



POP MORTGAGE BANK PLC
EUR 1,000,000,000 Programme for the
Issuance of Covered Bonds

This supplement (the “**Supplement**”) comprises a supplement for POP Mortgage Bank Plc (the “**Company**”) to the base prospectus dated 7 March 2023 (journal number FIVA/2023/343, the “**Base Prospectus**”). This Supplement should be read in conjunction with the Base Prospectus.

The Finnish Financial Supervision Authority (“**FIN-FSA**”), which is the competent authority for the purposes of the Prospectus Regulation (EU) 2017/1129 (as amended) in Finland, has approved this Supplement on 4 October 2023. The FIN-FSA has only approved this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, but assumes no responsibility for the correctness of the information contained herein.

In this Supplement, the terms “**POP Mortgage Bank**”, the “**Bank**” and the “**Issuer**” refer to POP Mortgage Bank Plc and the term “**POP Bank Group**” or “**Group**” refers to POP Bank Centre coop (“**POP Bank Centre**”), the member cooperative banks of the POP Bank Centre (the “**POP Banks**”) and organisations under their control.

The purpose of this Supplement is to incorporate new information into the Base Prospectus.

1. Risk Factors

The third paragraph on page 10 under heading “*Risk Factors- Risk factors associated with the Group’s operations - Uncertain global economic and financial market conditions, military actions against Ukraine and increasing tension with Russia could adversely affect the Group’s business, results of operations, financial condition, liquidity and capital resources*” is amended with the underlined language:

” The financial results of the Group are affected by many factors, the most important of which are the general economic conditions in Finland and globally, volatility of interest rates and equity prices, competition as well as the impact of these factors on the demand for banking services, such as housing loans. The development of public finances and inflation, income and employment levels as well as investment activities of SME companies and the savings of households may also have an impact on the Group’s business operations and financial condition. These factors may be adversely affected by the direct or indirect consequences of the ongoing military action in Ukraine and the increasing tensions between Russia, the members of the North Atlantic Treaty Organisation and the western countries and result in increased credit risk for the Group and decreased liquidity of the Group’s customers. During the first half of 2022, inflation in Finland – as is other countries – continued to increase. Inflation was fuelled by the significant increase in energy prices, which is being reflected widely – and with a short time delay – in all sectors of the economy. In July of 2022, the short-term and long-term interest rates in the eurozone, which had remained moderate for a long time, began to increase rapidly during the spring of 2022. In July of 2022, the European Central Bank (the “**ECB**”) decided to raise the key interest rates and ramp down its securities purchase programme. The rises of key interest rates continued steadily through the end of 2022. The ECB has continued to increase interests during the year 2023. The ending of the ECB’s stimulus, cost inflation and increased financing costs could have a negative effect on the client’s debt sustainability if the overall economic situation continues to weaken significantly.”

2. MREL requirement

First paragraph on page 16 under heading “*Risk Factors - Risks associated with legal and regulatory environment - Minimum requirement for own funds and eligible liabilities*” is amended with the underlined language:

“Items eligible for inclusion in MREL include institution’s own funds (within the meaning of CRD IV), along with “Eligible Liabilities”, meaning liabilities which inter alia, are issued and fully paid up, have a maturity of at least one year (or do not give the investor a right to repayment within one year), and do not arise from derivatives. The MREL requirement may also have to be met partially through the issuance of contractual bail-in instruments, being instruments that are effectively subordinated to other eligible liabilities in a bail-in or insolvency of the relevant institution. On 28 April 2021, the Stability Authority updated the MREL requirement of the Amalgamation. The new requirement is 19.39 per cent of the total amount of risk or 5.91 per cent of the total amount of exposures used in the calculation of the minimum capital adequacy ratio. The new requirement took effect on 1 January 2022. According to the Stability Authority’s revised memorandum on the application of MREL requirement published on 24 June 2021, the senior bonds to be issued under by Bonum Bank under its programme are likely to qualify as Eligible Liabilities. On 31 May 2023, the Financial Stability Authority updated the decision regarding minimum MREL requirement for the amalgamation of POP Banks. The new MREL requirement is 19.99 per cent (previous requirement 19.71 per cent) of the TREA or 7.75 per cent (previous requirement 7.83 per cent) of the LRE. The new requirement replaces the previous decision as of 1 January 2024. The new requirement will be covered with own funds and unsecured senior bonds.”

3. No significant change

Statement regarding significant changes regarding the Bank on page 70 under heading “*Description of POP Mortgage Bank – No significant changes*” is replaced with following statement:

“There has been no significant change in the financial position or financial performance of the Bank since the date of its unaudited Half-Year Financial Report for the period 1 January 2023 - 30 June 2023 and no material adverse change in the prospects of the Bank since the date of its audited Financial Statement for the financial year 2022.”

Statement regarding significant changes regarding the Group on page 79 under heading “*Information on the Group and the Amalgamation - No significant changes*” is replaced with the following statement:

“There has been no significant change in the financial position or financial performance of the Group since the date of its unaudited Half-Year Financial Report for the period 1 January 2023 - 30 June 2023 and no material adverse change in the prospects of the Group since the date of its audited Financial Statement for the financial year 2022.”

4. Number of the POP Banks

The whole paragraph on page 67 under heading “*Description of POP Mortgage Bank - Organisational structure*” is amended with the underlined language:

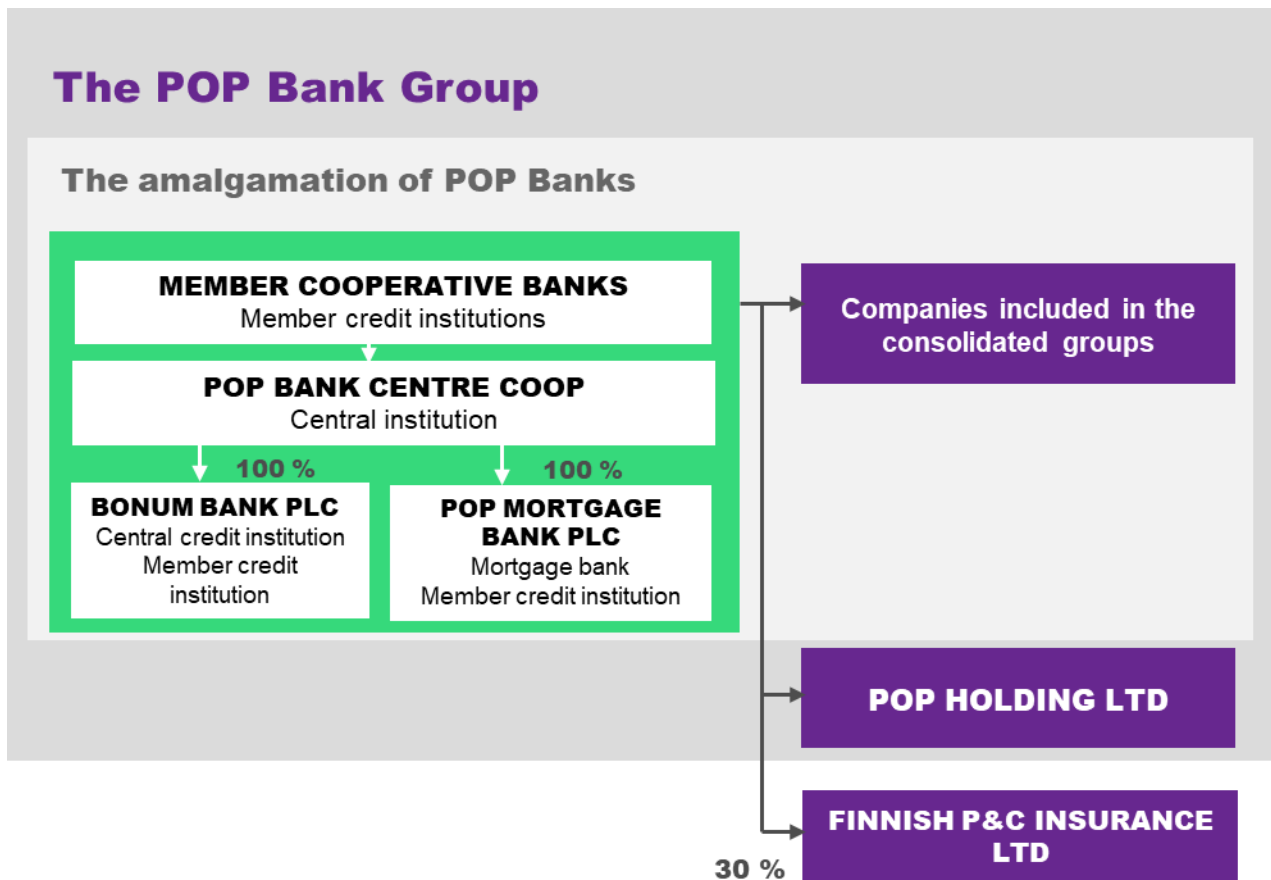
“The POP Group Consists of the POP Banks, the POP Bank Centre itself and organisations under their control. The most significant companies within the POP Group are 18 POP Banks and Bonum Bank (a subsidiary of the POP Bank Centre). The number of the POP Banks decreased from 19 to 18 in May 2023 as a result of the merger between Jämijärven Osuuspankki and Kurikan Osuuspankki. The POP Bank Centre acts as the central institution as well as the representational, product development and supporting unit of the POP Group. POP Mortgage Bank acts as a mortgage bank of the Group. More information on POP Group and the Amalgamation is presented under “Information on the POP Group and the Amalgamation”. The Amalgamation of the POP Banks is a legal entity as defined in the Amalgamation Act. The member cooperative banks within the Amalgamation as well as Bonum Bank and POP Mortgage Bank have joint liability on the debts and commitments of each other. The Amalgamation consists of the central institution and its member cooperative banks and credit institutions as well

as service companies of which the organisations of the amalgamation have over 50 per cent ownership. POP Holding Ltd does not fall within the joint liability of the Amalgamation.

5. Sale of the majority stake in Finnish P&C Insurance Ltd

On 14 March 2023, POP Bank Group and LocalTapiola signed an agreement on the sale of the majority stake in Finnish P&C Insurance Ltd, which was part of POP Bank Group, to LocalTapiola. Pursuant to the sale of the majority stake in P&C Insurance Ltd to LocalTapiola the following sections are amended in the prospectus as follows (amended and added language underlined):

The picture on page 72 under heading “Information on POP Group and the Amalgamation – The structure of the POP Group and the Amalgamation” is amended to reflect new group structure:



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The whole section under heading “Information on the Group and the Amalgamation - Group entities not belonging to the Amalgamation” on page 74 is amended with the underlined language:

“Group entities not included in the Amalgamation are entities other than credit and financial institutions or service companies. The most significant of them were POP Holding Ltd and Finnish P&C Insurance Ltd until 25 May 2023.

POP Holding Ltd is the Group’s holding company. As at 31 December 2022, the companies belonging to the Group owned 100.0 per cent of the shares in POP Holding Ltd. Finnish P&C Insurance Ltd, previously 100% owned by POP Holding Ltd, has been consolidated in the POP Holding group until 25 May 2023. The POP Holding group consisted until 25 May 2023 of POP Holding Ltd and Finnish P&C Insurance Ltd. On 14 March 2023, POP Bank Group and LocalTapiola signed an agreement on the sale of the majority stake in Finnish P&C Insurance Ltd, which was part of POP Bank Group, to LocalTapiola. The sale was completed on 25 May 2023

and concerned 70 per cent of the company's share capital. Finnish P&C Insurance Ltd will continue to operate as an independent company and will continue to use the POP Vakuutus brand in its insurance products.

Finnish P&C Insurance Ltd began its customer business operations in late 2012. The Group's Non-Life Insurance segment included Finnish P&C Insurance Ltd. The company offers the most common insurance policies to private customers: vehicle, home, boat, travel and accident insurance policies. The company focuses on private customers. At the end of 2022, the company had approximately 184,000 customers. Insurance policies have been sold under the auxiliary business name POP Insurance. As of the date of this Supplement Finnish P&C Insurance Ltd is a 30% owned company of POP Holding Ltd.

6. Recent Events

Following is added under heading “*Information on the Group and the Amalgamation - Recent events*” on page 79:

- “POP Bank Group has participated in the European Central Bank’s TLTRO funding operation with a total of EUR 128.4 million between 2020 and 2021. Of the TLTRO funding, EUR 50.0 million matured in June. POP Bank Group has the option to repay the remaining EUR 78.4 million in advance before maturity. The remaining funding will mature in 2024.
- On 14 March 2023, POP Bank Group and LocalTapiola signed an agreement on the sale of the majority stake in Finnish P&C Insurance Ltd, which was part of POP Bank Group, to LocalTapiola. The sale was completed on 25 May 2023 and concerned 70 per cent of the company’s share capital. Finnish P&C Insurance Ltd will continue to operate as an independent company and will continue to use the POP Vakuutus brand in its insurance products.

The transaction had a significant positive impact on POP Bank Group’s profit and capital adequacy in the review period. POP Bank Group recognised a gain of EUR 41.9 million on the sale, and the overall positive impact of the insurance operations on the Group’s result was EUR 45.2 million. Finnish P&C Insurance Ltd is included in POP Bank Group’s financial statements as a subsidiary until 25 May 2023. IFRS 17 Insurance Contracts has been applied retrospectively to the consolidation from 1 January 2023. The company’s result up to the date of sale and the sales gain are presented in the Group’s financial statements as discontinued operations, separately from continuing operations. After the transaction, a share of the company’s result corresponding to POP Bank Group’s holding is consolidated in the Group’s financial statements using the equity method. The amalgamation’s capital adequacy improved with the reduction of capital tied up in insurance operations.

As a result of the change of control, POP Bank Group’s management no longer monitors insurance operations as a separate operating segment. POP Bank Group will only have one operating segment.

- POP Bank Group’s profit before taxes for the period 1 January - 30 June 2023 was EUR 87.9 (4.8) million, of which EUR 45.2 million originated from the insurance business sold in May. The Group’s profit from continuing operations before taxes, EUR 42.6 (5.1) million, was substantially higher than in the comparison period and close to double the size of result for the entire previous year. The Group’s net interest income grew by 93 per cent from the comparison period and Common Equity Tier 1 (CET 1) rose to 21.1 per cent.

The Group accrued EUR 78.0 million in net interest income, which was EUR 37.6 million more than in the comparison period. Net commissions grew by 9.4 per cent compared to the previous year to EUR 23.0 million. Net investment income amounted to EUR 1.1 million, while in the comparison period, EUR 4.2 million was recorded as losses from the investments. Expenses grew by a total of 5.6 per cent to EUR 59.4 million.

The loan portfolio increased by 1.2 per cent. Despite the deteriorating economic outlook, the amount of credit losses remained at a moderate level. The deposit portfolio reduced by 0.1 per cent from the turn of the year, reflecting a general rise in costs and a decline in the savings rate.

During the first half of the year, POP Bank Group recorded a profit of EUR 45.2 million from the insurance business and the sale of a majority holding of 70 per cent of the insurance company. POP Bank Group still owns 30 per cent of Finnish P&C Insurance Ltd which it sold to LähiTapiola.

- Bonum Bank has renewed in July the debt security of EUR 50 million that was due on 12 July 2023. The new due date is 19 July 2028 with interest rate of EB 6m + 1.11 per cent.”

Following is added under heading “*Description of the Mortgage Bank - Recent Events*” on page 70:

“In April 2023, POP Mortgage Bank Plc, which is part of POP Bank Group, issued the second covered bond under its EUR 1 billion covered bond programme. The covered bond has a nominal value of EUR 250.0 million, a maturity of five years and a fixed interest rate. “

7. Information Incorporated by Reference

The following information will be added to continue the table presented under the heading “*Information Incorporated by reference*” on page 84.

<u>POP Bank Group Half-Year Financial Report 1 January - 30 June 2023</u>	POP Bank Group Half-Year Financial Report 1 January 30 June 2023	Unaudited Half-Year Financial Report of POP Bank Group for the period of 1 January – 30 June 2023
<u>Amalgamation of POP Banks Pillar III Report 30 June 2023</u>	Amalgamation of POP Banks Pillar III Report 30 June 2023	Amalgamation of POP Banks Pilar III Report 30 June 2023
<u>POP Mortgage Bank Plc Half-Year Report 1 January - 30 June 2023</u>	POP Mortgage Bank Plc Half-Year Report 1 January – 30 June 2023	Unaudited Half-Year Financial Report of POP Mortgage Bank Plc for the period of 1 January – 30 June 2023