



THE MORTGAGE SOCIETY OF FINLAND

SUPPLEMENT NO. 1 / 16.11.2023

FOR THE PROGRAMME FOR THE ISSUANCE OF SENIOR PREFERRED NOTES, TIER 2 NOTES AND  
COVERED BONDS  
2,500,000,000 euros

This supplement (the **Supplement**) comprises a supplement for The Mortgage Society of Finland's (**Hypo** or the **Issuer**) 2,500,000,000 euros Programme for the Issuance of Senior Preferred Notes, Tier 2 Notes and Covered Bonds (the **Programme**) dated 11.9.2023. The Supplement 1 should be read in conjunction with the Programme.

The main purpose of this Supplement is to (a) incorporate by reference the unaudited consolidated Interim Report for 1 January 2023 to 30 September 2023 into the Programme, (b) confirm that there has been no significant change in the financial position of the Group since 30 September 2023.

The FIN-FSA, which is the competent authority for the purposes of the Prospectus Regulation in Finland, has approved this Supplement on 16 November 2023 (journal number FIVA/2023/2039).

## 1. Risks related to Financial Position and Financing as well as Regulation risks

The Following text is added to page 15 under the title "Hypo Group's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate" as a last paragraph:

"In accordance with the Credit Institution Act 610/2014 chapter 11, section 6d, the Finnish Financial Supervisory Authority (The Finnish FSA) has on 23 October 2023 set an indicative additional capital recommendation of 0.75% of total risk. The indicative additional capital recommendation should be covered with CET1 capital as stated in the Credit Institution Act section 6c, 1 subsection. The recommendation will enter into force on 31 March 2024 and is in force until further notice."

## 2. Regulatory Environment

The Following text is added to page 72 under the title "Capital Requirements and Standards" as a last paragraph:

"In accordance with the Credit Institution Act 610/2014 chapter 11, section 6d, the Finnish Financial Supervisory Authority (The Finnish FSA) has on 23 October 2023 set an indicative additional capital recommendation of 0.75% of total risk. The indicative additional capital

recommendation should be covered with CET1 capital as stated in the Credit Institution Act section 6c, 1 subsection. The recommendation will enter into force on 31 March 2024 and is in force until further notice.”

### **3. Future Outlook**

The text on page 83 under the title “Future Outlook” is replaced by the following:

“The description of probable future developments given below has been compiled and prepared on a basis which is comparable with the historical financial information, and consistent with Hypo’s accounting policies.

In the interim report for the period of 1 January 2023 to 30 September 2023, the following description of probable future developments has been given:

Finland’s economic development will weaken towards the end of the year, as the rise in interest rates is transmitted to private consumption and investments. Employment remains relatively strong, but unemployment will turn to growth in the construction industry next year at the latest. The construction industry's economic situation is weakening, and construction investments are falling. The Finnish government has on 12 October 2023 published a plan on reductions in the transfer tax to help the housing market, which will only recover properly when inflation and interest rates calm down. New housing starts are decreasing, but abundant supply still restrains the development of housing prices. Differences between housing market areas and units become more important and urbanization continues supported by the strong supply of housing. There is a risk of conflict escalation in the Middle East, which increases uncertainty for the future development of the global economy. Hypo Group focuses on strengthening its core business and profitability. The Group expects net interest income, net fee and commission income, capital adequacy and liquidity to remain on a strong level. The Mortgage Society of Finland group expects its operating profit for year 2023 to be clearly higher than operating profit for 2022. The expectation has been updated due to interest rate stabilization. The expectation contains uncertainties due to development in economy and interest rates as well as uncertainties related to the wars in Ukraine and Gaza and the unstable global situation.”

### **4. No significant changes**

The text ‘The most recent unaudited consolidated interim report of Hypo and Hypo Group concerns the interim period that ended 30 June 2023. Since that date, there has been no significant change in the financial performance or in the financial position of Hypo Group.’ on page 85 under the title “No significant changes” is replaced by the following:

“The most recent unaudited consolidated interim report of Hypo and Hypo Group concerns the interim period that ended 30 September 2023. Since that date, there has been no significant change in the financial performance or in the financial position of Hypo Group.”

### **5. Information Incorporated by Reference**

The following information is added into the beginning of the list of documents on page 89, under the titles “Document” and “Referred information” respectively:

<a href="#">“Interim Report 1 January – 30 September 2023</a>	Unaudited consolidated Interim Report for 1 January 2023 to 30 September 2023”
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