatu 9 A, 00120 Helsinki

20. Other provisions

The Issuer is entitled to, without the consent of a Noteholders' meeting under section 14 of the General Terms and Conditions of the Programme, to make appropriate changes to the Terms and Conditions 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 above Section 18 of the General Terms and Conditions of the Programme.

Such changes can be for example:

- (a) changes resulting from the development of 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 the 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 (Fi: *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

These Final Terms 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 the Programme included in the Base Prospectus regarding programme for the Issuance of Notes by the Mortgage Society of Finland dated [●] [and supplemented on [●]] (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 following two paragraphs shall replace the two previous ones, if they relate to some other tranche than the first tranche of Notes issued in several tranches and provided that the first tranche has been issued based on a base prospectus with an earlier date than this Base Prospectus.]

These Final Terms have been drafted in accordance with the Article 5, paragraph 4 of the Prospectus Directive of the EU (2003/71/EC) and they should be read together with the General Terms and Conditions of the Programme included in the Base Prospectus regarding the Programme dated [●] [and supplemented on [●]] (“**Previous Base Prospectus**”). 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 dated [●] [and the supplement dated [●]], including documents incorporated into it by reference, the Previous Base Prospectus and in these Final Terms.

[The Previous Base Prospectus], the Base Prospectus and the Final Terms are available at the web page of the Mortgage Society of Finland at <http://www.hypo.fi/en> and at request from the Mortgage Society of Finland or at the subscription places mentioned in the Final Terms.

The summary of the Final Terms is attached as Annex 1.

[EVEN THOUGH THE AMOUNT TO BE REPAYED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF 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 of the Series of Notes:	[●]
Notes and their form:	[Senior Unsecured Notes / Subordinated Debentures]
Tranche number:	[●] / [Not applicable]
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]
Interests of the Arranger/Lead Manager(s)/other subscription place 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]
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]
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 Note will be repaid in one instalment], [The Note will be repaid in several instalments [define the amounts of the instalments]
Redemption Date(s):	[●]
Interest:	[Define here, if the Notes are so-called zero-coupon Notes, or which general note terms, either Section 8.1 (Fixed interest rate) or Section 8.2 (Floating reference interest rate), is applied and include required details as follows: Section 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) [●] Section 8.2 (Floating reference interest rate): [EURIBOR] [OTHER: LIBOR/STIBOR/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)[●]
Basis for calculation of interest	[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]
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 [●]
ISIN code of the Notes:	[●]

Other Information

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

Decisions and authority based on which Notes are issued:	[Based on the authorization dates [●] of the Issuer's board of director's / Based on the resolution of the Issuer's board or directors dated on [●]]
Nature of the issue:	So-called single issue /series of issues which is / is not offered to the public.
Subscription period:	[●]
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 http://www.hypo.fi/en . 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.
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 and the planned use:	[●] per cent of the principal of the Notes, at maximum. The Notes are a part of the funding of the Issuer.
Credit rating of the Notes:	[●] / [Not applicable]
Listing:	[Shall / Shall not be applied for listing on the Helsinki Stock Exchange]
Estimated time of listing:	[●]/ [Not applicable]

In Helsinki, on [date]

THE MORTGAGE SOCIETY OF FINLAND

OTHER INFORMATION TO SUBSCRIBERS

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 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.

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 if a prospectus does not have to be prepared with respect to the notes due to (1) the minimum subscription amount or the denomination per book-entry unit being in the minimum 100,000 euros; (2) the offer being addressed solely to qualified investors; or (3) the offer being addressed in each country belonging to the EEC to a maximum number of 150 investors who are not qualified investors, even if the notes are issued, e.g. under the a base programme. In accordance with the Act on Tax Withholding (1118/1996, as amended), a tax withholding at a rate of currently 30 per cent is operated from the interest paid to natural persons resident in Finland for tax purposes and Finnish estates of deceased persons. Interests are 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, 33 per cent.

Should Notes be sold prior to maturity, the possible capital gain and received accrued and unpaid interest (secondary market compensation) are taxable as capital income. The Issuer or paying agent shall withhold the tax from the secondary market compensation received in a similar fashion as described above concerning interests.

The possible capital loss is deductible only from the capital gains of the year during which the sale took place and during five subsequent tax years.

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.

Interest is generally taxable income to corporate bodies and subject to corporate income taxation at a rate of currently 20 per cent. For non-profit entities, interest income may qualify as tax exempt income under certain circumstances and subject to the tax rules applicable to them.

The above-described information on taxation is based on legislation and practice in force on the date on which the Base Prospectus is dated as well as other publicly available facts. The relevant tax legislation and practice may change during the term of the notes, and such change may also have a retroactive effect.

Secondary market of Notes

If the Terms and Conditions 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. For a Series of Notes which has a continuous subscription period, stock listing shall be

applied for in due course after conditions have been met. 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.

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 (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 specific purpose of Hypo is mainly to grant long-term loans, from assets largely acquired through long-term loans, against a mortgage or other safeguarding collateral to individuals and entities mainly for housing purposes. Hypo carries out this activity in accordance with the Act on Credit Institutions (610/2014; hereinafter “**Act on Credit Institutions**”) and the Act on Mortgage Societies operations. 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. 1.5 billion euros on December 31, 2014. The consolidated operating profit of Hypo Group before appropriations and taxes for the financial year 2014 was 7.5 million euros. The common equity tier 1 (CET 1) ratio of the Hypo Group was 14.4 per cent on June 30, 2015.

Description of operations

Main operating areas and main markets

Hypo Group is an expert organisation specializing 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.

Hypo’s apartment and residential land investments are located in the central residential areas of the Helsinki metropolitan area and include, in addition to apartments, residential land rented to housing companies with long term contracts meant to be redeemed fractionally and part-owned apartments rented to their owners. Hypo’s subsidiary company AsuntoHypoPankki is a deposit bank that in addition to deposit products and distribution of credit cards (no credit risk) offers its customers trustee services relating to retail banking and selected investment services. 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 54.4 million euros as per December 31, 2014 (46.1 million euros as per December 31, 2013). No depreciation losses related to housings were recorded during the financial period. At the end of 2014 the occupancy rate was 86.7 percent (95.4 percent). The net return goal for housing and residential land investment varies between five and seven percent, depending on the site. The net return on housing and residential land investments, calculated by using book values, was 5.0 percent in 2014 (6.0 percent). In housing units average monthly rent per square metre was 17.11 euros (18.90 euros per square metre per month).

The Act on Mortgage Societies makes it possible for Hypo as a credit institution to issue covered bonds provided that the requirements of the Act on Mortgage Societies have been fulfilled and permission for the issuance has been granted. However, at the date of this Base Prospectus Hypo has not resolved on any such issuance or applied for any such permission.

During the period covered by the interim report as at and for the period ended June 30, 2015 Hypo issued notes to the wholesale debt market of a value amounting to 25 million euros. Hypo also repurchased own notes of a value amounting to 2 million euros. The share of long-term funding of total funding was 47.0% (54.0%) on June 30, 2015.

Organizational structure

AsuntoHypoPankki is entirely owned by Hypo. In addition, Hypo owns 62.2 per cent of a housing company Bostadsaktiebolaget Taos and 80.4 per cent of an unconsolidated housing company subsidiary Asunto Oy Vanhaväylä 17. Information on AsuntoHypoPankki, other subsidiaries, and affiliated companies is available in Hypo's annual reports of 2013 and 2014.

Future outlook

In the annual report of 2014 the following description of probable future developments has been given: "The outlook for the Finnish national economy continues to be modest, and economic cycles are not expected to boost the housing market. Despite the uncertain operating environment, we are very confident on that Hypo, as a specialist in home financing, is in good position to continue the profitable growth of its business operations in 2015 while managing risks. We estimate that our result for 2015 will be on a par with 2014 and our liquidity will continue to improve." In the interim report as at and for six month period ended June 30, 2015 the operating profit is estimated to reach 2014 levels, although the liquidity will be further strengthened. Further, the uncertainty in the operating environment is estimated to create uncertainty also for Hypo's financial performance.

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> under section "Corporate Governance Statement" (available only in Finnish).

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. Information on the administrative and steering organizations of Hypo is published as a separate report which is available in Finnish at the homepage at <http://www.hypo.fi/en> under "Corporate Governance Statement" and which will be updated when necessary.

Members of Supervisory Board 21 September 2015:

Markku Koskela Chairman Doctor Of Science (Economics)	Liinasaarentie 15 FI-02160 Espoo	Professor (retired)
Väinö Teperi Vice Chair Master of Laws	Attorneys-At-Law Teperi & Co Kalevankatu 12 FI-00100 Helsinki	Attorney-at-Law
Antti Arjanne Master of Laws	United Trusts Oy Annankatu 22 FI-00100 Helsinki	Managing director
Elina Bergroth Master of Arts	Oulu University of Applied Sciences Karjaportintie 37 FI-90140 Oulu	Lecturer

Mikael Englund Master of Science (Engineering), MBA	Uudenmaankatu 19 B 39 FI-00120 Helsinki	
Markus Heino Master of Laws (trained on the bench)	JM Suomi Oy Sinimäentie 8 B	Managing director
Timo Hietanen Master of Science (Econ.)	Etera Mutual Pension Insurance Company Palkkatilanportti FI-00240 Helsinki	Deputy Managing Director
Hannu Hokka Master of Science (Econ.)	Apteekkien Eläkekassa Kalevankatu 13 FI-00100 Helsinki	Managing Director
Kari Joutsa Master of Laws (trained on bench)	Kiirunavahe 3 as 24 FI-26100 Rauma	Master of Laws (trained on bench)
Elias Oikarinen Doctor Of Science (Economics)	University of Turku FI-20014 University of Turku	Turku Docent
Markku Koskinen Construction Engineer	KonKos Oy Laivalahdenkaari 28 B 45 FI-00810 Helsinki	Consultant
Kallepekka Osara Agrologist	Nukarintie 65 FI-39100 Hämeenkyrö	Farmer
Jukka Rähä Master of Laws	Abraham Wetterin tie 16 B 57 FI-00880 Helsinki	Master of Laws (trained on bench)
Mari Vaattovaara Ph.D in planning geography, M.Sc. in Landscape Architecture	University of Helsinki, Department of Geosciences and Geography P.O Box 64 FI-00014 University of Helsinki	Professor
Riitta Vahela-Kohonen Master of Arts	City of Savonlinna Paimenkatu 2 A FI-57100 Savonlinna	Development Manager
Veikko M. Vuorinen	Interavanti Oyj Mannerheimintie 118, 9 krs. FI-00270 Helsinki	Managing Director

Members of Board of Directors 21 September 2015:

Sari Lounasmeri Chairman Master Of Science (Economics) Member of the Board since 2011	The Finnish Foundation for Share Promotion Fabianinkatu 14 FI-00100 Helsinki	Managing Director
Kai Heinonen Master of Laws Member of the Board since 2014	Helsinki Association of Parishes Kolmas Linja 22 FI-00530 Helsinki	Real Estate Director
Harri Hiltunen Master Of Science (Economics), Vice Chairman Member of the Board since 2012	The Finnish Real Estate Federation Annankatu 24 FI-00100 Helsinki	Managing Director
Pasi Holm Ph.D (Political Sciences) Member of the Board since 2015	Taloustutkimus Oy Lemuntie 9 FI-00510 Helsinki	Research Director
Hannu Kuusela	The University of Tampere School of	Professor

Doctor Of Science (Economics) Member of the Board since 2001	Management P.O Box 604 FI-33014 Tampere	
Teemu Lehtinen Doctor of Social Sciences, Master of Science (Engineering) Member of the Board since 2005	The Taxpayers' Association of Finland (TAF) Kalevankatu 4 FI-00100 Helsinki	Managing Director
Ari Pauna Master of Laws Member of the Board since 2006	The Mortgage Society of Finland P.O Box 509 FI-00101 Helsinki	Chief Executive Officer
Elli Reunanen Master of Laws (trained on the bench) Member of the Board since 2013	The Mortgage Society of Finland P.O Box 509 FI-00101 Helsinki	Chief Operating Officer
Tuija Virtanen Doctor Of Science (Economics) Member of the Board since 2009	University of Helsinki Faculty of Agriculture and Forestry, Department of Economics and Management, Food economics P.O Box 27, Latokartanonkaari 9 FI-00014 University of Helsinki	University lecturer

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. The substitute of the CEO is Chief Operating Officer Ms Elli Reunanen.

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.

Information on the members of the administrative, managing and supervising bodies of Hypo has been presented in the attachments of the annual reports of 2013 and 2014. 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 annual report of Hypo concerns the financial year that ended December 31, 2014. 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 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.

The Finnish Financial Supervisory Authority has, based on the draft regulation prepared by the European Banking Authority, changed the definition of non-performing assets starting from March 31, 2014. The new definition broadens the concept of non-performing assets and will therefore also increase the amount of non-performing assets. Applying the new definition still contains elements of uncertainty. Calculated in accordance with the amended instructions of the Finnish Financial Supervisory Authority, the non-performing assets amounted to 2.7 million euros December 31, 2014.

Credit Rating of the Issuer

As at the date of this Base Prospectus, the Issuer has a long- and short-term counterparty credit ratings BBB/A-3 by Standard & Poor's Credit Market Services Europe Limited ("S&P").

Under the S&P's rating definitions for long-term credit issuer 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-3' 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.

Standard & Poor's Credit Market Services Europe Limited 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.

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) 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.

SELECTED FINANCIAL INFORMATION

The following tables present selected consolidated financial information for Hypo Group as at and for the six month periods ended June 30, 2015 and June 30, 2014 and as at and for the financial years ended December 31, 2014 and 2013. The financial information presented below has been derived from Hypo Group's reviewed and consolidated interim report as at and for six month period ended June 30, 2015 including reviewed consolidated comparative financial information as at and for six month period ended June 30, 2014 and from the audited consolidated financial statements as at and for the financial year ended December 31, 2014 and December 31, 2013.

Hypo Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and SIC and IFRIC interpretations. The international financial reporting standards refer to standards and the related interpretations that have been approved in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards.

The selected financial information provided herein should be read in conjunction with Hypo Group's audited and consolidated financial statements for 2014 and 2013 and reviewed and consolidated interim report for six month period ended June 30, 2015 incorporated by reference to this Base Prospectus.

CONSOLIDATED INCOME STATEMENT, IFRS

1,000 €	1 Jan -30 June 2015	1 Jan -30 June-2014	2014	2013
Interest income	10,426.6	10,259.0	21,070.7	17,663.2
Interest expenses	-7,889.8	-7,132.3	-14,643.2	-12,373.0
NET INTEREST INCOME	2,536.8	3,126.7	6,427.5	5,290.2
Income from equity investments	0.0	84.0		
From other companies			84.0	98.0
Fee and commission income	1,857.7	1,817.7	3,658.9	2,747.6
Fee and commission expenses	-24.2	-25.4	-48.6	-24.2
Net income from securities and foreign currency transactions				
Net income from securities	-749.6	0.0	-101.0	
Net income from foreign currency transactions	0.3	-0.6	-1.0	-1.7
Net income from available for sale financial assets	1,251.9	890.2	2,880.8	103.6
Net income from investment properties	3,475.1	2,168.5	4,362.5	5,825.4
Other operating income	-3.2	-2.8	-6.5	8.5
Administrative expenses				
Personnel expenses				
Salaries and remuneration	-2,067.6	-2,073.5	-4,662.6	-3,329.2
Indirect personnel expenses				
Pension expenses	433.5	-399.3	-1,110.6	-824.9
Other indirect personnel expenses	-46.6	-103.7	-319.1	-99.7
Other administrative expenses	-1,169.3	-1,232.2	-2,763.0	-3,060.9
Total administrative expenses	-3,717.0	-3,808.7	-8,855.4	-7,314.7
Depreciation and impairment losses on tangible and intangible assets	-181.9	-156.2	-312.1	-261.4
Other operating expenses	-227.7	-187.7	-560.1	-484.3
Impairment losses on loans and other commitments	21.7	-179.6	-31.1	19.1
OPERATING PROFIT	4,239.8	3,726.1	7,498.0	6,006.1
Income taxes	-763.5	-660.7	-1,330.3	-1,116.5
OPERATING PROFIT AFTER TAX	3,476.3	3,065.4	6,167.7	4,889.7
PROFIT FOR THE PERIOD	3,476.3	3,065.4	6,167.7	4,889.7

**CONSOLIDATED COMPREHENSIVE INCOME
STATEMENT, IFRS**

1 000 €	1 Jan-30 June 2015	1 Jan -30 June-2014	2014	2013
Profit for the period	3,476.3	3,065.4	6,167.7	4,889.7
Other comprehensive income				
Items that may subsequently be reclassified to profit or loss				
Change in fair value reserve				
Cash flow hedges	776.9	198.9	309.0	700.0
Available for sale financial assets	-1,306.6	925.6	703.6	-110.3
	-529.6	1124.5	1,012.7	589.7
Changes in the corporate tax rate				
Deferred tax on credit loss provisions				1,074.7
Deferred tax on revaluation reserve				409.7
IAS deferred tax on the pension foundation			0.0	275.1
				1,759.5
Items that will not subsequently be reclassified to profit or loss				
Revaluation of defined benefit pension plans	177.5	508.0	719.4	488.0
Effect of changes in ownership of Bostads Ab Taos	169.9	0.0	0.0	
Total other comprehensive income	-182.2	1632.5	1,732.0	2,837.2
COMPREHENSIVE INCOME FOR THE PERIOD	3 294,1	4 697,9	7,899.7	7,726.9

**CONSOLIDATED BALANCE SHEET 31 DECEMBER
2014, IFRS**

1,000 €	1 Jan-30 June 2015	1 Jan -30 June-2014	2014	2013
ASSETS				
Cash assets	38,013.9	0.0	75,000.0	560.0
Debt securities eligible for refinancing with central banks				
Treasury bills				10,029.5
Other	232,520.4	114,976.1	111,070.4	109,193.2
			111,070.4	119,222.7
Receivables from credit institutions				
Repayable on demand	31,780.6	25,753.0	35 085.8	16,932.4
Other	1,075.9	4,250.7	159.3	43,915.0
	32,856.5	30,003.7	35,245.1	60,847.4
Receivables from the public and public sector entities				
Other than those repayable on demand	1,308,753.3	1,077,809.8	1,204,041.8	977,893.5
Debt securities				
From others	5,078.0	4,026.5	5 090.7	1,999.4
	5,078.0	4,026.5	5,090.7	1,999.4
Shares and holdings	115.9	113.4	113.4	113.4
Derivative financial instruments	1,327.0	2,448.6	0.0	
Intangible assets				
Other long-term expenditure	1,205.0	849.6	948.5	739.1
Tangible assets				
Investment properties and shares and holdings in investment properties	62,165.2	49,081.1	54,356.9	46,068.6
Other properties and shares and holdings in housing property corporations	950.8	825.4	842.6	828.3
Other tangible assets	386.6	299.9	273.4	298.8
	63,502.5	50,206.3	55,472.9	47,195.7
Other assets	11,380.8	8,173.4	7,762.1	7,518.0
Accrued income and prepaid expenses	4,823.4	4,653.3	4,506.1	2,740.6
Deferred tax receivables	675.4	699.7	663.8	765.4
TOTAL ASSETS	1,700,252.1	1,293,960.4	1,499,914.8	1,219,595.1

1,000 €	1 Jan-30 June 2015	1 Jan-30 June 2014	2014	2013
LIABILITIES				
LIABILITIES				
Liabilities to credit institutions				
Central banks	20,000.0	54,000.0	35,000.0	40,000.0
Credit institutions				
Repayable on demand	0.0	23,374.2	16,824.7	27,749.5
Other than those repayable on demand	134,587.3	119,059.8	148,549.9	123,347.0
	154,587.3	196,434.0	200,374.6	191,096.5
Liabilities to the public and public sector entities				
Deposits				
Repayable on demand	340,208.4	195,803.6	192,068.3	182,996.3
Other than those repayable on demand	405,863.9	143,301.4	275,995.4	132,226.4
	746,072.3	339,105.1	468,063.7	315,222.7
Other liabilities				
Other than those repayable on demand	36,915.6	43,602.9	40,339.7	47,241.4
	782,987.8	382,708.0	508,403.4	362,464.1
Debt securities issued to the public				
Bonds	506,271.7	469,769.4	518,423.4	417,847.3
Other	104,372.3	103,385.4	130,028.7	116,404.0
	610,644.0	573,154.8	648,452.1	534,251.3
Derivative financial instruments	5,794.2	76,350.5	7,856.7	3,035.5
Other liabilities				
Other liabilities	15,000.1	6,307.1	8,125.9	7,184.9
Accrued expenses and deferred income	5,892.7	5,986.7	4,551.0	4,490.9
Subordinated liabilities				
Other	17,962.8	22,793.3	17,962.1	21,834.7
Deferred tax liabilities	8,696.6	8,035.3	8,796.5	7,744.3
EQUITY				
Basic capital	5,000.0	5,000.0	5,000.0	5,000.0
Other restricted reserves				
Reserve fund	22,795.2	22,793.8	22,793.8	22,790.4
Fair value reserve				
From cash flow hedging	-1,878.1	-2,765.2	-2,655.1	-2,964.1
From fair value recognition	-498.6	1,029.9	807.9	104.3
Defined benefit pension plans	1,384.9	996.0	1,207.4	488.0
Unrestricted reserves				
Other reserves	22,923.5	22,923.5	22,923.5	22,923.5
Retained earnings	45,483.6	39,147.4	39,147.4	34,261.1
Profit for the period	3,476.3	3,065.4	6,167.7	4,889.7
	98,686.7	92,190.8	95,392.6	87,492.9
TOTAL LIABILITIES AND EQUITY	1,700,252.1	1,293,960.4	1,499,914.8	1,219,595.1

CHANGE IN EQUITY

1,000 €	Basic capital	Reserve fund	Fair value reserve	Other reserves	Retained earnings	Total
Equity 1 Jan 2013	5,000.0	22,789.4	-3,449.5	22,923.5	32,502.6	79,766.0
Profit for the period					4,889.7	4,889.7
Other comprehensive income						
The impact of the change in the tax rate on deferred taxes on items included in retained earnings					1,759.5	1,759.5
Distribution of profits		1.0			-1.0	0.0
Hedging of cash flow						
Amount recognised in equity			1.0			1.0
Amount transferred to the income statement			1,147.0			1,147.0
Change in deferred taxes			-448.0			-448.0
Financial assets available for sale						
Change in fair value			-50.3			-50.3
Amount transferred to the income statement			-103.6			-103.6
Change in deferred taxes			43.6			43.6
Defined benefit pension plans						
Actuarial gains/losses			610.0			610.0
Change in deferred taxes			-122.0			-122.0
Total other comprehensive income	0.0	1.0	1,077.7	0.0	1,758.5	2,837.2
Equity 31 Dec 2013	5,000.0	22,790.4	-2,371.8	22,923.5	39,150.8	87,492.9
1,000 €						
Equity 1 Jan 2014	5,000.0	22,790.4	-2,371.8	22,923.5	39,150.8	87,492.9
Profit for the period					6,167.7	6,167.7
Other comprehensive income						
Distribution of profits		3.4			-3.4	0.0
Hedging of cash flow						
Amount recognised in equity			-542.1			-542.1
Amount transferred to the income statement			928.4			928.4
Change in deferred taxes			-77.3			-77.3
Financial assets available for sale						
Change in fair value			3,760.4			3,760.4
Amount transferred to the income statement			-2,880.8			-2,880.8
Change in deferred taxes			-175.9			-175.9
Defined benefit pension plans						
Actuarial gains/losses			899.2			899.2
Change in deferred taxes			-179.8			-179.8
Total other comprehensive income	0.0	3.4	1,732.0	0.0	-3.4	1,732.0
Equity 31 Dec 2014	5,000.0	22,793.8	-639.8	22,923.5	45,315.1	95,392.6
1,000 €						
Equity 1 Jan 2015	5,000.0	22,793.8	-639.8	22,923.5	45,315.1	95,392.6
Profit for the period					3,476.3	3,476.3
Other comprehensive income						
Effect of changes in ownership of Bostads Ab Taos		0.5			169.4	169.9
Profit use of funds		0.9			-0.9	0.0
Cash flow hedges						
Amount recognised in equity			352.0			352.0
Amount transferred to the income statement			619.1			619.1
Change in deferred taxes			-194.2			-194.2

Financial assets available for sale					
Change in fair value			-2,382.8		-2,382.8
Amount transferred to the income statement			749.6		749.6
Change in deferred taxes			326.6		326.6
Revaluation of defined benefit plans					
Actuarial gains / losses			221.9		221.9
Change in deferred taxes			-44.4		-44.4
Investments property, revaluation reserves					
Amount transferred to the previous period profits					
Change in deferred taxes					
Total other comprehensive income	0.0	1.4	-352.1	0.0	168.5
Equity 30 June 2015	5,000.0	22,795.2	-991.9	22,923.5	48,959.9
					98,686.7

CONSOLIDATED CASH FLOW STATEMENT

1,000 €	1 Jan-30 June 2015	1 Jan -30 June- 2014	2014	2013
Cash flow from operating activities				
Interest received	10,040.6	9,061.4	20,586.8	17,051.7
Interest paid	-6,501.2	-5,948.7	-15,177.7	-13,146.9
Fee income	1,718.6	1,750.9	3,665.9	2,712.4
Fee expenses	-24.2	-25.4	-48.6	-24.2
Net income from securities and foreign currency transactions	-749.3	-0.6	-101.9	-1.7
Net income from available-for-sale financial assets	1,251.9	890.2	2,880.8	103.6
Net income from investment properties	3,780.9	1,406.3	3,246.5	5,666.4
Other operating income	-3.2	-2.8	-6.5	8.5
Administrative expenses	-4,505.4	-3,792.5	-7,778.7	-6,925.4
Other operating expenses	-229.7	-201.9	-703.9	-583.5
Credit and guarantee losses	21.7	-179.6	-31.1	19.1
Income taxes	-477.6	-314.8	-1,227.2	-145.9
Total net cash flow from operating activities	4,323.2	2,642.6	5,304.4	4,734.1
Operating assets increase (-) / decrease (+)				
Receivables from customers (lending)	-101,638.8	-102,568.4	-228,501.9	-250,828.1
Investment properties	-8,646.6	-1,479.6	-4,180.8	8,966.6
Operating assets increase (-) / decrease (+) total	-110,285.4	-104,048.0	-232,682.8	-241,861.4
Operating liabilities increase (+) / decrease (-)				
Liabilities to the public and public sector entities (deposits)	278,008.6	23,882.4	152,841.0	46,695.1
Operating liabilities increase (+) / decrease (-) total	278,008.6	23,882.4	152,841.0	46,695.1
NET CASH FLOWS ACCRUED FROM OPERATING ACTIVITIES	172,046.4	-77,522.9	-74,537.4	-190,432.3
Cash flows from investments				
Change in fixed assets	-659.7	-264.9	-510.5	-698.3
Equity investments increase (-) / decrease (+)	-2.4	0.0		
Dividends received	0.0	84.0	84.0	98.0
NET CASH FLOWS ACCRUED FROM INVESTMENTS	-662.1	-180.9	-426.5	-600.3
Cash flows from financing				
Bank loans, new withdrawals	28,673.3	71,951.4	364,062.2	164,031.7
Bank loans, repayments	-74,460.5	-66,613.9	-354,784.2	-160,224.9
Other liabilities increase (+) / decrease (-)	-3,308.7	-2,379.8	-6,073.1	-7,813.6
Bonds, new issues	63,500.0	102,261.8	258,330.7	358,465.8
Bonds, repayments	-78,070.0	-49,078.9	-152,547.2	-135,966.4
Certificates of deposit, new issues	138,391.1	108,153.3	274,108.8	255,952.2
Certificates of deposit, repayments	-164,047.5	-121,171.9	-260,484.1	-240,330.9
Subordinated liabilities, new withdrawals	10.4	960.8	967.4	21,501.1
Subordinated liabilities, repayments	-9.8	-2.2	-4,839.9	-346.5
NET CASH FLOWS ACCRUED FROM FINANCING	-89,321.7	44,080.5	118,740.5	255,268.6
NET CHANGE IN CASH AND CASH EQUIVALENTS	82,062.6	-33,623.3	43,776.6	64,236.1

Cash and cash equivalents at the beginning of the period	226,406.2	182,629.5	182,629.5	118,393.5
	308,468.8	149,006.3		
Cash and cash equivalents at the end of the period	[30 June]	[30 June]	226,406.2	182,629.5
CHANGE IN CASH AND CASH EQUIVALENTS	82,062.6	-33,623.3	43,776.6	64,236.1

GROUP'S DEVELOPMENT PER QUARTER

1,000 €	10-12/2014	7-9/2014	4-6/2014	1-3/2014	10-12/2013
Interest income	5,347.4	5,464.3	5,303.6	4,955.3	5,163.0
Interest expenses	-3,718.5	-3,792.4	-3,707.1	-3,425.2	-3,189.5
Net interest income	1,629.0	1,671.9	1,596.6	1,530.1	1,973.5
Income from equity investments					28.0
Fee income	1,089.8	751.4	1,096.7	721.0	698.6
Fee expenses	-8.4	-14.7	-17.0	-8.4	-4.1
Net income from securities and foreign currency transactions					
Net income from securities	-101.0				
Net income from currency transactions	-0.3	-0.1	-0.4	-0.2	-0.6
Net income from available-for-sale financial assets	545.8	1,444.8	388.7	501.5	90.0
Net income from investment properties	1,609.5	584.5	977.2	1,191.3	1,645.2
Other operating income	-1.7	-2.0	2.4	-5.2	-15.7
Administrative expenses					
Personnel expenses					
Salaries and remuneration	-1,479.3	-1,109.8	-801.8	-1,271.7	-1,152.3
Indirect personnel expenses					
Pension expenses	-502.1	-209.2	-162.0	-237.3	-438.4
Other indirect personnel expenses	-178.1	-37.3	-59.0	-44.7	-38.7
Other administrative expenses	-880.7	-650.1	-594.5	-637.7	-878.0
Total administrative expenses	-3,040.3	-2,006.4	-1,617.3	-2,191.4	-2,507.4
Depreciation and impairment losses on tangible and intangible assets	-79.5	-76.5	-76.6	-79.6	-77.3
Other operating expenses	-201.8	-170.6	-58.0	-129.7	-130.7
Impairment losses on loans and other commitments	143.0	5.5	-185.3	5.7	-9.2
Operating profit	1,584.1	2,187.8	2,191.0	1,535.1	1,690.3
Income taxes	-278.1	-391.5	-391.3	-269.4	-220.6
PROFIT FROM OPERATIONS AFTER TAXES	1,306.0	1,796.3	1,799.7	1,265.7	1,469.7
PROFIT FOR THE PERIOD	1,306.0	1,796.3	1,799.7	1,265.7	1,469.7

**CONSOLIDATED COMPREHENSIVE INCOME
STATEMENT. IFRS**

1,000 €	10-12/2014	7-9/2014	4-6/2014	1-3/2014	10-12/2013
Profit for the period	1,306.0	1,796.3	1,799.7	1,265.7	1,469.8
Items that may subsequently be reclassified to profit or loss					
Change in fair value reserve					
Hedging of cash flows	-92.4	202.5	-190.5	389.4	-237.0
Financial assets available for sale	-89.6	-132.3	692.4	233.2	-149.0
	-182.0	70.2	501.9	622.6	-385.9
Changes in the corporate tax rate					
Deferred tax on credit loss provisions					1,074.7
Deferred tax on revaluation reserve					409.7
IAS deferred tax on the pension foundation					275.1
	0.0	0.0	0.0	0.0	1,759.5
Items that will not subsequently be reclassified to profit or loss					
Revaluation of defined benefit pension plans	211.4		508.0		589.9
Total other comprehensive income	29.3	70.2	1,009.9	622.6	1,963.5
COMPREHENSIVE INCOME FOR THE PERIOD	1,335.4	1,866.4	2,809.6	1,888.3	3,433.2

OWN FUNDS AND CAPITAL ADEQUACY

1,000 €	1 Jan-30 June 2015	1 Jan-30 June 2014	2014	2013
Equity	98,686.7	92,190.8	95,392.6	87,492.9
Fair value reserve	1,878.1	1,701.7	1,847.1	2,762.5
Revaluation of defined benefit pension plans	-1,384.9	-996.0	-1,207.4	-488.0
Surplus from defined benefit pension plans	-5,701.4	-5,485.8	-5,515.1	-4,938.2
Core equity (CET1) before deductions	93,478.6	87,410.7	90,517.3	84,829.2
Intangible assets	-964.0	-679.7	-758.8	-591.2
Core equity (CET1)	92,514.6	86,731.0	89,758.5	84,238.0
Additional Tier 1 equity before deductions				
Deductions from additional Tier 1 equity				
Additional Tier 1 equity (AT1)				
Tier 1 equity (T1 = CET1 + AT1)	92,514.6	86,731.0	89,758.5	84,238.0
Tier 2 equity			807.9	201.6
Total own funds (TC = T1 + T2)			90,566.4	84,439.6
Total risk-weighted items	643,165.3	605,700.1	595,458.2	572,825.0
of which credit risk	616,632.6	581,691.1	568,925.6	548,816.0
of which market risk	0.0	0.0		
of which operational risk	26,532.7	24,009.0	26,532.7	24,009.0
of which other risks	0.0	0.0	0.0	
Core equity (CET1) in relation to risk-weighted items (%)	14.38	14.32	15.07	14.71
Tier 1 equity (T1) in relation to risk-weighted items (%)	14.38	14.32	15.07	14.71
Own funds (TC) in relation to risk-weighted items (%)	14.38	14.49	15.21	14.74

Capital adequacy has been calculated in accordance with the EU Capital Requirements Regulation (CRR, EU 575/2013).

The capital adequacy requirement for the credit risk is calculated using the standard method. The capital adequacy requirement for the operational risk is calculated using the basic method.

Negative unrealised valuations are included in core equity, and positive unrealised valuations are included in Tier 2 equity.

KEY FINANCIAL INDICATORS	IFRS	IFRS	IFRS	IFRS
Hypo Group	1 -6 / 2015	1-6 / 2014	2014	2013
Turnover, EUR million			32.7	27.1
Operating profit/profit before appropriations and taxes, EUR million			7.5	6.0
Operating profit, % of turnover			22.9	22.2
Return on equity (ROE), %			6.7	5.8
Return on assets (ROA), %			0.5	0.5
Leverage ratio, %	4.9	5.5	6.4	7.2
Capital adequacy, %			15.2	14.7
CET 1 Capital ratio, %	14.4	14.3	15.1	14.7
Own funds, EUR million			90.6	84.4
Common Equity Tier 1 funds, EUR million	92.5	86.7	89.8	84.2
Minimum requirement of own funds, EUR million			48.4	45.8
Cost-to-income ratio, %	49.5	51.5	56.4	57.4
Average number of personnel*			52	36
Salaries and remuneration, EUR million			4.1	2.9
Non-performing receivables, % of loan portfolio	0.24	0.19	0.23	0.14
Loan-to-value ratio (average LTV), %	43.0	47.9	44.9	50.0
Deposits/loans, %			42.1	36.8
Receivables from the public and public sector entities	1,308.8	1,077.8	1,204.0	977.9
Deposits (incl. deposits of financial institutions)	748.1	379.3	507.4	359.7
Balance sheet total, EUR million	1,700.3	1,294.0	1,499.9	1,219.6

* Including employees in permanent and fixed-term employment relationships, but excluding the CEO and the COO.
Capital adequacy has been calculated in accordance with the EU Capital Requirements Regulation (CRR, EU 575/2013) for 2013 and 2014.

DEFINITIONS OF KEY INDICATORS

Turnover =	$\frac{\text{interest income} + \text{income from equity investments} + \text{fee income} + \text{net income from available-for-sale financial assets} + \text{net income from currency operations and securities trading} + \text{income from investment properties} + \text{other operating income}}{\text{operating profit} - \text{income taxes}}$	
Return on equity % (ROE) =	$\frac{\text{shareholders' equity} + \text{accumulated appropriations less deferred tax liabilities (average total at the beginning and end of the year)}}{\text{operating profit} - \text{income taxes}}$	* 100
Return on assets % (ROA) =	$\frac{\text{operating profit} - \text{income taxes}}{\text{average balance sheet total (average total at the beginning and end of the year)}}$	* 100
Leverage ratio, % =	$\frac{\text{shareholders' equity} + \text{accumulated appropriations less deferred tax liabilities}}{\text{balance sheet total}}$	* 100
Capital adequacy, % =	$\frac{\text{own funds}}{\text{total risk}}$	* 100
Cost-to-income ratio, % =	$\frac{\text{administrative expenses} + \text{depreciation and impairment losses on tangible and intangible assets} + \text{other operating expenses}}{\text{net interest income} + \text{income from equity investments} + \text{net fee income} + \text{net income from available-for-sale financial assets} + \text{net income from currency operations and securities trading} + \text{net income from investment properties} + \text{other operating income}}$	* 100

Capital structure and capital adequacy management

The main purpose of capital adequacy management is to ensure that the quantity, quality and allocation of Hypo Group's own funds sufficiently and continually cover all relevant risks which Hypo Group's operations are exposed to.

The Financial Supervisory Authority has exempted Hypo Group's parent company Hypo from applying the requirements related to capital adequacy management procedures separately to AsuntoHypoPankki. For this reason, capital adequacy management procedures at AsuntoHypoPankki have been integrated into capital adequacy management at Hypo Group. In the internal capital adequacy assessment process (ICAAP), Hypo Group's own funds are allocated at the group level, considering both Hypo's and AsuntoHypoPankki's business operations.

The purpose of capital adequacy management within Hypo Group is to maintain sufficient profitability in proportion to the operating risks. Profitability accrues assets in the form of annual profit, and these assets are used for the development of competitive business operations.

Due to the gradual entry into force of the new capital regulations requirements as of 1 January 2014, the assessment of capital adequacy now relies solely on core equity (Common Equity Tier 1, CET 1). An internal minimum target and a monitoring limit have been set for the amount of core equity in proportion to risk-weighted receivables.

Hypo Group applies the new Basel III capital adequacy framework. The minimum amount of Hypo Group's own funds for the credit and counterparty risk is calculated using the standard method. The minimum amount of Hypo Group's own funds allocated to the operational risk is calculated using the basic method.

Hypo Group assesses its risk exposure and maintains risk buffers, not only for the minimum requirements for its own funds, but also for risk areas beyond these requirements. The most relevant areas of the latter are market risks and the risk of decreasing housing prices.

On 31 December 2014, capital adequacy calculated with core equity was 15.1 per cent (14.7 per cent in 2013).

Hypo Group estimates that the surplus of own funds is at an excellent level both quantitatively and qualitatively so as to also cover the operational and operating environment risks outside the minimum requirement. Capital is allocated and the sufficiency of risk buffers is tested regularly at Hypo Group level by conducting proactive reviews of the sufficiency of its own funds through stress tests. In this review, the goals for liquidity management and deposit funding in accordance with Hypo Group's growth strategy are considered, as are certain potential changes in the operating environment. The sufficiency of Hypo Group's own funds in relation to growth objectives is also proactively taken into account in the business strategy and the planning and supervision of business operations.

Each year, Hypo Group publishes the key information required for the analysis of its capital adequacy and risk management as part of its audited financial statements and the related annual report.

The Issuer's own funds and capital adequacy are presented in more detail in the table below.

OWN FUNDS AND CAPITAL RATIOS

1,000 €	30 June 2015	31 Dec 2014	30 June 2014
Equity	98,686.7	95,392.6	92,190.8
Fair value reserve	1,878.1	1,847.1	1,701.7
Revaluation of defined pension plans	-1,384.9	-1,207.4	-996.0
Surplus from defined pension plans	-5,701.4	-5,515.1	-5,485.8
Common Equity Tier 1 (CET1) capital before regulatory adjustments	93,478.6	90,517.3	87,410.7
Intangible assets	-964.0	-758.8	-679.7
Common Equity Tier 1 (CET1) capital	92,514.6	89,758.5	86,731.0
Additional Tier 1 (AT1) capital	0.0	0.0	0.0
Tier 1 capital (T1 = CET1 + AT1)	92,514.6	89,758.5	86,731.0
Tier 2 (T2) capital	0.0	807.9	1,063.5
Total Capital (TC = T1 + T2)	92 514,6	90 566,4	87 794,5
Total risk-weighted items	643,165.3	595,458.2	605,700.1
of which credit risk	616,632.6	568,925.6	581,691.1
of which market risk	0.0	0.0	0.0
of which operational risk	26,532.7	26,532.7	24,009.0
of which other risks	0.0	0.0	0.0
Common Equity Tier 1 (CET1) in relation to risk-weighted items (%)	14.4	15.1	14.3
Tier 1 capital (T1) in relation to risk-weighted items (%)	14.4	15.1	14.3
Total capital (TC) in relation to risk-weighted items (%)	14.4	15.2	14.5
Minimum capital	5,000.0	5,000.0	5,000.0
Capital conservation buffer in relation to risk-weighted items (%)	2.5	0.0	0.0
Countercyclical capital buffer in relation to risk-weighted items (%)	0.0	0.0	0.0

The own funds and capital adequacy are presented in accordance with the EU's Capital Requirements Regulation (575/2013).

The capital requirement for credit risk is calculated using the standard method

The capital requirement for operational risk is calculated using the basic method.

As of 1 January 2015 the unrealised gains and losses are included in CET1.

Until 31 December 2014 the unrealised losses were included in CET1 and the unrealised gains in T2.

AVAILABLE DOCUMENTS

The Hypo Bylaws, trade register extract, report on the management and steering organizations of Hypo and 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> and upon request from Hypo.

Document

Interim Report January – June 2015

Annual report 2014

Annual report 2014, page 55

Interim Report January – June 2014

Annual report 2013

Annual report 2013, page 50

Referred information

Interim report as at and for the six month period ended June 30, 2015

Financial statements including consolidated and parent company's financial statements 1 January – 31 December 2014, pages 18-63 of the Annual Report

Auditor's report 2014

Interim report as at and for the six month period ended June 30, 2014

Financial statements including consolidated and parent company's financial statements 1 January – 31 December 2013, pages 14-57 of the Annual Report

Auditor's report 2013