



**POP MORTGAGE BANK PLC**

*(incorporated with limited liability in the Republic of Finland)*

**EUR 1,000,000,000 Programme for the Issuance of Covered Bonds**

Under this 1,000,000,000 euro programme for the issuance of covered bonds (the “**Programme**”), POP Mortgage Bank Plc (hereinafter “**POP Mortgage Bank**” or the “**Issuer**”) may from time to time issue covered bonds (the “**Covered Bonds**”) denominated mainly in euro. The Finnish Act on Mortgage Credit Banks and Covered Bonds (in Finnish: *Laki kiinnitysluottopankeista ja katetuista joukkolainoista*, 151/2022, as supplemented, amended, modified, varied, extended, replaced or re-enacted from time to time) applies to the Covered Bonds save for certain exceptions set out in the general terms and conditions of the Covered Bonds (the “**General Terms and Conditions**”). The Covered Bonds are issued as serial bonds (in Finnish: *sarjalaina*) (each a “**Series**”) and the Covered Bonds will be subject to a minimum maturity of one year and a minimum denomination of EUR 100,000 per Covered Bond. The Programme provides that Covered Bonds may be listed on the Helsinki Stock Exchange maintained by Nasdaq Helsinki Ltd (the “**Helsinki Stock Exchange**”).

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 and with the final terms of the relevant tranche of Covered Bonds (each a “**Tranche**”) (“**Final Terms**”). See “*Information Incorporated by Reference*”.

This Base Prospectus is valid for a period of twelve months from the date of approval. The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus, which is capable of affecting the assessment of the Covered Bonds, prepare a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Covered Bonds. **The obligation to prepare a supplement to this Base Prospectus in the event of any significant new factor, material mistake or inaccuracy does not apply when the Base Prospectus is no longer valid.**

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 Covered Bonds or their possession, or the distribution of this Base Prospectus or any other documents relating to the Covered Bonds admissible in any other jurisdiction than Finland requiring special measures to be taken for the purpose of a public offer.

The Covered Bonds issued pursuant to the Programme may be rated or unrated. Where an issue of the Covered Bonds is rated, its rating will be specified in the applicable Final Terms. As at the date of this Base Prospectus, the Covered Bonds issued under the Programme are expected to be rated by S&P.

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

The Covered Bonds have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state of the United States. Neither this Base Prospectus nor the Final Terms are to be distributed to the United States or in or to any other jurisdiction where it would be unlawful. The Covered Bonds 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 Covered Bonds 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 Covered Bonds. The principal risk factors that may affect the Issuer’s ability to fulfil its obligations under the Covered Bonds are discussed under “**Risk Factors**” below.

Arranger

**Nordea**

## IMPORTANT INFORMATION

In this Base Prospectus, the terms “**POP Mortgage Bank**” and the “**Issuer**” refer to POP Mortgage Bank Plc and the term “**POP 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. In this Base Prospectus, the term “**Arranger**” refers to Nordea Bank Abp in its capacity as the arranger of the Programme and the term Lead Manager(s) refers to any bank acting as lead manager.

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

This Base Prospectus replaces the Base Prospectus that has been approved by the FIN-FSA on 2 June 2022. This Base Prospectus has been prepared in accordance with the Prospectus Regulation (EU) 2017/1129 (as amended) (the “**Prospectus Regulation**”), the Commission Delegated Regulation (EU) 2019/979 (as amended), the Commission Delegated Regulation (EU) 2019/980 (as amended) (Annexes 7 and 15), the Finnish Securities Markets Act (in Finnish: *Arvopaperimarkkinlaki 746/2012*, as amended) (the “**Finnish Securities Markets Act**”) and the regulations and guidelines of the FIN-FSA and the European Securities and Markets Authority. This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation. The FIN-FSA, which is the competent authority for the purposes of the Prospectus Regulation in Finland, has approved this Base Prospectus on 7 March 2023 (journal number FIVA/2023/343 ). The FIN-FSA has only approved this Base Prospectus 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. Such approval shall not be considered as an endorsement of the Issuer or of the qualities of the Covered Bonds issued under this Base Prospectus.

POP Mortgage Bank does not undertake to supplement this Base Prospectus on a periodic basis (for example, following the announcement of each quarterly interim report by POP Mortgage Bank). However, POP Mortgage Bank will supplement this Base Prospectus when required in accordance with the mandatory provisions of the Prospectus Regulation. 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 POP Mortgage Bank 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 POP Mortgage Bank during the life of the Programme or to advise any investor in the Covered Bonds of any information coming to its attention.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Covered Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by POP Mortgage Bank, the Arranger or the Lead Manager(s) that any recipient of this Base Prospectus or any other information supplied in connection with the Programme, the Final Terms or any Covered Bonds should purchase any Covered Bonds. In making an investment decision, each investor must rely on their examination, analysis and enquiry of POP Mortgage Bank and the terms and conditions of the relevant Tranche of Covered Bonds, including the risks and merits involved. Neither POP Mortgage Bank, 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 Covered Bonds regarding the legality of the investment by such person. Investors should make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Covered Bonds. Investors should also make their own assessment as to the suitability of investing in the Issuer’s securities.

Neither the Arranger nor the Lead Manager(s) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and neither the Arranger nor the Lead Manager(s) accept any responsibility or liability in relation to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by POP Mortgage Bank in connection with the Programme, the Final Terms or the Covered Bonds. Notwithstanding the responsibilities and liabilities, if any, which may be imposed on the Arranger or the Lead Manager(s) by Finnish law 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 POP Mortgage Bank, the Final Terms and the Covered Bonds. The Arranger and the Lead Manager(s) accordingly disclaim any and all liability whether arising in tort, contract, or otherwise (save as referred to above) which they might otherwise have in respect of this Base Prospectus or any such statement.

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

This Base Prospectus has been prepared in English only. In making an investment decision, investors must rely on their own examination of POP Mortgage Bank and the terms and conditions of the Covered Bonds, 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 Covered Bonds, or otherwise to permit a public offering of the Covered Bonds, in any jurisdiction outside of Finland. POP Mortgage Bank, 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 POP Mortgage Bank, 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 Covered Bonds 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, South Africa or any other jurisdiction in which it would not be permissible to deliver the Covered Bonds and the Covered Bonds may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any of these countries. The Covered Bonds are governed by Finnish law and any disputes arising in relation to the Covered Bonds shall be settled exclusively by Finnish courts in accordance with Finnish law.

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## OVERVIEW OF THE PROGRAMME

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

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980.

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

Issuer:	POP Mortgage Bank Plc
Risk Factors:	Investing in Covered Bonds issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its respective obligations under the Covered Bonds are discussed under “ <i>Risk Factors</i> ”.
Arranger of the Programme:	Nordea Bank Abp
Lead Manager(s) of a Series and possible other subscription places:	Defined in Final Terms of a Series.
Issuer Agent and Paying Agent:	Defined in Final Terms of Series.
Maximum amount of the Programme:	1,000,000,000 euros.
Distribution:	Covered Bonds may be distributed outside the United States to, or for the account or benefit of, persons other than U.S. Persons (as such terms are defined in Regulation S under the Securities Act 1933, as amended) by way of private placement and in each case on a syndicated or non-syndicated basis.
Final Terms:	Covered Bonds issued under the Programme will be issued pursuant to this Base Prospectus and associated Final Terms. The terms and conditions applicable to any particular Tranche will be the General Terms and Conditions combined with the relevant Final Terms.
Form of the Covered bonds:	Book-entry securities of Euroclear Finland’s Infinity book-entry security system.
Currencies:	Euro or such other currency or currencies as may be separately resolved by the Issuer upon each issuance of the Covered Bonds under the Programme.
Nominal value:	The denomination of each book-entry unit is at least EUR 100,000. Subject thereto, the Covered Bonds will be issued in such denominations as specified in the relevant Final Terms.
Priority of the Covered Bonds:	The Covered Bonds will be issued as mortgage-backed bonds (Fi: <i>katettu joukkolaina</i> ) and will constitute direct, unconditional and unsubordinated obligations of the Issuer. The Covered Bonds will be covered in accordance with the Covered Bonds Act and will therefore benefit from the

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Cover Asset Pool. The Covered Bonds rank pari passu among themselves and with all other obligations of the Issuer in respect of mortgage-backed notes covered in accordance with the Covered Bond Act as well as all Derivative Transactions entered into the Register.

To the extent that claims of the Noteholders in relation to the Covered Bond are not fully met out of the assets of the Issuer that are covered in accordance with the Covered Bond Act, the residual claims of the holders of Covered Bonds will rank pari passu with the unsecured and unsubordinated obligations of the Issuer.

Soft bullet:

Pursuant to Section 32 of the Covered Bond Act, the terms and conditions of a Covered Bond may include a provision that enables the issuer to extend the maturity of a Covered Bond subject to certain conditions, including the approval of the FIN-FSA. In addition, the conditions for extension of maturity include, among others, that the issuer is unable to obtain long-term financing from ordinary sources, the issuer is unable to meet the liquidity requirement set out in the Covered Bond Act if it makes payments towards the principal and interest of the maturing Covered Bond and that the extension of maturity does not affect the sequence in which the issuer's Covered Bonds from the same Cover Asset Pool are maturing. If the FIN-FSA's determines that the conditions for extension have been fulfilled and it gives its approval to the extension, its resolution shall indicate the applied extended maturity date of such Covered Bonds which shall be a date on or before the final extended maturity date specified in the General Terms and Conditions.

Listing:

The Covered Bonds may be applied for listing on the Helsinki Stock Exchange. Also unlisted Covered Bonds may be issued.

Term of the Covered Bonds:

A minimum of one (1) year.

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 Covered Bonds. Interest is paid on due dates of payment of interest defined in the Final Terms.

Covered Bonds may 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.

Use of Benchmark:

Amounts payable under the notes are calculated by reference to EURIBOR, STIBOR, NIBOR or CIBOR to the extent floating rate interest is applicable according to the Final Terms.

EURIBOR is provided by the European Money Markets Institute (the "EMMI"). As at the date of this Base Prospectus, the EMMI has been authorised as a regulated benchmark administrator pursuant to Article 34 of

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Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”, the “**BMR**”) and appears on the public register of administrators established and maintained by the European Securities and Markets Authority (the “**ESMA**”) pursuant to Article 36 of the Benchmarks Regulation.

CIBOR is provided by Danish Financial Benchmark Facility (“**DFB**”). At the date of this Base Prospectus, DFB appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the BMR.

NIBOR is provided by Norske Finansielle Referanser AS (“**NFR**”). At the date of this Base Prospectus, NFR appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of BMR.

STIBOR is provided by Swedish Financial Benchmark Facility (“**SFB**”). At the date of this Base Prospectus, SFB does not appear on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the BMR. As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that SFB is not currently required to obtain authorisation or registration.

Redemption:

The nominal amount of principal of the Covered Bond.

Applicable law:

Finnish law.

Authorisation:

The establishment of the Programme was duly authorised by a resolution of the Board of Directors of the Issuer dated 12 April 2022 and the update of the programme was duly authorised by the Board of Directors of the issuer on 15 February 2023.

Credit rating:

A Series may be rated or unrated. If a Series to be issued under the Programme is to be rated, the rating will be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Series will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation (EU) (1060/2009, as amended) (“**CRA Regulation**”) will be disclosed in the applicable Final Terms.

At the date of this Base Prospectus, the Covered Bonds issued under the Programme are expected to be rated by S&P.

There is no guarantee that the rating of the Covered Bonds assigned by S&P Global Ratings Services (“**S&P**”) will be maintained following the date of this Base Prospectus or that any other rating of any Series will be obtained or maintained. The Issuer may seek to obtain ratings from other credit rating agencies.

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

## RISK FACTORS

*Any investment in the Covered Bonds is subject to a number of risks. Prior to investing in the Covered Bonds, prospective investors should carefully consider the risk factors associated with any investment in the Covered Bonds, the business of the Group, 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. Words and expressions defined in the “General Terms and Conditions of the Programme” below or elsewhere in this Base Prospectus have the same meanings in this section.*

*Set forth below are risk factors that the Issuer believes are the principal risks involved in an investment in the Covered Bonds. However, additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that it currently deems immaterial, may 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 Covered Bonds may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Covered Bonds is suitable for them in light of the information in this Base Prospectus and their personal circumstances.*

*The risk factors presented herein have been divided into six (6) categories based on their nature. Within each category, the risk factor estimated to be the most material on the basis of an overall evaluation of the criteria set out in the Prospectus Regulation is presented first. However, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialisation. The order of the risk categories does not represent any evaluation of the materiality of the risk factors within that category, when compared to the risk factors in another category.*

### **Risk factors associated with the Group’s operations**

The Covered Bonds are liabilities of the Issuer and the Issuer is obliged to comply with the General Terms and Conditions of the Covered Bonds. The Issuer serves as the mortgage credit bank of the Group and it does not have independent business operations of its own which would pose material business risks. Therefore, the business, financial position and prospects of the Group affect the Issuer’s abilities to comply with the General Terms and Conditions of the Covered Bonds. Accordingly, where certain factors are described below with references to the Group such factors are also relevant to the Issuer as part of the Group. In case the Issuer is not able to comply with the General Terms and Conditions of the Covered Bonds due to any reason, such as worsened financial position of itself and/or the Group, the holders of the Covered Bonds may receive payments from the Cover Asset Pool in accordance with the relevant Covered Bonds Legislation. Please see section “*Risks relating to the Covered Bonds*” in relation to, among other things, risk factors which may compromise payments from the Cover Asset Pool to the holders of the Covered Bonds in case the Issuer is not able to comply with the terms and conditions of the Covered Bonds.

#### ***The Group is exposed to credit risk***

Credit risk is the key risk among the business risks of the Issuer and the Group. Credit risk refers to losses of the Issuer when the Issuer’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 Issuer’s most significant source of credit risk are granted loans, but credit risk may also arise from other kinds of receivables, such as bonds, short-term debt securities and off-balance sheet commitments, such as unused credit facilities and overdraft limits and guarantees. In addition, the investment activities, such as bonds, short-term debt securities of the liquidity reserves generate a credit risk.

The POP Banks’ combined loan portfolio increased by 4.8 per cent in 2022 compared to 2021 and amounted to EUR 4.448 million. In the current market environment, rising inflation, cost pressure, disruption of subcontracting chains, decrease in demand as well as slow increase in production prices, for example, could result in losses, if the POP Banks’ customers are unable to meet their obligations. Unemployment and interest rate level are the most significant general economic factors, which could adversely affect retail customers’ ability to repay their loans. Furthermore, fluctuations in housing prices and general activity in the housing market could adversely affect both customers’ debt servicing ability as well as the realisation value of collateral.

The Russian invasion to Ukraine, sanctions against Russia, energy crisis and weakening eurozone exports have significantly accelerated inflation. Accelerated inflation has resulted in increases of interest rates by central banks. Interest rates are expected to continue to rise. Rising interest rates have also caused, and are likely to continue to cause, uncertainty in the markets and concern about the development of the global economy. The expected decrease of Finland’s gross domestic product and employment rate, possible increase of unemployment rate, rising living costs and interest rates as well as the uncertainty relating to the exports and capital spending could increase defaults in all customer groups and therefore have a negative impact on the Group’s result (see also *Risk Factors - Risks associated with the Group’s*



*operating environment - 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.*

Deterioration in market conditions could result in difficulties for the Group's customers in meeting their payment obligations, which could lead to increased disruptions in repayments of loans, as well as write-downs and loan losses.

The POP Banks' key customer groups are Finnish private individuals, small companies and agricultural entrepreneurs. As all of the key customer groups consist of Finnish customers, the POP Banks' business, results of operations and financial condition could be adversely affected by this geographical risk concentration in Finland. The majority of the funds raised by the POP Banks have been granted as housing loans to their customers. The majority of the Group's loans, i.e. 63 per cent, have been granted against residential housing serving as collateral for the underlying loan. Therefore, although corporate loans and agriculture customers provide diversification against the credit risk arising from housing loans, the Group's credit risk is mainly dependent on the POP Banks' housing loan portfolio. The amount of expected credit losses (ECL) for loans, receivables and investment portfolios increased ending up at EUR 43.1 million (2021 38.6). Realised credit losses incurred during the financial year were EUR 3.2 million (2021 8.0).

If the Group fails to manage its credit risks, it may not be able to generate sufficient interest income to offset any increased credit losses. Estimating potential write-downs of the loan portfolio is a complicated process in which the final outcome depends on several factors, including the overall economic conditions, credit rating migration of customers and counterparties, changes in customers' ability to repay loans, the realisation value of collateral positions, regulatory requirements and other external factors. 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 Covered Bonds. Any failure in the Group's credit risk management could result in substantial losses and could adversely affect the Group's business, results of operations and financial condition and thereby the Issuer's ability to fulfil its obligations, such as the payment of principal, interest and interest on arrears, under the Covered Bonds.

#### ***The Group risk management may not be adequate***

Core values, strategic goals and financial targets form the basis for risk and capital adequacy management in the Group. The purpose of the Group's risk management is to identify and mitigate risk, for example, with instructions, education, relevant limits and monitoring, which could negatively affect the Group's risk position and thus opportunities affecting for strategy implementation. The objective is to help achieve the targets set in the strategy by ensuring that risks are proportional to the Group's risk-bearing capacity. There can be no certainty that the Group's measures would be fully adequate to manage and control risks.

Some of the qualitative tools and metrics used by the Group for risk management purposes are based upon the use of observed historical market behaviour as well as future predictions. These tools and metrics may fail to predict or predict incorrectly future risk exposures which could lead to losses for the Group.

Factors described above or any other failure in risk management could cause substantial losses and adversely affect the Group's business, results of operations and financial condition and thereby the Issuer's ability to fulfil its obligations, such as the payment of principal, interest and interest on arrears, under the Covered Bonds.

#### ***The amalgamation's strategy or its execution may fail***

Strategic risks refer to losses that may arise from the choice of an incorrect business strategy or business model in view of the developments in the amalgamation's (the "**Amalgamation**") operating environments. Strategy implementation may also be insufficient and strategic targets are not achieved, the Amalgamation or individual POP Banks may also be unable to successfully execute the Amalgamation's strategy, and the Amalgamation's strategy may not be competitive or may be insufficient to meet unexpected changes in the competitive environment or customer requirements in the future as competition increases and customer offerings develop in the markets internationally. Any failure in the execution of the Amalgamation's strategy may have a negative impact on its overall financial performance and thereby the Issuer's ability to fulfil its obligations, such as the payment of principal, interest and interest on arrears, under the Covered Bonds.

#### ***The Amalgamation may be unable to maintain its desired capital adequacy position***

The Issuer's mortgage banking license is dependent upon, among other things, the fulfilment of capital adequacy requirements in accordance with the applicable regulations (see "*The Amalgamation Act*", "*Regulatory Environment*", "*Finnish Covered Bond Act*"). The Amalgamation's capital structure and capital adequacy ratio may have an effect on

the availability and costs of funding operations. Moreover, the absence of a sufficiently strong capital base may constrain the Amalgamation's growth and strategic options. Significant unforeseen losses may create a situation under which the Amalgamation is unable to maintain its desired capital structure.

The Amalgamation's capital adequacy is related to the availability of additional capital in the future. The capital position is affected by, for example, profit after tax, the distribution of dividends, immaterial rights, changes in fair value reserve as well as the difference between impairments and expected loan losses. Risk-weighted assets are affected by, for example, the amount of lending and risk ratings of the loans and other receivables and assets as well market and operational risks. Negative changes in the capital adequacy position, such as a decrease in equity or an increase in risk-weighted exposures could have an adverse effect on the availability and cost of the Amalgamation's funding and, consequently, have an adverse effect on the Amalgamation's business, results of operations and financial condition and thereby the Issuer's ability to fulfil its obligations, such as the payment of principal, interest and interest on arrears, under the Covered Bonds.

#### ***The Issuer's joint liability within the Amalgamation involves risks***

The central institution (i.e. the POP Bank Centre) is liable for the debts of its member credit institutions, including each of the POP Banks, Bonum Bank Plc ("**Bonum Bank**") and the Issuer (together, "**Member Credit Institutions**"). Furthermore, the Member Credit Institutions are jointly liable for each other's debts (see "*The Amalgamation Act*").

In turn, a Member Credit Institution is liable to pay to the POP Bank Centre its own share of the amount which the POP Bank Centre has paid to another Member Credit Institution either as support, as described above, or as payment to a creditor of another Member Credit Institution for an unpaid due debt. The total amount of liability of each Member Credit Institution is unlimited in case of the POP Bank Centre's liquidation or bankruptcy (as set out in Chapter 14, section 11 of the Act on Cooperatives (in Finnish: *Osuuskuntalaki*, 421/2013, as amended) (the "**Cooperatives Act**"). Otherwise, the liability to pay of each Member Credit Institution: (a) is limited to a proportional share of the total liability (each Member Credit Institution's liability for the amount which the POP Bank Centre has paid on behalf of one Member Credit Institution to its creditors is divided between the Member Credit Institutions in proportion to their last confirmed balance sheet totals); and (b) is only applicable if such Member Credit Institution has at least a minimum capital adequacy (in each case as set out, determined and subject to limitations in accordance with Chapter 5 of the Amalgamation Act). Accordingly, the ability of any holder of Covered Bonds to take action against an individual Member Credit Institution will be limited, and enforcement in respect of an individual claim may require enforcement actions to be brought against several different entities. This will represent an additional administrative burden and expense, and there can be no assurance that all or any of such enforcement actions will be successful.

While the holders of the Covered Bonds have a priority to the cover pool, as a Member Credit Institution of the Amalgamation, the realisation of this risk factor could have a material adverse effect on the Issuer's business, results of operations and financial condition and thereby its ability to fulfil its obligations under the Covered Bonds. For more information on the Amalgamation and the joint liability, see "*The Amalgamation Act—Joint liability of the Amalgamation*".

#### ***Changes in the composition of the Amalgamation may involve risks***

The current composition of the Amalgamation may change, subject to certain restrictions. In accordance with Act on the Amalgamation of Deposit Banks (in Finnish: *Laki talletuspankkien yhteenliittymästä*, 599/2010, as amended) (the "**Amalgamation Act**"), a Member Credit Institution, such as the Issuer or one of the POP Banks, has the right to withdraw from its central institution membership. A Member Credit Institution may be expelled from the POP Bank Centre as specified in Chapter 3, section 3 of the Cooperatives Act or in case a Member Credit Institution has failed to comply with the instructions, issued by the POP Bank Centre, in a manner that significantly endangers the management of liquidity or capital adequacy or the application of the standardised accounting policies or supervision of compliance with said policies, or in case a Member Credit Institution otherwise acts in material breach of the Amalgamation's general operating principles adopted by the POP Bank Centre (see "*The Amalgamation Act – Withdrawal and/or expulsion of POP Banks*").

Among other things, the Amalgamation Act provides preconditions for the merger of a Member Credit Institution into a credit institution other than another Member Credit Institution, such as written notification to the central institution's board of directors and a remaining capital level. In accordance with the Finnish Limited Liability Companies Act, a merger must be supported by at least two thirds of the votes cast and the shares represented at the general meeting of the merging credit institution. Thus, this limits the Issuer's ability to merge with a credit institution other than a Member Credit Institution.

The provisions of the Amalgamation Act governing payment liability of a Member Credit Institution shall also apply to a former Member Credit Institution which has withdrawn from the POP Bank Centre, when a demand regarding payment liability is made on the credit institution, provided that less than five years have passed from the end of the calendar year of the Member Credit Institution's withdrawal from the POP Bank Centre. Prospective holders of Covered Bonds should therefore note that, with respect to Covered Bonds which have a maturity of greater than five years, the Issuer's ability to service such obligations will be at risk from the economic impact of a POP Bank (particularly if such POP Bank is disproportionately larger in comparison to the remaining POP Banks) leaving or being expelled from the Amalgamation or no longer being a Member Credit Institution if such exit by such entity occurs greater than five years before the Maturity Date of such Covered Bonds. Furthermore, as a result, the ratings assigned to any such Covered Bond may be adversely affected as of the date that any such POP Bank withdraws or is expelled from the POP Bank Centre Coop and the Amalgamation.

Irrespective of the payment liability described above, it cannot be excluded that possible withdrawals or expulsions from the POP Bank Centre's membership could adversely affect the Group's reputation and brand and, in turn, its business, results of operations and financial condition and thereby the Issuer's ability to fulfil its obligations, such as the payment of principal, interest and interest on arrears, under the Covered Bonds.

***Holders of the Covered Bonds are exposed to credit risk relating to the Amalgamation and the Issuer as a part of it***

Holders of the Covered Bonds take a credit risk on the performance of the Issuer, the Group and the Amalgamation to the extent that claims of the holders of Covered Bonds in respect of the Covered Bonds are not met out of the Cover Asset Pool. Receipt of payments under the Covered Bonds by a holder of Covered Bonds is dependent on the Issuer's ability to fulfil its payment obligations, which is in turn dependent upon the development of the Group's and Amalgamation's business. Notwithstanding the joint liability under the Amalgamation Act between the Issuer and the POP Banks, there is no guarantee in place which directly ensures the repayment of Covered Bonds issued under this Programme. The payment obligations under the Covered Bonds are covered obligations of the Issuer and are not obligations of, and are not guaranteed by, the POP Bank Centre nor any POP Bank. For more information on the Amalgamation and the joint liability, see "*The Amalgamation Act—Joint liability of the Amalgamation*".

***The Issuer is dependent on the services it has outsourced to the Amalgamation***

The operations of the Issuer are mainly outsourced through service agreements to companies belonging to the Amalgamation or companies providing services to the Amalgamation. The Issuer's own internal organisation only comprises the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer. The operational organisation of the Issuer relies on the different organisations of the Amalgamation and cooperation between them. Any breaches of the service agreements or interferences in the cooperation could have a material adverse effect on the Issuer's operations and possibility to issue Covered Bonds. **Risks associated with the Group's operating environment**

***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***

The global economic and financial market conditions have repeatedly undergone significant turmoil due to, among other factors, the ongoing sovereign debt issues in certain European countries, particularly certain eurozone Member States, the decision of the United Kingdom to withdraw from the European Union (commonly referred to as Brexit) and the continuous tensions between the United States and China regarding, for example, geopolitics and trade. In addition, the outbreak of the COVID-19 pandemic ("Coronavirus") caused, and continues to cause at some degree, substantial uncertainty in the financial markets. The continuing spread of the Coronavirus, potential emergence of new variants, and any potential restrictive measures undertaken by governments are likely to have a material adverse effect on global economic and financial market conditions.

Furthermore, the ongoing military action in Ukraine and the increasing tensions between Russia, the members of the North Atlantic Treaty Organisation and the Western countries may cause disruptions to the global economy, financial markets, and the Group's business environment, particularly, if even stricter sanctions and/or trade restrictions are imposed by the Western countries and/or Russia, or, if the conflict escalates or expands to other countries or regions. The uncertainty relating to the financial markets and global economy may create economic and financial disruptions and even a financial crisis. As the state debt levels remain high and continue to increase in some countries, including Finland, it is possible that the global economy will fall back into a recession, which could be deeper and last longer than the one experienced in 2008 and 2009. Uncertainty in the operational environment of the Issuer has increased, especially with regards to the predictability of funding available in the capital markets and the future development of impairment of unsecured consumer loans. Uncertainty has also increased concerning the financial results of the Group. Market volatility

is high and estimated to lower the Group's net investment income. Although the POP Bank Group has no customer companies with operations in Russia or Ukraine, the crisis is indirectly affecting the operations of the POP Banks' customers. In payment transactions, the POP Bank Group complies with the economic sanctions imposed by the EU and the UN, as well as the sanctions imposed by the United States and the United Kingdom. In addition, the POP Bank Group has raised its level of preparedness to meet various cybersecurity threats.

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 is expected to continue to increase interests during the year 2023.

Since March of 2022, the EU sanctions imposed on Russia also had a significant impact on the Finnish economy – the worst blows being suffered by individual companies, whose Russian business operations became practically worthless in a short period of time. In May of 2022, Russia shut down the supply of natural gas, which has been one of the most critical imports from Russia to Finland. It has been possible to replace natural gas with other sources of energy, but the costs of energy have increased. The closing of the Russian market to foreign operators in spring of 2022 has also caused losses for many Finnish export companies, which have been forced to compensate by seeking business opportunities in other market areas.

Deterioration in market conditions could result in difficulties for the Group's customers in meeting their payment obligations, which could lead to increased disruptions in repayments of loans, as well as write-downs and loan losses. Deterioration in the general economic situation could also reduce demand for loans, such as housing loans and other products, leading to reduced net interest income from the banking business. Furthermore, the development of housing markets and general economic conditions may vary significantly between different regions in Finland, as the impact of certain structural changes may differ in individual economic regions. The Group's loan portfolio is concentrated in Ostrobothnia, Central Finland and Southwest Finland, and thereby the unfavourable development of housing markets and general economic conditions in such regions could have an adverse impact on the Group's risk position.

Moreover, income generation in the Group's retail banking is significantly affected by changes in the interest rate level. Interest rate risk arises when interest rate fixing periods or interest rate bases for assets and those for liabilities are mismatched. Net interest income comprises a substantial part of the Group's total income. The strong rise in interest rates since the spring of 2022 has supported the development of the group's net interest income. The Group's net interest income totalled EUR 94.2 million in the financial year 2022. Therefore, interest income has a significant effect on the Group's total operating income and a failure to manage interest rate risk would decrease the Group's net interest income. However, in the short-term, the rise in interest rates has caused decline in value of the Group's fixed income investments.

The market value of financial assets held by the members of the Group may also be affected. Furthermore, deterioration in the general economic situation could increase the Group's refinancing costs and hamper the Issuer's or the Group's refinancing options.

There can be no assurance that the Issuer's liquidity and access to financing will not be affected by changes in the financial markets or that its capital resources will, at all times, be sufficient to satisfy the Group's liquidity needs.

***The market for the POP Banks' core business areas has a high level of competition***

The financial services market remains, in accordance with the managements' view, highly competitive in the local and regional markets where the POP Banks operate. For example, the margins of housing loans are decreasing due to competition. In addition, the operating environment of the financial services market faces significant changes.

Competition comes mostly from established players and may take the form of new products or operating models such as digitalisation. The managements' view is that the market is expected to remain highly competitive in the POP Banks' core business areas, which could adversely affect the POP Banks' business, results of operations and financial conditions.

***Systemic risks may have negative impacts on markets in which the Group operates***

Payment defaults, bank runs and other types of financial distress or difficulties in a foreign or domestic bank or other financial institution may lead to a series of liquidity problems and losses as well as payment and other difficulties in other companies operating in the financial sector, due to the interconnectedness of the domestic and global financial systems and capital markets. If one financial institution experiences difficulties it could have spill-over effects on other institutions through, for example, lending, trading, clearing and other linkages between financial institutions. These types of risks are called 'systemic risks' and they can have a significant negative impact on markets in which the Group operates on a daily basis which can, in turn, adversely affect the Group's business, results of operations and financial condition.

**Risk factors associated with the Amalgamation's operations**

***The Group is exposed to system and information security risks and the risk of failures and/or delays in the renewal of its core banking system***

The Group's daily operations involve a large number of transactions, which rely on the secure processing, storage and transfer of confidential and other information in the Group's IT systems and information networks. Even though the Group utilises protective systems, the Group's IT system, equipment and network may be susceptible to unauthorised use, computer viruses and other harmful factors. The Group has outsourced its bank system and accounting handling to external parties. In addition, the Group uses a platform service provided by a third party and some of the Group's card and business services have been outsourced to third parties. Consequently, the Group relies to a considerable extent on its outsourcing parties with regards to maintaining IT systems and providing IT services and other agreed services. Any failure by the outsourcing parties to maintain and develop IT systems or deliver agreed services as the Group requires could have a material adverse effect on the Group's business.

In January 2022, the POP Bank Centre signed an agreement with Crosskey Banking Solutions Ab Ltd on the renewal of the Group's core banking system. The POP Bank Centre anticipates that the Group will take the new core banking system into use during 2025. POP Bank Centre's agreement on the renewal of the Group's core banking system may require significant input from the employees of the Group and have an adverse effect on the Group's profits. In addition, there can be no assurance that the contemplated renewal project will be completed within the expected timeline or budget and that the anticipated benefits of the updated system will be realised. Any failure or delay in the contemplated renewal project could have a material adverse impact on the Group's business or results of operations. For more information on the renewal project see "*Information on POP Group and the Amalgamation – The POP Bank Centre*".

Furthermore, the Group's operations depend on confidential and secure data processing. As part of its business operations, the Group stores personal and banking specific information provided by its customers which in Finland are subject to certain regulations concerning privacy protection and banking secrecy. The Group may incur substantial costs if information security risks materialise. Resolving system and information security problems may cause interruptions or delays in the Group's customer service, which could have an adverse effect on the Group's reputation and persuade customers to abandon the Group's services or to present the Group with claims for compensation. Furthermore, if the Group fails to effectively implement new IT systems or to adapt to new technological developments, it may incur substantial additional expenses or be unable to compete successfully in the market. Any one of the aforementioned factors could have an adverse effect on the Group's business, results of operations or financial condition.

***Operational disturbances and events may affect the Amalgamation's business operations***

Operational risks refer to financial losses or other harmful consequences to business that may arise from internal inadequacies or errors in systems, processes, procedures and the actions of personnel, or by external factors affecting the business. All of the Amalgamation's business processes, including credit and investment processes, involve operational risks. The operational risk of the Amalgamation also arises from outsourced operations and major business projects. Operational risk may also materialise in terms of loss or deterioration of reputation or trust.

The Issuer is exposed to operational risks through its business operations and through setting up of the central credit institution services. Operational risk is inherent in the Issuer's and the Group's processes, systems, outsourcing, services and products. Operational risk losses and "near miss" -events are reported to the Issuer's Board of Directors and to the POP Bank Centre's independent compliance unit on a regular basis. Operational risk is one of the key risk categories in

ICAAP and risk-based capital allocation. Operational risk losses are also reported to the FIN-FSA according to EU regulations.

Strategic and operational risks, if realised, such as the omissions detected by the FIN-FSA and referred to above, could have a material adverse effect on the capital adequacy, business operations, financial standing, business results, reputation, prospects and solvency of the Group as well as on the value of the Covered Bonds.

***The Group is exposed to risks relating to brand, reputation and market rumours***

Among other factors, the Group relies on its well-known and respected brand and good reputation<sup>1</sup> in Finland when competing for customers. During the current turbulent market environment, having a good reputation is of particular importance as financial institutions are particularly susceptible to the negative impacts of rumours and speculation regarding their solvency and their ability to access liquidity. The brand and reputation of the Group can be affected by other factors outside the control of the Group. There can be no certainty that rumours or speculation would not arise and that such rumours or speculation, whether founded or not, would not have such an impact in the future. Negative rumours or speculation relating to the Group could have a negative impact on the Group's ability to acquire funding, as major part of the Group's funding comes from retail deposits.

Possible future decisions by the Group concerning its operations and the selection of services and products offered may have a negative effect on the Group brand. Furthermore, if global economic conditions continue to be uncertain and unstable and continue to particularly impact the financial services sector, the Group may suffer from rumours and speculation regarding, among other things, its solvency and liquidity situation. Negative developments in the Group's reputation and brand as well as negative views of consumers concerning the Group's products and services or rumours concerning the Group may have an adverse effect on the Group's business, results of operations and financial condition.

***Customers and counterparties may file damages claims against the Member Credit Institutions or the Group***

The customers or counterparties, of the companies belonging to the Group, may make claims against the Member Credit Institutions or the Group that may result in legal proceedings. These risks include, among others, potential liability for the sale of unsuitable products to the Member Credit Institutions' customers (misselling) or managing customer portfolios against customer instructions due to, for example, human error or negligence, as well as potential liability for the advice that the Member Credit Institutions provide to participants in securities transactions, or liability under securities or other laws in connection with securities offerings.

Should the Member Credit Institutions or the Group be found to have breached their obligations, they may be obligated to pay damages. Such potential litigation could also have a negative impact on the Group's reputation among its counterparties. Furthermore, the Group may face material adverse consequences if contractual obligations should prove to be unenforceable or be enforced in a manner adverse to the Group or should it become apparent that the Group's intellectual property rights or systems were not adequately protected or in operable condition.

The materialisation of any legal risks such as described above or any potential damages to be paid by the Group or the loss of its reputation may be substantial and could have an adverse effect on the Group's business, results of operations and financial condition.

***There may be interruptions in the Group's business operations***

The Group's business may be in danger of being interrupted due to sudden and unforeseeable events, such as disruptions to the distribution of power and data communications or water and fire damage. The Group may not be able to control such events within the scope of its present business continuity plans which may cause interruptions to business operations. Unforeseen events can also lead to additional operating costs, such as renovation and repairing costs, damages claims from customers affected by these events, higher insurance premiums and the need for redundant back-up systems. Additionally, insurance coverage for certain unforeseen risks may be unavailable, resulting in an increased risk for the Group. The Group's inability to effectively manage these risks could have a material adverse effect on the Group's business, results of operations or financial condition.

<sup>1</sup> EPSI Rating has for eleven years in row evaluated that POP Bank has the most satisfied customers in the Nordic countries, Last survey is from 2022.

***The Group collects and processes personal data as part of its daily business and the leakage of such data or failure to process the data in accordance with applicable regulation could result in fines, loss of reputation and customers***

In the ordinary course of operations, the Group collects, stores and uses data that is protected by data protection laws. The protection of customer, employee and company data is critical to the Issuer, and it is subject to increasing data security requirements. The EU General Data Protection Regulation (EU) 2016/679 (the “**GDPR**”) entered into force 25 May 2018. The GDPR applies to all processing of personal data, meaning any operation performed upon identifiable information of an individual (data subject) within the EU. In addition, the GDPR applies to the offering of goods and services in the EU and to the monitoring of data subjects’ behaviour within the EU, regardless of the location of the company. Breaches of the GDPR could result in fines of up to 4 per cent of the annual turnover or 20 million euros (whichever is higher).

It is possible that the personal data systems may be misused, or the Group may fail to protect personal data in accordance with the privacy requirements provided under applicable laws, and certain customer data may be used inappropriately either intentionally or unintentionally, or leaked as a result of human error, technological failure or cyber-attack.

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

## **Risks related to the Issuer's and the Group's financial position and financing**

### ***The Issuer and the Group's banking segment are exposed to interest rate risk and other market risks***

Interest rate risk is the most significant market risk in the Group's business operations. Interest rate risk refers to the negative effect of changes in interest rates on the market value or net interest income of balance sheet items and off-balance sheet items. Interest rate risk arises from differences in the interest terms of receivables and liabilities and differences in interest reset and maturity dates. Interest rate risk also arises from the investment activity in liquidity reserve and the financial account of the banking business.

The fair value of financial instruments held by the Group in investment activities is sensitive to volatility of and correlations between various market variables, including interest rates and credit spreads. The market value of the Issuer's investment portfolio was EUR 712 million at the end of year 2022. Materialised market risks relating to investment activities could require the Issuer and the Group to recognise negative fair value changes, write-downs or realise impairment charges, which may have a material adverse effect on the Group's business, financial condition and results of operations.

As a result of the monetary policy of ECB, the EURIBOR-rates, which are central reference rates used for mortgages, were for a long time historically low levels.

From the beginning of 2022, ECB has updated its monetary policy and there has been a strong rise in the EURIBOR-rates as a countermeasure to high inflation in the European Economic Area "EEA". The strong rise in interest rates since the spring of 2022 has supported the development of the Group's net interest income. However, the duration of the rises in EURIBOR-rates might have an adverse effect on the liquidity of the Issuer's and the Group's customers and therefore result in credit losses in the Issuer's and the Group's operations.

The market value of financial assets held by the Issuer or the POP Banks may also be affected. Furthermore, deterioration in the general economic situation could increase the Issuer's or the POP Banks' refinancing costs and hamper the Issuer's or the POP Banks' refinancing options.

### ***The Amalgamation may be exposed to risk relating to the outflow of deposits and availability of funding, and the Amalgamation may not be able to maintain adequate liquidity***

Liquidity risk refers to the Issuer's ability to fulfil its commitments. Liquidity risk can be divided into short-term liquidity risk and long-term structural financing risk. Short-term liquidity risk refers to a situation in which any member of the Group is not able to meet their payment obligations at the time they fall due. Structural financing risk, on the other hand, refers to a refinancing risk that arises from the difference in the maturities of balance sheet receivables and liabilities.

Retail deposits comprise a major share of the POP Banks' funding. Should the current financial situation lead to a significant outflow of deposits, the POP Banks' funding structure would change substantially and the average cost of funding would increase. Furthermore, this could jeopardise the POP Banks' liquidity, and the POP Banks might 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 POP Banks' business, results of operations and financial conditions.

As the Group's mortgage credit bank, the Issuer is responsible for issuing Covered Bonds in relation to the Amalgamation in wholesale funding in money and capital markets. The Issuer is responsible for providing the Member Credit Institutions with liquidity and funding from money and capital markets together with Bonum Bank which has, at the date of this Base Prospectus, issued senior notes in such wholesale markets. Should the demand for housing and corporate loans suddenly increase, the Amalgamation may find that its deposits together with the senior notes and Covered Bonds (if any) are no longer a sufficient source of funding for the Amalgamation's financing needs, and the Amalgamation would therefore need to seek other forms of funding or issue so-called retained Covered Bonds towards ECB as back up liquidity facility.

The Group participates to the ECB's TLTROs through Bonum Bank (see "*Information on POP Group and the Amalgamation – Bonum Bank*"). The participation to TLTROs may end or become more difficult, which may have an adverse impact on the Group's financial position. In addition, the ECB's monetary policy has tightened which may lead to, *inter alia*, further rises in interest rates and other tightening of monetary policy. This may have an adverse effect on the Amalgamation's financial standing and liquidity. Any failure to acquire sufficient funding or an increase in funding costs could have a material adverse effect on the Group's business, results of operations and financial condition and thereby the Issuer's ability to fulfil its obligations under the Covered Bonds.



***Long-term or structural funding risk on the balance sheet may threaten the continuity of lending as well as the financing position of the 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 the Group and thereby the Issuer's ability to fulfil its obligations under the Covered Bonds.

***Materialised short-term liquidity risk would cause the Issuer or any Group member's inability to meet their payment obligations***

Short-term liquidity risk refers to a quantitative and temporary imbalance of the Issuer's or any Group member's short-term cash flow. If realised, the risk means that the Issuer or other member of the Group will not be able to meet its payment obligations at the time they are falling due. Liquidity risk, if realised, may jeopardise or prevent continuation of the Issuer's business operations and thereby its ability to fulfil its obligations under the Covered Bonds.

**Risks associated with legal and regulatory environment**

***Regulation and oversight of the Group's business operations***

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

The Group faces the risk that regulators may find it has failed to comply with applicable regulations or has not undertaken corrective action as required. Regulatory proceedings could result in adverse publicity for, or negative perceptions regarding, the Group, as well as diverting management's attention away from the day-to-day management of the business. A significant regulatory action brought by any relevant authority, such as the FIN-FSA, against the Group, could have a material adverse effect on the business of the Group, its results of operations and/or financial condition. This may affect the ability of the Issuer to meet its obligations under the Covered Bonds.

Pursuant to the Finnish Credit Institution Act (in Finnish: *Laki luottolaitostoiminnasta*, 610/2014, as amended) and the Council Regulation (EU) No 1024/2013, the Issuer and the Group are currently classified as less significant credit institutions and are supervised by the FIN-FSA. However, under the SSM, the ECB can decide to directly supervise any one of the less significant credit institutions to ensure that high supervisory standards are applied consistently (see "*Regulatory Environment – Single Supervisory Mechanism*").

Other areas where changes could have an impact include, *inter alia*: (i) changes in the monetary economy, the interest rate and the policies of central banks or regulatory authorities; (ii) general changes in government policy or regulatory policy which may have a material impact on investor decisions in specific markets in which the Group operates; (iii) changes in the maximum loan-to-value ratio for housing loans (loan cap); (iv) changes in the competitive environment and pricing; and (v) changes in the financial statements framework.

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

***Increased capital requirements and standards***

The Group must comply with numerous capital requirements and standards, see "*Regulatory environment – Capital requirements and standards*". The capital requirements adopted in Finland may change, whether as a result of further changes to the requirements agreed by EU legislators, binding regulatory technical standards developed or to be developed by the European Banking Authority (the "EBA") or changes to the way in which the FIN-FSA interprets and applies these requirements to Finnish banks. This may result in a need for further management actions to meet the changed requirements, such as: increasing capital, reducing leverage and risk weighted assets, modifying legal entity structure (including with regard to issuance and deployment of capital and funding for the Member Credit Institutions) and

changing the Group's business mix or exiting other business and/or undertaking other actions to strengthen the Group's capital position. The changes brought about by the Directive (EU) 2013/36 of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("CRD IV") may have an impact on the financial position and profitability of the Issuer or the POP Banks and thereby the Issuer's ability to fulfil its obligations under the Covered Bonds. Furthermore, as a result of the implementation of the Directive 2014/59/EU (the directive providing for the establishment of a European-wide framework for the recovery and resolution of credit institutions and investment firms) into Finnish legislation, the FIN-FSA became empowered to apply various early intervention tools to credit institutions (such as the Issuer and the POP Banks) that fail to comply with the capital requirements set out in the Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the "CRR"). The FIN-FSA may also cancel the Issuer's or a POP Bank's license as a credit institution if they fail to comply with the requirements concerning their financial positions, calculated according to the regulations for capital adequacy specified in the Credit Institutions Act and CRR. In addition, a failing financial institution or an amalgamation could be subject to a number of resolution tools that has been granted to the Finnish Financial Stability Authority ("**Stability Authority**") (see "*Regulatory Environment - Resolution Laws*"). The FIN-FSA or the Stability Authority, as applicable, may also restrict the Issuer's or the Amalgamation's ability to make "discretionary payments" if capital requirements and/or the minimum requirement for own funds and eligible liabilities ("**MREL**") have not been met, which could have an adverse impact on the Issuer's or the Amalgamation's ability to raise, and the cost of, any form of capital or funding.

Pursuant to the Amalgamation Act, the FIN-FSA may grant a central institution a permission to decide that its Member Credit Institutions may be exempted from the applicability of the CRR as regards the capital requirements in respect of the amount of credit institution's own funds. POP Bank Centre, the central institution of the Amalgamation, has received on 30 January 2017 from the FIN-FSA a permission the requirements of CRR regarding own funds requirements for intragroup items and large exposures, LCR and future NSFR requirements do not apply to its Member Credit Institutions.

#### ***Minimum requirement for own funds and eligible liabilities***

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. The Amalgamation's requirement will be covered by own funds and unsecured senior bonds. 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 6 April 2022, the Stability Authority updated the MREL requirement of the Amalgamation. The new requirement is 19.71 per cent of the total amount of risk or 7.83 per cent of the total amount of exposures used in the calculation of the minimum capital adequacy ratio. The new requirement will come into effect on 1 January 2024.

If the Group were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other business operations. The applicable regulations in respect of the MREL requirement may be revised or the Stability Authority may revise its interpretations of the applicable regulations or its decision on the Group's MREL requirement so that senior preferred notes do not count towards the MREL requirement of the Group.

***If the Issuer does not comply with the requirements applicable to an issuer of listed instruments, it may lead to, among other things, sanctions under Market Abuse Regulation or negative publicity***

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

The Market Abuse Regulation (EU) No 596/2014 ("**MAR**") establishes a common regulatory framework on insider dealing, the unlawful disclosure of inside information and market manipulation (market abuse) as well as measures to prevent market abuse to ensure the integrity of the financial market in the European Union and to enhance investor protection and confidence in those markets. MAR imposes a range of regulatory requirements on the Issuer and violations of MAR may result in significant adverse consequences, such as penalties or even criminal sanctions. MAR also contains rules on, among other things, procedures relating to the maintenance of insider lists and the disclosure of managers' transactions.

If the Issuer was deemed to have neglected the obligations incumbent upon issuers of listed notes, this may lead to sanctions under MAR and related regulation as well as to negative publicity, which in turn could have an adverse effect on the Issuer's business operations, its performance or its financial position and have a significant adverse effect on the Issuer's reputation.

### ***Risks associated with abuse of the financial system, trade regulation and sanctions***

In global terms, the risk that banks may become the subject of or be exploited for the purposes of money laundering or the financing of terrorism has increased. The risk of future incidents involving money laundering or financing of terrorism is always in the background for financial institutions. In addition, financial institutions, such as the Group, are subject to various legal regimes and requirements that concern trade regulation and sanctions adherence, including those of Finland, the European Union, and the United Nations. In addition, the Group shall observe other sanctions regimes such as the sanctions of the Office of Foreign Assets Control (OFAC) of the United States, in order to, among others, maintain access to capital markets and international payment systems. Any breach of trade regulations or sanctions regimes, or rules that aim to prevent the illegal exploitation of the financial system, or even the suspicion of such infringements could have grave legal consequences for the Group and/or its reputation, or result in significant penalty payments, or jeopardise the Group's access to capital markets or international payment systems which, in turn, could have a significant adverse effect on the Issuer's business operations, its performance or its financial position.

### **Risks relating to the Covered Bonds**

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

The Covered Bonds are issued as covered bonds (in Finnish: *katetut joukkolainat*) in accordance with the Covered Bond Act. See "*Finnish Covered Bond Act*".

Under the Covered Bond Act, holders of Covered Bonds are given a statutory priority in the liquidation or bankruptcy of the Issuer in relation to the assets entered into the register of Covered Bonds that the Issuer is required to maintain in respect of the Covered Bonds (the "**Register**") (see "*Finnish Covered Bond Act*"). Accordingly, notwithstanding that the Issuer has entered into liquidation or bankruptcy proceedings, holders of Covered Bonds have the right to receive payment before all other claims against the Issuer out of the proceeds of the Cover Asset Pool covering the Covered Bonds. To the extent that claims of the holders of Covered Bonds in respect of the Covered Bonds are not met out of the Cover Asset Pool, the residual claims of the holders of Covered Bonds will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer. Holders of Covered Bonds will not have any preferential right to the Issuer's assets other than those entered into the Cover Asset Pool as collateral in respect of the Covered Bonds. Under the Covered Bond Act, in the event of the Issuer's liquidation or bankruptcy, the amount available to be paid to the holders of Covered Bonds out of the relevant Cover Asset Pool on a prioritised basis may be affected by the amounts payable at the relevant time to counterparties of any Derivative Transactions registered in the Cover Asset Pool which rank *pari passu* to the holders of the Covered Bonds. Any Derivative Transactions registered in the Cover Asset Pool are entered into by the Issuer and the providers of Bankruptcy Liquidity Loans that are entered into by the bankruptcy administrator of the Issuer to secure liquidity or take out liquidity credit.

The funds accruing from the assets entered in the Cover Asset Pool of the Covered Bonds after the commencement of liquidation or bankruptcy proceedings are entered into the Register and/or Cover Asset Pool as collateral until the holders of Covered Bonds, counterparties to Derivative Transactions and providers of Bankruptcy Liquidity Loans are repaid in accordance with the terms and conditions of the Covered Bonds, Derivative Transactions and Bankruptcy Liquidity Loans, as applicable. Such provision of the Covered Bond Act shall also be applied to the funds accrued to the Issuer after the commencement of the liquidation or bankruptcy proceedings on the basis of derivative transactions entered into the Register in respect of the Covered Bonds or assets entered into the Register as collateral in respect of the Covered Bonds. The creditors of a Bankruptcy Liquidity Loans have the right to receive payment from the funds contained in the Cover Asset Pool after claims of the holders of the Covered Bonds and counterparties of Derivative Transactions.

***The regime under the BRRD directive enables authorities to take a range of actions in relation to financial institutions considered to be at risk of failing, and if the Issuer becomes subject to recovery and resolution actions by the Stability Authority, the Covered Bonds may be subject to write-down on any application of the general bail-in tool (to the extent the value of the security does not cover the amount of the Covered Bonds), which may result in holders of Covered Bonds losing some or all of their investment***

The BRRD (including without limitation as amended by the Creditor Hierarchy Directive and by Directive (EU) 2019/879 of 20 May 2019 of the European Parliament and of the Council amending Directive 2014/59/EU as regards the loss-

absorbing and recapitalisation capacity of credit institutions and investment firms) sets out the necessary steps and powers for authorities to ensure that bank failures across the EU are managed in a way which mitigates the risk of financial instability and minimises the impact of an institution's failure on the economy and financial system costs for taxpayers.

The BRRD was implemented in Finland through, inter alia, the Act on Resolution of Insolvency Institutions and Investment Firms (in Finnish: *Laki luottolaitosten ja sijoituspalveluyritysten kriisinratkaisusta* 1194/2014, as amended) (the “**Resolution Act**”) and the Act on Financial Stability Authority (In Finnish: *Laki rahoitusvakausviranomaisesta* 1195/2014, as amended), together the “**Finnish Resolution Laws**”. Both acts entered into force on 1 January 2015. The latter regulates the Stability Authority, being the national resolution authority having counterparts in all EU member states. The Resolution Act vests the Stability Authority with resolution powers and tools as provided in the BRRD.

Pursuant to the Resolution Act, a failing financial institution could be subject to a number of resolution tools that have been granted to the Stability Authority. The Stability Authority has the right to mandatory write-down the nominal value of liabilities and convert liabilities into regulatory capital instruments (bail-in) (which could include the Covered Bonds (to the extent the value of the security does not cover the amount of the Covered Bonds)), sale of business, bridge institution and asset separation. To continue the operations of the institution, the Stability Authority has the power to decide upon covering losses of the institution by reducing the value of the institution's share capital or cancelling its shares. The Finnish national legislation that implements the Banking Reform Package includes a provision whereby the Stability Authority may implement resolution measures in respect of the central institution and all member banks of an Amalgamation, if the Amalgamation as a whole meets the resolution criteria. This provision has the effect that potential bail-in of MREL eligible instruments issued by one member institution may be utilised for covering losses of other member credit institutions or for the recapitalisation of other member credit institutions of the Amalgamation.

In the resolution plan drawn up and adopted by the Stability Authority in respect of the Amalgamation, the bail-in tool is exercised in respect of the Amalgamation through Bonum Bank. Consequently, if the bail-in tool would be exercised in respect of the Amalgamation, the losses of Member Credit Institutions (including any POP Bank) and/or the recapitalisation of Member Credit Institutions (including any POP Bank) of the Amalgamation would be effected by write-down and conversion of liabilities of Bonum Bank. The exercise of any resolution power or any suggestion of any such exercise could have a material adverse effect on the value of the Covered Bonds and could lead to holders of the Covered Bonds losing some or all of the value of their investment in the Covered Bonds. In particular, the exercise of the bail-in tool in respect of the Issuer or other members of the Amalgamation and/or the Covered Bonds or any suggestion of any such exercise could materially adversely affect the rights of the holders of the Covered Bonds, the price or value of their investment in the Covered Bonds and/or the ability of the Issuer to satisfy its obligations under the Covered Bonds and could lead to the holders of the Covered Bonds losing some or all of the value of their investment in the Covered Bonds. The Finnish national legislation that implements the Banking Reform Package includes a provision whereby the Stability Authority may implement resolution measures in respect of the Covered Bonds (to the extent the value of the security does not cover the amount of the Covered Bonds) to cover losses of the Central Organisation or a Member Credit Institution or for the capitalisation of the Central Organisation or a Member Credit Institution, if the Amalgamation as a whole meets the resolution criteria. The actual effect on holders of the Covered Bonds depends, among other things, on the nature and severity of the crisis. For more information on the Finnish Resolution Laws, see “*Regulatory Environment – Resolution Laws*”.

### ***Risks relating to the ratings of the Covered Bonds***

The ratings assigned to the Covered Bonds to be issued under the Programme by S&P express a relative ranking of creditworthiness.

The expected ratings of the Covered Bonds will be set out in the relevant Final Terms for each Tranche of Covered Bonds. However, holders of Covered Bonds should be aware that any issuance of Covered Bonds will, subjected to the comments made below, be subject to written confirmation from S&P that such issuance will not adversely affect the then current ratings of the existing Covered Bonds. S&P may lower its rating or withdraw its rating if, in the sole judgment of S&P, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may be reduced.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A rating may not reflect the potential impact of all of the risks related to the structure, market, additional factors discussed above and other factors that may affect the value of the Covered Bonds. Holders of Covered Bonds should note that at any time S&P may revise its relevant rating methodology or revise its current ratings criteria with result that, among other things, any rating assigned to the Covered Bonds may be lowered and/or in order to comply with any such revised criteria or rating methodology, amendments may be made to the transaction documents.

Any changes to the methodology applied for rating Covered Bonds or the expectations of S&P with regards to the nature of counterparty contracts and ratings of Cover Asset Pool counterparties might lead to a downgrade of the Covered Bonds or re-affirmation of the Covered Bond rating and might require that certain amendments are made to the transaction documents to be able to satisfy the revised criteria.

For the avoidance of doubt, the Issuer will not be obliged, following a change in rating methodology by S&P to amend any of the transaction documents to maintain the then ratings of the Covered Bonds.

***Fixed rate Covered Bonds are subject to interest rate risks***

In general, as market interest rates rise, covered bonds bearing interest at a fixed rate generally decline in value. Consequently, investment in fixed rate Covered Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate Covered Bonds since fixed rate Covered Bonds have a fixed rate of interest and prevailing interest rates in the future may be higher than that fixed rate of interest.

***Interest on floating rate Covered Bonds may fall below the margin***

A holder of floating rate Covered Bonds is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of floating rate Covered Bonds in advance. In the event that the reference rate used to calculate the applicable interest rate turns negative, the interest rate on the Covered Bonds will therefore be below the margin as specified in the Final Terms and may be zero. Accordingly, the holders of floating rate Covered Bonds may not be entitled to interest payments for certain or all interest periods. Neither the current nor the historical value of the relevant floating rate should be taken as an indication of the future development of such floating rate during the term of any Covered Bond.

***Amendments to the conditions of the Covered Bonds bind all holders of Covered Bonds***

The conditions of the Covered Bonds contain provisions for calling meetings of holders of Covered Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Covered Bonds including such holders of Covered Bonds who did not attend and vote at the relevant meeting and the holders of Covered Bonds who voted in a manner contrary to the majority.

***Intermediary Loans and limited recourse to the originators***

The members of the Group who originated the Mortgage Loans, and who have provided such Mortgage Loans as security in relation to Intermediary Loans (the “**Originators**”) have undertaken in the agreements related to the provision of Intermediary Loans made between the Issuer and the Originators, *inter alia*, that the Originators are liable for administering the loans and related risks in accordance with the Amalgamation’s ratified guidance. None of the Issuer, the Arranger or the Lead Manager(s) has made or caused to be made (or will make or cause to be made) on its behalf any enquiry, search or investigation in relation to compliance by the relevant Originator or any other person with the lending criteria or origination procedures or the adequacy thereof or with any applicable laws or in relation to the execution, legality, validity, perfection, adequacy of enforceability of any Mortgage Loan or the related security. The Issuer has entered into an agreement with the Originators which determines procedures for ensuring that the Cover Asset Pool continuously fulfils the requirements laid down in the Covered Bond Act and contained in the terms and conditions of the Covered Bonds. Thus, the Issuer must rely on warranties given by the Originators and therefore, the remedy available for the Issuer is to require the Originators to re-acquire the relevant Mortgage Loan and related security, provided that this shall not limit any other remedies available to the Issuer if the Originators fail to re-acquire the Mortgage Loan and related security.

***The Covered Bonds may be redeemed prior to maturity***

If Issuer Call is specified as being applicable to a Series of Notes, the Issuer is entitled to redeem the Covered Bonds of a Series of Notes in whole, or if so specified in the relevant Final Terms, in part, at any Optional Redemption Date (see Condition 4.3 (*Redemption at the option of the Issuer (Issuer Call)*)) at the Early Redemption Amount specified in the Final Terms as being applicable.

There can be no assurances that, in the event of any such early redemption, the holders of Covered Bonds will be able to reinvest the proceeds at a rate that is equal to the return on the Covered Bonds. Early redemption features are also likely to limit the market value of the Covered Bonds. During any period when the Issuer can redeem the Covered Bonds, or during which there is an actual or perceived increased likelihood that the Issuer may elect to redeem the Covered Bonds,

the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period if the market believes that the Covered Bonds may become eligible for redemption in the near term. Subject to the restrictions included in the terms and conditions, the Issuer may redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### ***Covered Bond Act insolvency regime untested***

The Covered Bond Act came into effect on 8 July 2022. While it contains several amendments to the earlier legislation governing Finnish mortgage-backed notes, the provisions regarding the preferential rights of the mortgage-backed notes in case of the issuer's liquidation or bankruptcy are substantially in line with those of its predecessor, the Finnish Mortgage Credit Banks Act (in Finnish: *laki kiinnitysluottopankkitoiminnasta 688/2010, as amended*). The protection afforded to the holders of the Covered Bonds by means of a preference on the qualifying assets is based only on the Covered Bond Act. Although the Covered Bond Act regulates the mortgage credit activities in detail, there is no experience in relation to the operation of the insolvency regime of the Covered Bond Act or of the previous legislation.

### ***No events of default in Covered Bonds***

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

### ***The regulation and reform of “benchmarks” may adversely affect the value of Covered Bonds linked to such “benchmarks”***

The Euro Interbank Offered Rate (“EURIBOR”) and other indices which are deemed to be “benchmarks” are the subject of recent EU, international and other regulatory guidance and proposals for reform, including the Benchmarks Regulation (see “*Regulatory Environment – Benchmarks Regulation*”). Changes to any of the above could have a material impact on any Covered Bonds linked to a rate or index deemed to be a “benchmark”, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements.

Such factors may have the following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to such “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmarks” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to a “benchmark”. Further, any of the above matters may affect the ability of the Issuer to meet its obligations under the Covered Bonds and may have a material adverse effect on the value or liquidity of, and the amount payable under, the Covered Bonds.

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

The Issuer is required under the Covered Bond Act to comply with certain matching requirements as long as there is any Covered Bond outstanding. Under the Covered Bond Act, if the assets in the Cover Asset Pool do not fulfil the requirements provided for in the Covered Bond Act, the FIN-FSA may set a time limit within which the Issuer shall place more collateral in compliance with the Covered Bond Act and the conditions of the relevant Covered Bonds. If these requirements are not complied with, the Issuer’s license for mortgage bank activities may be withdrawn. If the Issuer is placed in liquidation or declared bankrupt, and the requirements for the total amount of collateral of the Covered Bonds are not fulfilled, a supervisor appointed by the FIN-FSA may demand that the Issuer’s bankruptcy administrator declare the Covered Bonds due and payable and sell the assets in the Cover Asset Pool. This could result in the holders of Covered

Bonds receiving payment according to a schedule that is different from that contemplated by the terms of the Covered Bonds (with accelerations as well as delays) or that the holders of Covered Bonds are not paid in full.

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

Default of the assets in the Cover Asset Pool could jeopardise the Issuer's ability to make payments on the Covered Bonds in full or on a timely manner (see "*Defaults under the mortgage loans and defaults by borrowers may result in the Issuer's license for mortgage bank activity to be withdrawn*"). Over-collateralisation must have a value of at least two per cent. If the requirements set out in Article 129, Paragraph 3 a, Subparagraph 3 of the CRR are not met, over-collateralisation must have a value of at least five per cent. In case of defaults of the Issuer's assets in the Cover Asset Pool, the Issuer must supplement the Cover Asset Pool to comply with the statutory requirements and if the value of the total amount of the Cover Asset Pool does not continuously exceed the value of the combined payment obligations resulting from the Covered Bonds by at least two per cent or five per cent, as applicable, the FIN-FSA may withdraw the Issuer's license for mortgage bank activities and the assets in the Cover Asset Pool may not fully cover the payments on the Covered Bonds. To the extent that claims of the holders of Covered Bonds in respect of the Covered Bonds are not met out of the Cover Asset Pool, the residual claims of the holders of Covered Bonds will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer. The Issuer will substitute assets that are, for any reason, no longer eligible for collateral with eligible assets in accordance with the applicable Covered Bond Act.

#### ***No market for collateral after an insolvency of the Issuer***

There is no assurance as to whether there will be a trading market for the collateral in the Cover Asset Pool or an eligible transferee to take over the obligations relating to the Covered Bonds and the corresponding collateral after an insolvency of the Issuer, which may have an adverse effect on the financial position of the holders of the Covered Bonds.

#### ***Liquidity post Issuer bankruptcy***

It is believed that neither an insolvent issuer nor its bankruptcy estate would have the ability to issue Covered Bonds. The bankruptcy administrator (upon the demand or the consent of a supervisor appointed by the FIN-FSA) may, however, raise liquidity through the sale of mortgage loans and other assets in the Cover Asset Pool to fulfil the obligations relating to the relevant Covered Bonds. Further, the bankruptcy administrator (upon the demand or the consent of the supervisor appointed by the FIN-FSA) may take out liquidity loans and enter into other agreements for the purpose of securing the liquidity of the Cover Asset Pool (the "**Bankruptcy Liquidity Loans**"). Counterparties in Bankruptcy Liquidity Loans are entitled to payment from the funds included in the Cover Pool only after the receivables referred to in Section 20 of the Covered Bond Act. Counterparties in existing Derivative Transactions entered into the Cover Asset pool rank *pari passu* with holders of the relevant Covered Bonds and administration and liquidation costs. However, there is no assurance as to the actual ability of the bankruptcy estate to raise post-bankruptcy liquidity, which may result in a failure by the Issuer to make full and timely payments to holders of Covered Bonds and existing derivative counterparties registered in the Cover Asset Pool.

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

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

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

mortgage loan at a price sufficient to repay the amounts outstanding under that mortgage loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time. In case the borrowers are not able to repay the mortgage loans, this may have an adverse effect on the Issuer's financial position.

***The value of cover asset pool may decline due to a general downturn in the value of Property***

According to the Origination Criteria for the Housing Loans and Cover Asset Pool, all Housing Loans contained in the Cover Asset Pool will be secured on Property located or incorporated in Finland. (see "*Characteristics of the Cover Asset Pool – Origination Criteria for the Housing Loans and the Cover Asset Pool*"). The value of the Cover Asset Pool may decline sharply and rapidly in the event of a general downturn in the value of Property in Finland. Any such downturn may hence have an adverse effect on the Issuer's ability to satisfy its obligations under the Covered Bonds and/or the price or value of the Covered Bonds.

***The value of security over Property may be affected by the decline in the value of Property and priority of such security***

The security for a Mortgage Loan included in the Cover Asset Pool consists of, amongst other things, the Issuer's interest in security over a Property. The value of such security and, accordingly, the level of recoveries on an enforcement of such security, may be affected by, among other things, a decline in the value of Property and priority of such security. No assurance can be given that the values of relevant Properties will not decline or have not declined since the Mortgage Loan was originated. Where the Issuer enforces security over a Property, realisation of that security could involve obtaining of a court decision confirming the payment obligation of the borrower and approving the sale of that Property through public auction. The ability of the Issuer to dispose of a Property without the consent of the borrower will depend on (i) the above decision by a court and the public auction (in the case of a mortgageable property but not in the case of shares in a housing or real estate company), (ii) the relevant housing market or commercial property market conditions at the relevant time and (iii) the availability of buyers for the relevant Property.

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

No investigations, searches or other actions in respect of any assets contained or to be contained in the Cover Asset Pool has or will be performed by the Arranger nor any Lead Manager. Instead, they will rely on the obligations of the Issuer under applicable Finnish law. See "*Characteristics of the Cover Asset Pool – No Due Diligence*". Thus, the possible risks related to the Cover Asset Pool cannot fully be estimated.

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

Investors will not receive detailed statistics or information in relation to the mortgage loans, the location of the properties securing the mortgage loans or other assets included in the Cover Asset Pool and it is expected that the composition of the Cover Asset Pool will change from time to time through the repayment of the mortgage loans by borrowers or new mortgage loans and/or other eligible assets being added to the Cover Asset Pool. The assets contained in the Cover Asset Pool will change over time reflecting repayments and new credits granted and, therefore, there are no assurances that the regional diversification, risk profile or credit quality of the assets in the Cover Asset Pool will remain the same as on or after the issue date of any Covered Bonds. The Issuer will maintain a separate register for the Cover Asset Pool and inform the holders of Covered Bonds of the composition of the Cover Asset Pool on its website at <https://www.poppankki.fi/en/investors/information-for-investors/investor-relations> on a quarterly basis in connection with the issuance of its financial statements and half-year financial reports.

***Reliance on Swap Providers***

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

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



***Obligations may be extended***

Pursuant to Section 32 of the Covered Bond Act, the terms and conditions of a covered bonds may include a provision that enables the issuer to extend the maturity of a covered bond subject to certain conditions, including the approval of the FIN-FSA. In addition, the conditions for extension of maturity include, among others, that the issuer is unable to obtain long-term financing from ordinary sources, the issuer is unable to meet the liquidity requirement set out in the Covered Bond Act if it makes payments towards the principal and interest of the maturing covered bond and that the extension of maturity does not affect the sequence in which the issuer's covered bond from the same Cover Asset Pool are maturing. If the FIN-FSA's determines that the conditions for extension have been fulfilled and it gives its approval to the extension, its resolution shall indicate the applied extended maturity date of such covered bond which shall be a date on or before the final extended maturity date specified in the General Terms and Conditions.

If "Extended Final Maturity" is specified as being applicable in respect of a Series of Covered Bonds, the maturity date of the relevant Covered Bonds may be extended subject to certain conditions, including approval of the FIN-FSA, specified in Condition 4.2 of the Terms and Conditions. In the event of such extension, the Issuer may redeem all or any part of the nominal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Final Maturity Date. The extension of the maturity of the outstanding principal amount of the Covered Bonds to a date falling after the Maturity Date will not result in any right of the holders of Covered Bonds to accelerate payments on such Covered Bonds and no payment will be payable to the holders of Covered Bonds in that event other than as set out in the General Terms and Conditions.

## GENERAL INFORMATION

### Issuer

POP Mortgage Bank Plc  
Reg.no. 3236645-3  
Domicile: Espoo  
Address: Hevosenkä 3  
FI-02600 Espoo Finland  
tel. +358 (0)10 667 3000  
popa@poppankki.fi  
www.poppankki.fi

### Arranger

Nordea Bank Abp  
Satamaradankatu 5  
FI-00020 NORDEA  
Finland

### Auditor of the Issuer

KPMG Oy Ab  
Authorised Public Accountants  
Töölönlahdenkatu 3 A  
FI-00100 Helsinki  
Finland  
The responsible auditor Tiia-Kaisa Kataja,  
Authorised Public Accountant

### Responsibility statement

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best knowledge of the Issuer, the information contained in the Base Prospectus is in accordance with the facts and that the Base Prospectus makes no omission likely to affect its import.

POP Mortgage Bank Plc  
Hevosenkä 3  
FI-02600 Espoo  
Finland

The POP Bank Centre accepts responsibility for the information on the POP Bank Centre, the Amalgamation, and the Group. To the best knowledge of the POP Bank Centre, the information on the POP Bank Centre, the Amalgamation, and the Group contained in this Base Prospectus is in accordance with the facts and that the Base Prospectus makes no omission likely to affect its import.

POP Bank Centre coop  
Hevosenkä 3  
FI-02600 Espoo  
Finland

### Auditors

The consolidated financial statement of the Issuer for the financial year ended 31 December 2021 incorporated in this Base Prospectus by reference have been audited by KPMG Oy Ab (a firm of authorised public accountants), with Authorised Public Accountant Tiia Kataja as the auditor with principal responsibility. The business address of the auditor and KPMG Oy Ab is Töölönlahdenkatu 3 A FI-00100 Helsinki, Finland. Tiia Kataja has been elected as the auditor of the Issuer and Group for the financial year 2022. Tiia Kataja is member of Suomen Tilintarkastajat ry.

### **Special cautionary notice regarding forward looking statements**

Certain statements in this Base Prospectus, including but not limited to certain statements set forth under the captions “*Risk Factors*”, “*Description of POP Mortgage Bank*” and “*Information on the Group and the Amalgamation*” are based on the beliefs of the Group’s management as well as assumptions made by and information currently available to it, and such statements may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Issuer, of the Amalgamation, or of the Group, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among other things, the risks described in the section “*Risk Factors*”. The forward-looking statements are not guarantees of the future operational or financial performance of the Issuer or the Group. In addition to factors that may be described elsewhere in this Base Prospectus, the factors discussed under “*Risk Factors*” could cause the Issuer’s, the Amalgamation or the Group’s actual results of operations or their financial conditions to differ materially from those expressed in any forward-looking statement. Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Issuer’s, the Amalgamation, or the Group’s actual results of operations, their financial conditions or the Issuer’s ability to fulfil its obligations under the Covered Bonds could differ materially from those described herein as anticipated, believed, estimated or expected. The Issuer does not intend and does not assume any obligation to update any forward-looking statements contained herein unless required by applicable legislation. For additional information that could affect the results, performance or achievements of the Issuer, see “*Risk Factors*”.

### **No incorporation of website information**

This Base Prospectus and any Final Terms will be published on the Group’s website at <https://www.poppankki.fi/en/investors/information-for-investors/investor-relations>. However, the contents of the Group’s website (excluding the Base Prospectus, any supplements thereto, the Final Terms and the documents incorporated by reference) or any other website do not form a part of this Base Prospectus, and prospective investors should not rely on such information in making their decision to invest in the Covered Bonds.

## GENERAL TERMS AND CONDITIONS OF THE PROGRAMME

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

### 1. Covered Bonds, status and their form

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

Notes are issued as covered notes (in Finnish: *katetut joukkolainat*) (the “**Covered Bonds**” and a Series of Notes containing only Covered Bonds a “**Series of Covered Bonds**”), covered in accordance with the Finnish Act on Mortgage Banks and Covered Bonds (in Finnish: *laki kiinnitysluottopankeista ja katetuista joukkolainoista, 151/2022*), as may be supplemented, amended, modified, varied, extended, replaced or re-enacted from time to time (“**Covered Bond Act**”). The Covered Bonds constitute unsubordinated obligations issued in accordance with, and subject to, the Covered Bond Act and rank *pari passu* among themselves and with all other obligations of the Issuer which benefit from the same priority right in the Cover Asset Pool as the Covered Bonds under the Covered Bond Act. To the extent claims in relation to the Covered Bonds and other claims with the same priority are not met out of the Cover Asset Pool or the proceeds arising from it, the residual claims will rank *pari passu* with the claims of ordinary unsecured and unsubordinated creditors of the Issuer.

Covered Bonds may be issued to be subscribed for by professional clients and eligible counterparties. No Covered Bonds may be issued to retail investors. The minimum subscription amount is at least EUR 100,000 and the denomination of a book-entry unit is at least EUR 100,000 or equivalent to EUR 100,000 if issued in any other currency than in euro.

The Covered Bonds will be issued in the Infinity book-entry securities system of Euroclear Finland Oy incorporated in Finland with Reg. No. 1061446-0, address Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland, (“**Euroclear Finland**”) (or any system replacing or substituting the Infinity book-entry securities system in accordance with the Finnish laws, regulations and operating procedures applicable to and/or issued by Euroclear Finland for the time being (the “**Euroclear Finland Rules**”), in accordance with the Act on the Book-Entry System and Clearing and Settlement (in Finnish: *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta 348/2017*, as amended) and other Finnish legislation governing book-entry system and book-entry accounts as well as the Euroclear Finland Rules. The registrar in respect of the Covered Bonds will be Euroclear Finland.

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

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

In these General Terms and Conditions, “**Group**” means the group consisting of the POP Bank Centre (business identity code 1090961-3) and its subsidiaries within the meaning of Chapter 1, Section 6 of the Finnish Accounting Act (in Finnish: *Kirjanpitolaki 1336/1997*, as amended) and any reference to “**Holders**” or holders in relation to any Covered Bonds shall mean the holders of the Covered Bonds.

### 2. Nominal value

The denomination of each book-entry unit is at least EUR 100,000. Subject thereto, the Covered Bonds will be issued in such denominations as specified in the relevant Final Terms.

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

The total equivalent value of unamortized Covered Bonds issued at one time may be a maximum of one billion (1,000,000,000) euros. The Issuer may decide on raising or lowering the maximum amount.

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

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

### **4. The term of the Covered Bonds, redemption and extension of maturity**

#### **4.1 The term of the Covered Bonds and redemption**

The term of the Covered Bonds is at least one year. The principal of the Covered Bonds is to be repaid on the Maturity Date as defined in the Final Terms or on the Extended Final Maturity Date if an Extended Final Maturity Date has been specified in the applicable Final Terms and the maturity of the Covered Bonds has been extended in accordance with Condition 4.2 (*Extension of Maturity up to Extended Final Maturity Date*). The principal of the Covered Bonds is to be repaid in instalments if so defined in the Final Terms. The business day convention defined in Final Terms is applicable to the Maturity Date and the Extended Final Maturity Date. The redemption amount is the nominal amount of the principal.

#### **4.2 Extension of Maturity up to Extended Final Maturity Date**

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

If “Extended Final Maturity” is specified as applicable in the applicable Final Terms it enables the Issuer to apply for the approval of the FIN-FSA at the latest on the fifth (5<sup>th</sup>) Business Day before the Maturity Date that the Maturity Date of the Covered Bonds and the date on which the Covered Bonds will be due and repayable for the purposes of these General Terms and Conditions should be extended by the Issuer up to but no later than the Extended Final Maturity Date. The preconditions for extension of maturity are that (i) the Issuer is unable to obtain long-term financing from ordinary sources, (ii) the Issuer is unable to meet the liquidity requirement set out in the Covered Bond Act if it makes payments towards the principal and interest of the maturing Covered Bonds and (iii) that the extension of maturity of the Covered Bonds does not affect the sequence in which the Issuer’s Covered Bonds covered by the same Cover Asset Pool are maturing.

If the FIN-FSA determines that the conditions for extension of the Maturity Date of the Covered Bonds have been fulfilled and it gives its approval to the extension, its resolution shall indicate the extended Maturity Date of the Covered Bonds and the date on which the Covered Bonds will then be due and repayable for the purposes of these General Terms and Conditions. In that event, the Issuer may redeem all or any part of the nominal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Final Maturity Date.

The Issuer shall give notice to the holders of the Covered Bonds (in accordance with Condition 18 (*Notices*)) of (a) any resolution of the FIN-FSA to so extend the maturity of the Covered Bonds as soon as practicable after any such resolution is made and (b) its intention to redeem all or any of the nominal amount outstanding of the Covered Bonds in full at least three Business Days prior to (i) the Maturity Date, where practicable for the Issuer to do so and otherwise as soon as practicable after the relevant decision to redeem the Covered Bonds (if any) is made or, as applicable (ii) the relevant Interest Payment Date or, as applicable (iii) the Extended Final Maturity Date.

Any failure by the Issuer to so notify such persons shall not affect the validity or effectiveness of any such extension of the maturity of the Covered Bonds or, as applicable, redemption by the Issuer on the Maturity Date or, as applicable, the relevant Interest Payment Date or, as applicable, the Extended Final Maturity Date or give rise to any such person having any rights in respect of any such redemption but such failure may result in a delay in payment being received by a Holder through Euroclear Finland (including on the Maturity Date where at least three Business Days’ notice of such redemption is not given to the Holders (in accordance with

Condition 18 (*Notices*)) and Holders shall not be entitled to further interest or any other payment in respect of such delay.

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

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

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

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

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

This Condition 4.2 shall only apply to Covered Bonds for which “Extended Final Maturity” is specified as applicable in the applicable Final Terms and if the Issuer does not redeem those Covered Bonds in full on the Maturity Date and if the FIN-FSA determines that the conditions for extension of the Maturity Date of the Covered Bonds have been fulfilled and it gives its approval to the extension.

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

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Holders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In case of a partial redemption of the Covered Bonds, the nominal amount outstanding of each Covered Bond shall be reduced *pro rata*.

## **5. Subscription of Covered Bonds**

### **(A) Subscription manner and subscription price and the payment of subscriptions**

Each Series is offered for subscription during the subscription period at the subscription places defined in the Final Terms of each Tranche. 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 Covered Bonds are subscribed for on any other day than on an interest payment day but after the first interest payment day, the subscriber must pay the accrued interest for the period between the beginning of the current interest period and the subscription payment day.

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

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

**(B) 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. In the event of oversubscription, such measures may include, for example, reducing subscriptions in part or in whole. In case the minimum amount of subscriptions is not fulfilled (undersubscription), the issue of the Series may be cancelled. It may be stipulated in the Final Terms of a Tranche that the issue of a certain Series requires a defined minimum amount of subscriptions or fulfilment of another condition.

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

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 <https://www.poppankki.fi/en/pop-pankki-ryhma/bonum-bank-plc/investor-relations>.

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

**(C) Issue price**

The issue price of the Covered Bonds 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.

**(D) Subscriber's cancellation right and discontinuance of acceptance of subscriptions in certain cases**

If the Issuer, during the subscription period of Covered Bonds, or before the Covered Bonds 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 in an offer of securities to the public before the publication of a supplement or before the publication of the updated base prospectus, has the right, according to Article 23 of Regulation (EU) 2017/1129 (as amended) (the "**Prospectus Regulation**"), to cancel his subscription within at least two (2) Business Days from the publication of the supplement. However, the cancellation right only exists if the error, deficiency or material new information arose or was noted before the delivery of the Covered Bonds to the subscribers in accordance with Condition 6 (*Delivery of Covered Bonds*). 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 <https://www.poppankki.fi/en/pop-pankki-ryhma/bonum-bank-plc/investor-relations>.

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

## 6. Delivery of Covered Bonds

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

## 7. Security

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

## 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 Covered Bonds. Interest is paid on due dates of payment of interest defined in the Final Terms.

Covered Bonds may 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 may be EURIBOR or other relevant reference rate, such as STIBOR, NIBOR or CIBOR (“**OTHER**”) if the issuance has been made in other currency than EUR.

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

### 8.3 Reset Covered Bond Provisions

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

- A. from (and including) the Interest Commencement Date (as specified in the relevant Final Terms) until (but excluding) the First Reset Date (as specified in the relevant Final Terms) at the rate per annum equal to the Initial Rate of Interest as specified in the relevant Final Terms;
- B. from (and including) the First Reset Date until (but excluding) the Second Reset Date (as specified in the relevant Final Terms, the “**First Reset Period**”) or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest (as specified in the relevant Final Terms); and
- C. if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (as specified in the Final Terms, each a “**Subsequent Reset Period**”) or, in the case of the final Subsequent Reset Period, the Maturity Date at the rate per annum equal to the relevant Subsequent Reset Rate of Interest (as specified in the relevant Final Terms),



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

For the purposes of this Condition 8.3:

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

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

“**Reset Period**” means the First Reset Period or any Subsequent Reset Period, as the case may be; and

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

#### 8.4 Benchmark replacement

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

- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate or, alternatively, if the Independent Adviser determines that there is no Successor Rate, an Alternative Reference Rate no later than three (3) Business Days prior to the relevant interest determination date relating to the next succeeding Interest Period (the “**IA Determination Cut-off Date**”) for purposes of determining the Rate of Interest applicable to the Covered Bond for all future interest periods (subject to the subsequent operation of this Condition 8.4);
- (ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date in accordance with sub-paragraph (i) above, then the Issuer (in consultation, to the extent practicable, with the Calculation Agent and acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if the Issuer determines that there is no Successor Rate, an Alternative Reference Rate for the purposes of determining the Rate of Interest applicable to the Covered Bonds for all future interest periods (subject to the subsequent operation of this Condition 8.4; *provided, however, that* if this sub-paragraph (ii) applies and the Issuer is unable to determine a Successor Rate or an Alternative Reference Rate prior to the interest determination date (as referred to in the relevant final terms) relating to the next succeeding Interest Period in accordance with this sub-paragraph (ii), the Rate of Interest applicable to such Interest Period shall be equal to the Rate of Interest last determined in relation to the Covered Bonds in respect of a preceding Interest Period (though substituting, where a different margin is to be applied to the relevant Interest Period from that which applied to the last preceding interest period, the margin relating to the relevant Interest Period, in place of the margin relating to that last preceding Interest Period);
- (iii) if a Successor Rate or an Alternative Reference Rate is determined in accordance with the preceding provisions, such Successor Rate or Alternative Reference Rate shall be the Reference Rate for all future interest periods (subject to the subsequent operation of this Condition 8.4);
- (iv) if the Independent Adviser (in consultation with the Issuer) or (if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine whether an Adjustment Spread should be applied) the Issuer (acting in good faith and in a commercially reasonable manner) determines (A) that an Adjustment Spread should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Rate or Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine, prior to the interest

determination date relating to the next succeeding Interest Period, the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

- (v) if the Independent Adviser or the Issuer (as the case may be) determines a Successor Rate or an Alternative Reference Rate or, in each case, any Adjustment Spread in accordance with the above provisions, the Independent Adviser (in consultation with the Issuer) or the Issuer (as the case may be), may also, following consultation, to the extent practicable, with the Calculation Agent, specify changes to the Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Interest Payment Date, Relevant Screen Page, Relevant Time, Relevant Financial Centre, Reference Banks and/or the definition of Reference Rate or Adjustment Spread applicable to the Covered Bonds (and, in each case, related provisions and definitions), and the method for determining the fallback rate in relation to the Covered Bonds, in order to follow market practice in relation to such Successor Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Covered Bonds for all future interest periods (as applicable) (subject to the subsequent operation of this Condition 8.4). An Independent Adviser appointed pursuant to this Condition 8.4 shall (in the absence of bad faith, gross negligence and wilful misconduct) have no liability whatsoever to the Issuer, the Calculation Agent or Holders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 8.4. No Holder consent shall be required in connection with effecting the Successor Rate or the Alternative Reference Rate (as applicable), any Adjustment Spread or such other changes, including for the execution of any documents, amendments or other steps by the Issuer;
- (vi) a Calculation Agent appointed for a Tranche shall (in the absence of bad faith, gross negligence and wilful misconduct) have no liability whatsoever to the Issuer, the Independent Adviser or Holders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 8.4; and
- (vii) the Issuer shall promptly following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread give notice thereof and of any changes pursuant to sub-paragraph (v) above to the Calculation Agent and the Holders.

For the purposes of this Condition 8.4:

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

- (i) in the case of a Successor Rate, is recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage for the purposes of determining floating rates of interest in respect of bonds denominated in the Specified Currency, where such rate has been replaced by such Successor Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser in its discretion (in consultation with the Issuer) or the Issuer (acting in good faith and in a commercially reasonable manner) in its discretion (as applicable) determines is most comparable to the relevant Reference Rate;

“**Alternative Reference Rate**” means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest in respect of bonds denominated in the Specified Currency or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser in its discretion (in consultation

with the Issuer) or the Issuer (acting in good faith and in a commercially reasonable manner) in its discretion (as applicable) determines is most comparable to the relevant Reference Rate;

“**Benchmark Event**” means: the relevant Reference Rate

- (i) has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) a public statement by the administrator of the relevant Reference Rate that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or
- (v) it has or will become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Holder using the relevant Reference Rate (including, without limitation, under Regulation (EU) 2016/1011, if applicable);

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

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

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

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

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

## 8.5 Minimum and/or the maximum amount of interest

A minimum or a maximum amount or both for the interest mentioned in Condition 8.2 (*Floating reference rate interest*), may be determined in the Final Terms.

## 9. Interest period

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

## 10. The Day Count Fraction

The Day Count Fraction applied to the Covered Bonds is defined in the Final Terms and it may be:

- (a) “**Actual/Actual (ICMA)**”, where the actual days of the interest period are divided by the number which is received by multiplying the actual days of the interest period with the amount of interest periods included in a year (possible irregular interest periods form an exception);
- (b) “**Actual/Actual (ISDA)**”, where the actual days of the interest period are divided on other years than leap years by 365 and on leap years by 366. If the interest period is only partially extended to a leap year, the interest period is divided into two parts, to which the previously explained principles will be applied and the total amount of interests are combined;
- (c) “**Actual/365**”, where the actual days of an interest period are divided by 365;
- (d) “**Actual/360**”, when the actual days of an interest period are divided by 360;
- (e) “**30E/360**” or “Eurobond rule”, where the interest year is combined of 12 30 day months (however so, that when the last day of the last interest period is the last day of February, February is not changed to a 30 day month), which are divided by 360; or
- (f) “**30/360**”, where the interest year has 360 days and the interest month has 30 days.

## 11. Business Day Convention

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

- (g) “**Following**”, where the interest payment date is the nearest following Business Day;
- (h) “**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; or
- (i) “**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

- (j) 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
- (k) 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 Holder, who is entitled to receive the payment according to the book-entry account information.

### 13. Bondholders' Meeting and Procedure in Writing

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

Notice of a Bondholders' Meeting and the initiation of a Procedure in Writing shall be provided to the Holders in accordance with Condition 18 (*Notices*) at least ten (10) Business Days prior to the Bondholders' Meeting or the last day for replies in the Procedure in Writing, and shall include information on the date, place and agenda of the Bondholders' Meeting or the last day and address for replies in the Procedure in Writing (or if the voting is to be made electronically, instructions for such voting) as well as instructions as to any action required on the part of a Holder to attend the Bondholders' Meeting or to participate in the Procedure in Writing.

Only those who, according to the register kept by Euroclear Finland in respect of the Covered Bonds, were registered as Holders on the fifth (5th) Business Day prior to the Bondholders' Meeting or the last day for replies in the Procedure in Writing on the list of Holders to be provided by Euroclear Finland in accordance with Condition 18 (*Notices*), or proxies authorised by such Holders, shall, if holding any of the principal amount of the relevant Series at the time of the Bondholders' Meeting or the last day for replies in the Procedure in Writing, be entitled to vote at the Bondholders' Meeting or in the Procedure in Writing and shall be recorded in the list of the Holders present in the Bondholders' Meeting or participating in the Procedure in Writing.

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

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

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

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

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

Voting rights of Holders shall be determined according to the principal amount of the Covered Bonds held.

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

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

- (a) to change the terms and conditions of the Covered Bonds, including to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any of the Final Terms or any arrangement in respect of the obligations of the Issuer under or in respect of the Covered Bonds; and
- (b) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Covered Bonds;

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

- (c) decrease the principal amount of or interest on Series;
- (d) extend the term of Covered Bonds;
- (e) amend the requirements for the constitution of a quorum at a Bondholders' Meeting or Procedure in Writing; or
- (f) amend the majority requirements of the Bondholders' Meeting or Procedure in Writing.

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

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

Resolutions passed at a Bondholders' Meeting or in the Procedure in Writing shall be binding on all Holders of the relevant Series irrespective of whether they have been present at the Bondholders' Meeting or participated in the Procedure in Writing. A Holder is considered to have become aware of a resolution of a Bondholders' Meeting and a Procedure in Writing when a decision has been recorded on the issue account of the Covered Bonds. In addition, Holders are obligated to inform subsequent transferees of Covered Bonds of resolutions made at a Bondholders' Meeting and a Procedure in Writing. A Bondholders' Meeting's or Procedure in Writing's resolutions must also be informed to Euroclear Finland in accordance with Euroclear Finland Rules. For the sake of clarity, any resolution at a Bondholders' Meeting or in a Procedure in Writing, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer, shall be subject to the consent of the Issuer.

#### **14. Repurchases**

The Issuer or any of its subsidiary may at any time purchase Covered Bonds at any price in the open market or otherwise. Such Covered Bonds may be held, reissued, resold or cancelled.

#### **15. Force majeure**

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

- (a) an act of an authority, war or threat of war, revolt, civil disturbance, or any act of terror or any pandemic or global disease;
- (b) disturbance in postal or telephone traffic, electronic communication, or supply of electricity that is beyond the control of and that has an essential impact on the operations of the Issuer, other subscription place, the Issuer/Paying Agent or the account operator;
- (c) interruption or delay of action or measure of the Issuer, other subscription place, the Issuer/Paying Agent or the account operator that is caused by fire 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 or the account operator, even when it only concerns a part of the personnel of the above-mentioned entities and irrespective of whether the above-mentioned entities are involved in it or not;
- (e) an act of God (such as, but not limited to, fires, explosions, earthquakes, drought, tidal waves and floods); or
- (f) other equivalent force majeure or any similar reason that causes unreasonable difficulty for the operations of the Issuer, other subscription place, the Issuer/Paying Agent or the account operator.

## 16. 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.

## 17. Further issues

The Issuer may from time to time, without the consent of and notice to the Holders, create and issue further notes having the same terms and conditions as the Covered Bonds in all respects (or in respects except for the first payment of interest on them, the issue price and/or the minimum subscription amount thereof) so as to form a single series with the Covered Bonds of such series provided that the date on which the Covered Bonds become fungible is set out in the Final Terms of such further notes.

## 18. Notices

Holders shall be advised of matters relating to the Covered Bonds by a stock-exchange release, a notice published on the official website of the Issuer or a notice published in Helsingin Sanomat or any other major Finnish national daily newspaper selected by the Issuer. The Issuer may deliver notices on the Covered Bonds in writing directly to the Holders at the address appearing on the list of the Holders provided by Euroclear Finland in accordance with the below paragraph (or e.g. through Euroclear Finland's book-entry system or account operators of the book-entry system). Any such notice shall be deemed to have been received by the Holders when published in the manner specified in this Condition 18 (*Notices*). Any disclosures required by the Market Abuse Regulation (EU) No 596/2014 ("MAR") shall be made by means of a stock exchange release.

The address for notices to the Issuer is as follows:

POP Mortgage Bank Plc  
Hevosenkentä 3  
FI-02600 Espoo  
Finland

## 19. Other provisions

The Issuer is entitled to, without the consent of a Bondholders' Meeting or Procedure in Writing under Condition 13 (*Bondholders' Meeting and Procedure in Writing*) of these General Terms and Conditions, make appropriate changes to the Final Terms if such changes do not weaken the position of the Holders. The Issuer must notify the Holders of the amendments to the Covered Bonds in accordance with Condition 18 (*Notices*).

Such changes may be for example:

- (a) changes resulting from the development of the book-entry system; or
- (b) correcting minor typing errors.

## 20. 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 Holders 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 and the Issuer may pass on such information to the Issuer Agent. Further, the Issuer may provide the FIN-FSA or the Stability Authority with the information of the Holders, if required by applicable laws.

## 21. Applicable law and jurisdiction

The Covered Bonds 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 Covered Bonds shall be settled in the first instance at the District Court of Helsinki (in Finnish: *Helsingin käräjäoikeus*).

## FORM OF FINAL TERMS

POP Mortgage Bank Plc

EUR [●] Covered Bonds Due [●]

under the EUR [●] Programme for the Issuance of Covered Bonds

### Terms and Conditions

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in point e) of Article 2 of Regulation (EU) 2017/1129 (as amended) (the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS:** The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[MIFID II product governance / Professional investors and ECPs only target market –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”)] [MiFID II]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate [and (iii) the negative target market for the Covered Bonds is clients that seek full capital protection or full repayment of the amount invested, are fully risk averse/have no risk tolerance or need a fully guaranteed income or fully predictable return profile]. Any person subsequently offering, selling or recommending the Covered Bonds (a “**distributor**”) should take into consideration the Lead Manager(s) target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the Lead Manager(s) target market assessment) and determining appropriate distribution channels.]

**[UK MIFIR product governance / Professional investors and ECPs only target market –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); or (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any [person subsequently offering, selling or recommending the Covered Bonds (a “**distributor**”)/distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

These Final Terms have been drawn in accordance with the Prospectus Regulation (EU) 2017/1129 and they are to be read together with the Base Prospectus regarding programme for the Issuance of Covered Bonds by POP Mortgage Bank



Plc (the “**Issuer**”) dated [●] [and the supplement[s] to it dated [●] and [●]] (the “**Base Prospectus**”) (the “**Programme**”). Unless otherwise stated in these Final Terms, the General Terms and Conditions of the Programme shall apply.

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

The Covered Bonds can be labeled as European Covered Bond (premium) as they are issued in compliance with the Covered Bond Act.

The Base Prospectus [, the supplement[s] dated [●] and [●]] and the Final Terms are available at the web page of POP Mortgage Bank Plc at <https://www.poppankki.fi/en/investors/information-for-investors/investor-relations> and at request from POP Mortgage Bank Plc or at the subscription places mentioned in the Final Terms.

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

Name and number of the Series:	[●]
Tranche number:	[●] / [Not applicable]
[Date on which the Covered Bonds become fungible:	[Not applicable]/[The Covered Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with the Tranche [ ] on [insert date]]
Lead Manager(s):	[Name and Address]
Subscription place(s) of this Series:	[Name and Address / Not applicable]
Issuer Agent and Paying Agent:	[Name and Address]
Calculation Agent:	[Name and Address] / [The Issuer acts as the calculation agent]
Interests of the Arranger/Lead Manager(s)/other subscription place/other parties taking part in the issue:	[The customary sector connected commercial interest / possible other interest]
Principal and currency of the Covered Bonds:	[EUR] [●] / [other currency] [●]. [Final Principal is to be confirmed by the Issuer]
Number of book-entry units:	[●]
Form of the Covered Bonds:	Book-entry securities of Euroclear Finland’s Infinity book-entry security system
Denomination of book-entry unit:	[●]
The minimum amount of Covered Bonds 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 Covered Bonds from the Holders / [●] charges [●] from the Holders as a cost related to offering the Covered Bonds]
Payment of subscription:	[Subscriptions shall be paid for as instructed in connection with the subscription] / [The subscription shall be paid at the time of the subscription]

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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 Covered Bond

[The Covered Bonds will be repaid in one instalment.]  
[The Covered Bonds will be repaid in several instalments [define the amounts of the instalments].]

Issuer Call: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

i) [Optional Redemption Date(s):] [●]

ii) [Optional Redemption Amount:] [●]

iii) [If redeemable in part:

a) Minimum Redemption Amount: [●]

b) Maximum Redemption Amount:] [●]

iv) [Notice periods:] [Minimum period: [●] days  
Maximum period: [●] days]

Maturity Date: [●]

Extended Final Maturity: [Applicable/Not applicable]

[Extended Final Maturity Date:] [Insert Extended Final Maturity Date]

In accordance with Condition 4, if the Issuer applies for the approval of the FIN-FSA at the latest on the fifth (5<sup>th</sup>) Business Day before the Maturity Date that the Maturity Date of the Covered Bonds and the date on which the Covered Bonds will be due and repayable should be extended by the Issuer up to but no later than the Extended Final Maturity Date. The preconditions for extension of maturity are that (i) the Issuer is unable to obtain long-term financing from ordinary sources, (ii) the Issuer is unable to meet the liquidity requirement set out in the Covered Bond Act if it makes payments towards the principal and interest of the maturing Covered Bonds and (iii) that the extension of maturity of the Covered Bonds does not affect the sequence in which the Issuer's Covered Bonds under the same Cover Asset Pool are maturing, and if the FIN-FSA determines that the conditions for extension of the Maturity Date of the Covered Bonds have been fulfilled and it gives its approval to the extension, the resolution of the FIN-FSA shall indicate the extended Maturity Date of the Covered Bonds and the date on which the Covered Bonds will then be due and repayable. In that event, the Issuer may redeem all or any part of the nominal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Final Maturity Date, all in accordance with Condition 4.2]

Interest:

[Define here, if the Covered Bonds are so-called zero-coupon Covered Bonds, or which general note terms, either Condition 8.1 (*Fixed interest rate*) or Condition 8.2 (*Floating reference rate interest*), is applied and include required details as follows:]

[Condition 8.1 (*Fixed interest rate*):]

[Interest rate] [●]

[The date when the first interest period starts, if not the same as the issue date]

[Interest payment date(s): [●] each year commencing on [●] until the Maturity]

[Condition 8.2 (*Floating reference rate interest*):]

[EURIBOR] [OTHER: STIBOR/CIBOR/NIBOR] of [●] months

[Margin] [●]

[The date when the first interest period starts, if not the same as the issue date]

[Interest payment date(s): [●] each year commencing on [●] until the Maturity]

Reset Covered Bond provisions:

[Applicable / Not Applicable]

*(If not applicable, delete the remaining sub paragraphs of this paragraph)*

- |       |                                      |  |
|-------|--------------------------------------|--|
| i)    | [Initial Rate of Interest:]          | [[●] per cent. per annum payable in arrear [on each Interest Payment Date]]  |
| ii)   | [First Margin:]                      | [[±][●] per cent. per annum]   |
| iii)  | [Subsequent Margin:]                 | [[±][●] per cent. per annum / Not Applicable]  |
| iv)   | [Interest Commencement Date:]        | [●]  |
| v)    | [Interest Payment Date(s):]          | [[●] [and [●]] in each year up to and including the Maturity Date [[in each case,] subject to adjustment in accordance with item xi]]  |
| vi)   | [First Reset Date:]                  | [●] [subject to adjustment in accordance with item x]  |
| vii)  | [Second Reset Date:]                 | [Not Applicable /] [●] [subject to adjustment in accordance with item x]   |
| viii) | [First Reset Rate of Interest:]      | [either (A) an annual fixed interest rate or (B) the sum of the First Margin and the Floating Reference Rate for the First Reset Period ]  |
| ix)   | [Subsequent Reset Rate of Interest:] | [Not Applicable /] [either (A) an annual fixed interest rate or (B) the sum of the First Margin or Subsequent Margin (as applicable) and the Floating Reference Rate for the relevant Subsequent Reset Period] |
| x)    | [Subsequent Reset Period:]           | [Not Applicable /] [●]   |

xi)	[Subsequent Reset Date(s):]	[Not Applicable /] [●] [and [●]]
xii)	[Floating Reference Rate:]	[●]
xiii)	[Relevant Screen Page:]	[●]
xiv)	[Day Count Fraction:]	[Actual/Actual (ICMA / ISDA); Actual/365; Actual/360, Eurobond rule or 30/360] / [Not applicable]
Day Count Fraction		[Actual/Actual (ICMA / ISDA); Actual/365; Actual/360, Eurobond rule or 30/360] / [Not applicable]
Minimum/maximum amount of interest:		[Applicable / Not applicable. If applicable, define minimum/maximum amount]
Business Day convention:		[Following / Modified Following / Preceding], [adjusted]/[unadjusted]
Business Day:		[Helsinki and TARGET 2] [insert financial centre of the currency]
Delivery of book-entry securities:		The time when the book-entry securities are recorded in the book-entry security accounts specified by the subscribers is estimated to be [●]
Relevant benchmark:		[[CIBOR]/[EURIBOR]/[NIBOR]/[STIBOR] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation] ]/[Not Applicable]
LEI code of the Issuer:		743700I7HTCNLUBZTZ74
ISIN code of the Series of the Covered Bonds:		[●]
Extended Final Maturity Interest Provisions:		[Applicable (from and including) the Maturity Date to (but excluding) the Extended Final Maturity Date / Not Applicable]
a) Fixed Rate Provisions:		<i>(If not applicable, delete the remaining subparagraphs)</i> [Applicable / Not Applicable]
i)	[Rate of interest:]	<i>(If not applicable, delete the remaining subparagraphs)</i>
ii)	[Interest Payment Dates:]	[●] day of each month, commencing on [●]
iii)	[Day Count Fraction:]	[[Actual/Actual (ICMA / ISDA); Actual/365; Actual/360, Eurobond rule or 30/360] / [Not applicable]]
iv)	[Minimum/maximum amount of interest:]	[Applicable / Not applicable. If applicable, define minimum/maximum amount]
v)	[Business Day Convention:]	[Following / Modified Following / Preceding], [adjusted] / [unadjusted]

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- b) Floating Rate Provisions: [Applicable / Not Applicable]
- (If not applicable, delete the remaining subparagraphs)*
- i) [Rate of interest:] [EURIBOR] [OTHER: STIBOR/CIBOR/NIBOR] [of [●] months]
- [Margin [●]]
- [Regarding OTHER: for each interest period the OTHER interest will be defined two (2) [●] Business Days before the start of the interest period in question.]
- [ ]
- [ ]
- ii) [Interest Payment Dates:]
- iii) [Day Count Fraction:] [[Actual/Actual (ICMA / ISDA); Actual/365; Actual/360, Eurobond rule or 30/360] ]
- iv) [Minimum/maximum amount of interest:] [Applicable / Not applicable. If applicable, define minimum/maximum amount]
- v) [Business Day Convention:] [Following / Modified Following / Preceding], [adjusted] / [unadjusted]

## Other Information

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

- Decisions and authority based on which Covered Bonds are issued: [Based on the authorisation dates [●] of the Issuer's Board of Directors / Based on the resolution of the Issuer's Board of Directors dated on [●]]
- Subscription period: [●]
- Condition for executing the issue: [●] / [Not applicable]
- Yield: [The effective interest yield to the investor on the issue date, when the issue price is 100 per cent, is [●] per cent / [zero coupon]] / [Not applicable]
- An estimate of the principal accruing to the Issuer under the Covered Bonds: [●] per cent of the principal of the Covered Bonds, at maximum.
- Estimated total expenses [in relation to admission to trading]: [●]
- Credit rating of the Covered Bonds: [●] / [Not applicable] / [The Covered Bonds are expected to be rated by S&P]
- Listing: [Shall] / [Shall not] be applied for listing on the Helsinki Stock Exchange]
- Estimated time of listing: [●] / [Not applicable]
- Use of proceeds: The net proceeds from issue of Covered Bonds will be applied [by the Issuer towards funding its lending activities in accordance with the Covered Bonds Legislation and the Issuer's general business principles including, without limitation, the funding of Intermediary Loans to other members of the Group] [to

the refinancing of previous issues of Covered Bonds  
under the Programme for Issuance of Covered Bonds]]

In Helsinki, on [date]

POP MORTGAGE BANK PLC

#1748387H8841V1

## USE OF PROCEEDS

The net proceeds from each issue of Covered Bonds will be applied by the Issuer towards funding its lending activities in accordance with the Covered Bonds Legislation, and the Issuer's general business principles as outlined in "*Description of POP Mortgage Bank*" including, without limitation, the funding of Intermediary Loans to other members of the Group as well as the refinancing of previous issues of Covered Bonds under the Programme.

## FINNISH COVERED BOND ACT

*The following is a brief summary of certain features, on the date of this Base Prospectus, of the Finnish Act on Mortgage Credit Banks and Covered Bonds (in Finnish: Laki kiinnitysluottopankeista ja katetuista joukkolainoista 151/2022) (the “Covered Bond Act”) that repealed the Act on Mortgage Credit Bank Activity (in Finnish: Laki kiinnitysluottopankkitoiminnasta 688/2010). The summary does not purport to be, and is not, a complete description of all aspects of the Finnish legislative and regulatory framework for covered notes. Please also refer to the “Risk Factors”. The terms defined in this section apply in the context of this section only.*

### Background

In November 2019, the European Parliament and the Council adopted the Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 (the “Covered Bond Directive”) and the Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019. The Covered Bond Directive and the aforementioned regulation came into effect on 7 January 2020.

In Finland, the Covered Bond Directive has been implemented into national legislation by enacting the Covered Bond Act. The Covered Bond Act entered into force on 11 March 2022 and the provisions have started to apply on 8 July 2022. The Covered Bond Act repealed the former act governing covered bonds i.s. the Act on Mortgage Credit Bank Activity (in Finnish: *Laki kiinnitysluottopankkitoiminnasta 688/2010*).

The Covered Bond Act enables the issue of Covered Bonds (in Finnish: *katetut joukkolainat*) which are debt instruments secured by a cover pool of qualifying assets (the “Cover Asset Pool”). The Covered Bond Act regulates which assets can be used as collateral for the Covered Bonds and the quality of such assets. They are issued by credit institutions (such as the Issuer) which are authorised to engage in mortgage banking activity (in Finnish: *kiinnitysluottopankkitoiminta*) (each an issuer).

The issuer may only use the label European Covered Bond (premium) for a Covered Bond issued in compliance with the Covered Bond Act.

### Supervision

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

### Authorisation under the Covered Bond Act

The issuing of covered bonds under the Covered Bond Act requires that the issuer has a separate license for mortgage banking activity which is applied from the FIN-FSA. Issuers authorised under the Act on Mortgage Credit Bank Activity must have applied for the license under the Covered Bond Act by 31 March 2022. The Issuer received its licence under the Covered Bond Act on Mortgage credit business is a line of banking business which involves the issuing of covered bonds collateralised by loans secured by residential property, shares in Finnish housing companies (apartments), commercial real estate or shares in real estate companies as well as the claims against public-sector bodies. A credit institution must fulfil certain requirements prescribed in the Covered Bond Act in order to be able to obtain authorisation from the FIN-FSA to engage in mortgage credit business. The FIN-FSA shall grant the authorization, if, based on the evidence obtained from the credit institution, it can be assured of, among other things, that the business plan presented by the issuer is sufficiently comprehensive, that the credit institution has in place suitable procedures and instruments for managing the risk entailed in holding the assets in the Cover Asset Pool(s), that mortgage banking activity is being conducted in accordance with the Covered Bond Act and the regulations given by virtue of it, and that the activity of the credit institution is stable and that its economic position and operational capability are sufficient to secure the repayment of covered bonds. Moreover, the FIN-FSA shall be assured that the register of covered bonds of the issuer fulfils the statutory requirements, and the issuer must have principles and policies for valuation of collateral and the expertise and professional skill required by mortgage banking activity. Additionally, the FIN-FSA may grant the authorization only if it is not aware of anything, pursuant to which the liquidity, solvency, or the economic position otherwise or the risk management of the issuer or the debtor of an intermediary loan would be jeopardised. In addition to credit institutions authorised separately to engage in mortgage credit business, also mortgage credit banks whose activities are exclusively



restricted to carrying out mortgage credit business are entitled to issue Covered Bonds after receiving the authorization referred to in Section 8 of the Covered Bond Act.

### **Register of Covered Bonds**

The Covered Bond Act requires the issuer to maintain a register (the “**Register**”) for the Covered Bonds and the collateral which forms the assets in the Cover Asset Pool for the Covered Bonds. Any intermediary loan shall also be entered in the Register. The actual entry of the Covered Bonds and relevant derivative contracts in the Register is necessary to confer the preferential right in the Cover Asset Pool. Further, only assets entered into the Register form part of the Cover Asset Pool. Changes in the information entered into the Register shall be recorded into the Register without delay.

The Register must list, amongst other things, the Covered Bonds issued by the issuer and the assets in the Cover Asset Pool and Derivative Transactions relating thereto along with any Bankruptcy Liquidity Loans entered into on behalf of the issuer. Furthermore, as the issuer is, pursuant to Section 29 of the Covered Bond Act, entitled to use different Cover Asset Pools for different Covered Bonds, the Register must also specify which Cover Asset Pools constitute collateral for which Covered Bonds. In other words, the collateral shall be entered in the Register as collateral for specified Covered Bonds. Only the issuer or the credit institution being the debtor of an intermediary loan is entitled to provide security to a covered note. Moreover, after the commencement of a bankruptcy or a liquidation of the issuer or the debtor of an intermediary loan, the funds accrued on the collateral shall be separated from other assets of the credit institution having given the collateral in question, and they shall be entered into the Register.

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

### **Eligible cover pool assets**

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

**Mortgage Loans** are Housing Loans or Commercial Real Estate Loans.

**Housing Loans** are, provided that the requirements set out in Article 129 of the CRR are met, loans secured by (i) mortgageable property for primarily residential purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (*Maakaari* 540/1995, as amended); or (ii) shares in a housing company referred to in Chapter 1, Section 2 of the Finnish Act on Housing Companies (*Asunto-osakeyhtiölaki* 1599/2009, as amended) or shares comparable thereto, participations and rights of occupancy; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area.

**Commercial Real Estate Loans** are, provided that the requirements set out in Article 129 of the CRR are met, loans secured by (i) mortgageable real estate for commercial or office purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (*Maakaari* 540/1995, as amended); or (ii) shares of a housing company or a real estate company referred to in Chapter 28, Section 2 of the Finnish Act on Housing Companies (*Asunto-osakeyhtiölaki* 1599/2009, as amended) entitling the holder to occupancy of the commercial or office premises; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area. For the avoidance of doubt, POP Mortgage Bank does not grant Commercial Real Estate Loans that would be part of the Cover Asset Pool.

**Public-Sector Loans** are loans (i) which have been granted to a state, municipality, central bank or other public-sector entity provided that such fulfils the requirements prescribed in Article 129, Paragraph 1, Subparagraph (a) or (b) of CRR or (ii) fully collateralised by a guarantee as for its own debt by a public-sector entity referred to in point (i).

At most 10 per cent of the total nominal amount of collateral in a Cover Asset Pool may consist of Commercial Real Estate Loans (unless otherwise agreed in the terms and conditions of the notes) and at most 20 per cent of the total nominal amount of collateral in a Cover Asset Pool may consist of Substitute Collateral. The FIN-FSA may grant an exemption from the requirement in respect of Substitute Collateral.

**Substitute Collateral** may only be used as collateral for Covered Bonds on a temporary basis and in the circumstances set out in the Covered Bond Act (see “*Substitute Collateral*” below).

**Liquidity buffer** constitutes of the funds that are required to cover the maximum cumulative net liquidity outflow over the next 180 days.

**Derivative Transactions** concluded for hedging against risks related to Covered Bonds and their cover pools must be registered in the Register and therefore constitute part of the assets in the Cover Asset Pool.

**Claims based on insurance indemnity** relating to the collateral of mortgage loans.

### **Quality of the cover pool assets**

#### *Mortgage lending limit and valuation*

It is not possible to directly record collateral for an individual Covered Bond. Pursuant to the Covered Bond Act, collateral shall be included in a Cover Asset Pool and each Covered Bond can simultaneously only be collateralized by to one Cover Asset Pool. However, an issuer is entitled to cover several Covered Bonds with one Cover Asset Pool.

A Mortgage Loan entered into the Cover Asset Pool as collateral for a Covered Bond may not exceed the current value of the shares, housing property or commercial real estate standing as collateral at the time of recording the asset into the Cover Asset Pool. The **current value** shall be calculated using good property evaluation practice applicable to credit institutions in accordance with provisions on the management of capital adequacy and credit risk of credit institutions issued by the FIN-FSA. Therefore, the issuer is not obliged to remove a Mortgage Loan from the Cover Asset Pool of a specific Covered Bond due to the collateral's future performance under the Covered Bond Act. Pursuant to the preparatory works of the Covered Bond Act, if the issuer technically executes the evaluation of the whole Cover Asset Pool on a regular basis, the decisive point of time is considered to be the moment when the collateral was first technically recorded in the Cover Asset Pool. Pursuant to section 16 of the Covered Bond Act, the Issuer must also make sure that the risks of damages related to the mortgage loans included in the Cover Asset Pool are properly insured.

#### *Requirements for matching cover*

The total value of the Cover Asset Pool shall continuously exceed the value of payment obligations incurred from the Covered Bonds (*overcollateralization*). This is achieved by Section 24 of the Covered Bond Act which provides that (a) the total value of Cover Asset Pool must always exceed the liabilities under the Covered Bonds and (b) the net present value of Cover Asset Pool must always be at least 2 per cent above the net present value of the liabilities under the Covered Bonds. Moreover, if the requirements prescribed in Article 129, Paragraph 3 a, Subparagraph 3 of CRR are not fulfilled, the net present value of Cover Asset Pool must be at least 5 per cent above the net present value of the liabilities. The net present value shall also cover the estimated costs in relation winding-down of the Covered Bonds. A calculation method based on the net present value shall be used to determine the overcollateralization amount. If the calculation method based on net present value produces a higher cover pool total value than the method based on the nominal value of obligations incurred from the Covered Bonds, the overcollateralization shall be determined on the basis of the nominal value.

In calculating the total value of the Cover Asset Pool, the following limitations apply:

- 1) at most 80 per cent of the underlying value of the shares or the real estate securing each Housing Loan;
- 2) at the most 60 per cent of the value of the shares or the real estate securing each Commercial Real Estate Loan;  
and
- 3) the principal amount of the other receivables,  
may be taken into account.

According to the preparatory works of the Covered Bond Act (Government Proposal 203/2021), the net present value means, in respect of (a) Covered Bonds and (b) Mortgage Loans, Public Sector Loans and Substitute Loans, the total value of the future discounted cashflows applying the market rate of interest, prevailing from time to time (present value based calculation method).

#### *Requirements relating to liquidity*

Under Section 31 of the Covered Bond Act, the issuer shall ensure that the Cover Asset Pool continuously includes such amount of assets fulfilling the requirements prescribed in Section 18, subsections 1 and 2 that covers the maximum net outflow connected to Covered Bonds during the upcoming 180-day period (liquidity requirement). In calculating the net outflow connected to the Covered Bonds, the issuer may take into account the extension of the maturity of any covered bonds in accordance with Section 32 of the Covered Bond Act up to the final maturity date.

#### *Determination of requirements under Sections 23 and 31 of the Covered Bond Act*

To determine the value of the Cover Asset Pool in order to provide the matching cover required by Sections 23 and 31 of the Covered Bond Act, the issuer shall only take into account:

- (1) an amount not exceeding 80 per cent of the current value of the shares or housing property placed as collateral for any Housing Loan;
- (2) an amount not exceeding 60 per cent of the current value of real estate for commercial or office purposes placed as collateral for any Commercial Real Estate Loan; and
- (3) the principal amount of the other receivables.

Derivative Transactions concluded in order to hedge the Covered Bonds and any assets provided as collateral for the Covered Bond shall be taken into account in determining the value of the cover pool in accordance with Section 24 Covered Bond Act.

#### *Substitute Collateral*

Up to 20 per cent of the aggregate amount of all assets constituting the statutory security for the covered bonds conferred by the Covered Bond Act may temporarily consist of Substitute Collateral. However, in case Substitute Collateral is used to fulfil the liquidity requirement, the limit of 20 per cent of Substitute Collateral does not apply pursuant to Section 22 of the Covered Bond Act. Substitute Collateral may include: (a) assets qualifying as level 1, level 2A or level 2B assets pursuant to the applicable delegated regulation adopted pursuant to Article 460 of CRR; and (b) short-term exposures to credit institutions that qualify for credit quality step 1 or 2, or short-term deposits to credit institutions that qualify for credit quality step 1, 2 or 3, in accordance with point (c) of Article 129(1) of CRR. However, Substitute Collateral and liquidity buffer assets may not include financial instruments that are issued by the credit institution issuing the covered bonds itself, its parent undertaking, other than a public sector entity that is not a credit institution, its subsidiary or another subsidiary of its parent undertaking or by a securitisation special purpose entity with which the credit institution has close links. The use of Substitute Collateral is regarded as temporary provided that (i) Mortgage Loans or Public-Sector Loans have not yet been granted or registered as collateral for the covered bonds; or (ii) the total amount of collateral does not fulfil the requirements set out in Chapter 4 of the Covered Bond Act. The instruments included in Substitute Collateral and liquidity buffer assets shall fulfil the requirements prescribed in Article 129 of CRR, among other limitations set on the aggregated amount of credit institution and public sector counterparty risks.

#### **Extension of maturity (*soft bullet*)**

Pursuant to Section 32 of the Covered Bond Act, the terms and conditions of a covered bond may include a provision that enables the issuer to extend the maturity of a covered bond subject to certain conditions, including the approval of the FIN-FSA. In addition, the conditions for extension of maturity include, among others, that the issuer is unable to obtain long-term financing from ordinary sources, the issuer is unable to meet the liquidity requirement set out in the Covered Bond Act if it makes payments towards the principal and interest of the maturing covered bond and that the extension of maturity does not affect the sequence in which the issuer's covered bonds covered by the same Cover Asset Pool are maturing. If the FIN-FSA's determines that the conditions for extension have been fulfilled and it gives its approval to the extension, its resolution shall indicate the applied extended maturity date of such covered bonds which shall be a date on or before the final extended maturity date specified in the General Terms and Conditions. In addition, such approval may also be applied in the event of an Issuer's resolution within the meaning of the Resolution Act.

#### **Intermediary loans**

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

The Covered Bond Act prescribes that if a Cover Asset Pool includes credit receivables included in the balance sheet of the debtor of an intermediary loan, the mortgage credit bank is responsible for the fact that the Cover Asset Pool continuously fulfils the requirements set out in the Covered Bond Act and which are aligned with the terms of the covered bond. In addition, methods shall be defined in the terms of an intermediary loan to ensure that the Cover Asset Pool continuously fulfils the requirements set out in the Covered Bond Act. The issuer shall also ensure in a manner prescribed in Section 17 of the Covered Bond Act that the mortgage loans on the balance sheet of the credit institution being the

debtor of an intermediary loan fulfil the requirements set out in the Covered Bond Act and which are aligned with the terms of the covered bond.

### **Derivatives**

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

### **Set-off**

A creditor of the issuer or a debtor of an intermediary loan may not, in the event of bankruptcy or liquidation of the issuer or a debtor of an intermediary loan, set-off its claim against an asset included in the Cover Asset Pool.

### **Prohibition on transfers, pledges, execution and precautionary measures**

The issuer or the debtor under an intermediary loan may not, without the permission of the FIN-FSA, assign or pledge Mortgage Loans or Public Sector Loans which are included in the Cover Asset Pool.

Any collateral securing covered bonds and recorded in the Register of covered bonds entered in the Register as collateral for a covered bond or an intermediary loan may not be taken in execution for a debt of an issuer, a deposit bank or a credit institution nor may precautionary measures be directed at it.

### **Preferential right in the event of liquidation or bankruptcy**

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

Covered bonds and liabilities under related derivative transactions will not be deemed to have become due in the bankruptcy or resolution of the issuer. Under Sections 20 and 39 of the Covered Bond Act, notwithstanding the liquidation, bankruptcy or resolution of the issuer, a covered bond shall be paid until its maturity in accordance with the terms and conditions of the covered bond from the funds accruing on the Cover Asset Pool of the covered bond before other claims. The same applies to Derivatives Transactions. The funds accruing from collateral for covered bonds after the commencement of liquidation or bankruptcy proceedings against the issuer shall be entered in the Register as collateral for such covered bonds. In bankruptcy proceedings the bankruptcy administrator must ensure due maintenance of the Register. Under Section 43 of the Covered Bond Act, the bankruptcy administrator in bankruptcy or the liquidator in liquidation have the right, upon demand or approval of the supervisor (defined below), to seek for permission to extend the maturity of the Covered Bond if the terms and conditions provide the possibility for extension of maturity in accordance with Section 32 explained above.

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

Pursuant to Section 20 of the Covered Bond Act, Mortgage Loans are included in the Cover Asset Pool for a covered note for their total value.

What is set out above in respect of Section 20 of the Covered Bond Act applies *mutatis mutandis* to the counterparties of the Derivative Transactions entered in the Cover Asset Pool and to the providers of any loan securing liquidity for the issuer in liquidation or bankruptcy (each such loan being a Bankruptcy Liquidity Loan). Parties to Derivative Transactions have an equal right with the holders of the covered bonds to payment from the funds, entered in the Register as collateral for the covered bonds, and from the payments relating to them, and accordingly, such Derivative Transactions rank *pari passu* with the covered bonds and administration and liquidation costs with respect to such assets in the Cover Asset Pool. Counterparties in Bankruptcy Liquidity Loans are entitled to payment from the funds included in the Cover Pool only after the receivables referred to in Section 20 of the Covered Bond Act.

The bankruptcy administrator may, upon the demand or with the consent of the supervisor appointed by the FIN-FSA (see *Management of Cover Pool Assets during the liquidation or bankruptcy of the issuer*), transfer collateral entered in the Cover Asset Pool of the relevant covered bonds to the issuer’s general bankruptcy estate, if the value and the net present value of the Cover Asset Pool, as provided for in Section 45 of the Covered Bond Act, considerably exceed the total amount of the covered bonds and it is apparent that the collateral to be transferred shall not be necessary to fulfil the obligations in respect of the covered bonds, Derivative Transactions and Bankruptcy Liquidity Loans.

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

When the issuer has entered into liquidation or bankruptcy proceedings, the FIN-FSA shall, without delay, appoint a supervisor in accordance with Section 29 of the Finnish Act on the Financial Supervisory Authority (in Finnish: *Laki Finanssivalvonnasta* 878/2008, as amended) and in accordance with Section 40 of the Covered Bond Act to protect the interests of creditors of covered bonds and creditor entities comparable to such and to enforce their right to be heard (a “**supervisor**”). The supervisor shall, in particular, supervise the management of the collateral for the covered bonds and their conversion into cash as well as the contractual payments to be made to the holders of the covered bonds. The person to be appointed as a supervisor shall have sufficient knowledge of financing and legal issues with regard to the nature and scope of the duties. The remuneration of the supervisor shall be decided by the FIN-FSA, and the issuer is responsible for the payment of the remuneration. The payment of the remuneration is secured by the Cover Asset Pool(s). Should the FIN-FSA pay the remuneration on behalf of the issuer, the right to claim payment of the remuneration would be transferred to the FIN-FSA and the corresponding priority in respect of the Cover Asset Pool would be preserved. The FIN-FSA shall always take steps to appoint a supervisor, when the issuer has entered into liquidation or bankruptcy proceedings.

In bankruptcy proceedings the courts will by operation of law appoint a bankruptcy administrator to administer the bankruptcy estate. The Cover Asset Pool will be run by the bankruptcy administrator, but the supervisor will supervise the bankruptcy administrator, acting in the interest of the noteholders. Under Section 44 of the Covered Bond Act, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, conclude Derivative Transactions necessary for hedging against risks relating to covered bonds and the relevant collateral as well as, where necessary, in accordance with Section 42 of the Covered Bond Act, sell a sufficient amount of collateral for the covered note in order to fulfil the obligations relating to the covered note. In addition, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, have a right to conclude contractual arrangements to secure liquidity or take out Bankruptcy Liquidity Loans.

Funds which accrue on the collateral of covered bonds after the commencement of liquidation or bankruptcy of the issuer and the bank accounts related to the collateral and its income shall be entered in the Register. Correspondingly, a Bankruptcy Liquidity Loan taken under Section 44 of the Covered Bond Act and each bank account into which any such funds are deposited shall be entered in the Register. Funds which accrue on the collateral of covered bonds, from derivative transactions or from intermediary loans after the commencement of liquidation or bankruptcy of the Mortgage Bank shall be deposited on an account with the Bank of Finland or with such a deposit bank that is not part of the same consolidated group or Amalgamation as the Mortgage Bank. The bank accounts related to the collateral and its income shall be entered in the Register under the relevant Cover Pool. Correspondingly, a bankruptcy liquidity loan taken under Section 44 of the Covered Bond Act and each bank account into which any such funds are deposited shall be entered in the Register.

If the matching cover requirements of the collateral of a covered bond cannot be fulfilled due to the issuer or the debtor of an intermediary loan being in bankruptcy or liquidation, the bankruptcy administrator and the liquidator in liquidation shall, on the demand or approval of the supervisor, accelerate the covered bonds and the intermediary loans connected thereto as well as sell the funds being collateral for each covered note for their payment. The bankruptcy administrator or the liquidator in liquidation is entitled, upon demand or approval by the supervisor, to apply from the FIN-FSA for a permission to extend the maturity of a covered bond, if the covered bond includes a condition referred to in Section 32 of the Covered Bond Act, pursuant to which the issuer can, on the permission granted by the FIN-FSA, extend the maturity of the covered bond upon fulfilment of the conditions included in Section 32 of the Covered Bond Act.

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

If the requirements for the Cover Asset Pool of the covered bonds, as provided for in Sections 23 and 31 of the Covered Bond Act, cannot be fulfilled, the bankruptcy administrator must, upon the request or approval of the supervisor, accelerate the covered bonds and sell the Cover Asset Pool assets in order to pay the covered bonds.

## THE AMALGAMATION ACT

*The following is a brief overview of certain features of the Act on the Amalgamation of Deposit Banks (599/2010, as amended) (in Finnish: laki talletuspankkien yhteenliittymästä), (the “Amalgamation Act”) as of the date hereof. The overview does not purport to be, and is not, a complete description of all aspects of the Finnish legislative and regulatory framework for the Amalgamation.*

### General

The Amalgamation Act lays down requirements set for the operations of the POP Bank Centre acting as a central institution for the Amalgamation and the companies belonging to the Amalgamation.

The Amalgamation is formed by the Issuer, the POP Banks, the POP Bank Centre and the companies included in their consolidation groups and those credit institutions, financial institutions and service companies in which entities included in the amalgamation jointly hold over 50 per cent of the votes. The POP Bank Centre acts as the central institution of the Amalgamation.

### Supervision

The FIN-FSA shall supervise the POP Bank Centre as laid down in the Amalgamation Act and the Act on the Financial Supervision Authority. The POP Bank Centre’s Member Credit Institutions and other companies within the Amalgamation shall be supervised by the FIN-FSA as laid down in the Amalgamation Act and the Act on the Financial Supervision Authority, and by the POP Bank Centre as laid down herein.

The POP Bank Centre shall exercise oversight to ensure that the companies within the Amalgamation operate in accordance with the laws, decrees and regulations issued by the relevant authorities governing financial markets, and their own bylaws or articles of association and the instructions issued by the POP Bank Centre by virtue of the Amalgamation Act. It is the POP Bank Centre’s duty to supervise the financial position of the companies within the Amalgamation.

The FIN-FSA oversees the POP Bank Centre so that it controls and supervises the operations of its Member Credit Institutions in accordance with the provisions of the Amalgamation Act.

### License of the POP Bank Centre

The FIN-FSA issued a central institution’s license to the POP Bank Centre on 14 December 2015.

The FIN-FSA may cancel the central institution’s license unless the POP Bank Centre fulfils the capital requirements laid down in section 19 of the Amalgamation Act. Section 19 of the Amalgamation Act sets forth the requirements for the financial position of the Amalgamation and requires, *inter alia*, that the companies within the Amalgamation must together have own funds of the minimum amount provided for in Chapter 10, section 1 of the Credit Institutions Act. The amount shall be calculated in accordance with what is provided for the calculation of consolidated own funds in CRR. Additionally, pursuant to section 26 of the Act on the Financial Supervision Authority, the FIN-FSA may cancel the license for example if the essential statutory conditions under which authorisation was granted or business was taken up no longer exist, or if the operations of the POP Bank Centre constitute a material breach of the provisions governing financial markets or the regulations issued thereunder by the authorities, the terms of authorisation or the rules applicable to the operations of the POP Bank Centre.

The rights and obligations of the POP Bank Centre, based on the provisions of Chapter 5 of the Amalgamation Act, which have been established prior to cancellation of the license, shall not expire owing to said cancellation.

### Joint liability of the Amalgamation

In summary, the Amalgamation Act prescribes the following with respect to the joint liability of the Amalgamation:

- a. POP Bank Centre’s liability for debt: The POP Bank Centre must pay to each Member Credit Institution an amount that is necessary in order to prevent such Member Credit Institution’s liquidation. The POP Bank Centre is responsible for the payments of any debts of a Member Credit Institution that cannot be paid using such Member Credit Institution’s own funds.
- b. Joint liability of Member Credit Institutions: A Member Credit Institution must pay to the POP Bank Centre a proportionate share of the amount which the POP Bank Centre has paid either to another Member Credit Institution as part of the support action described above, or to a creditor of such Member Credit Institution as

payment of a due debt for which the creditor has not received payment from his debtor. Furthermore, upon the insolvency of the POP Bank Centre a Member Credit Institution has an unlimited liability to pay the debts of the POP Bank Centre as set out in Chapter 14 of the Act on Cooperatives.

- c. Each Member Credit Institution's liability, for the amount which the POP Bank Centre has paid on behalf of one Member Credit Institution to its creditors, is divided between the remaining Member Credit Institutions in proportion to their last confirmed balance sheet totals.
- d. Member Credit Institution's obligation to participate in support actions: If the funds of any Member Credit Institution fall below the minimum threshold set out in the Credit Institutions Act or the Amalgamation Act, as the case may be, the POP Bank Centre is entitled to receive credit from the other Member Credit Institutions by collecting additional repayable payments from them to be used to support actions to prevent liquidation of the Member Credit Institution whose funds have fallen below the minimum threshold. The annual aggregate amount of the payments collected from the Member Credit Institutions on this basis may in each accounting period be a maximum amount of 0.5 per cent of the last confirmed balance sheet total of each Member Credit Institution.
- e. POP Bank Centre's liability to pay a Member Credit Institution's overdue debt: A creditor who has not received payment from a Member Credit Institution on a due receivable (principal debt) may demand payment from the POP Bank Centre, when the principal debt falls due. As a result, pursuant to the Amalgamation Act, the POP Bank Centre is responsible for the payment of such debts. Having made such payment, the POP Bank Centre has a right to collect proportionate shares of the payment from Member Credit Institutions as described above in paragraph (b).

The Amalgamation Act is based on the principle that the Amalgamation is structurally stable and permanent. Therefore, it is a prerequisite for leaving the membership that the solvency calculated for the Amalgamation will remain above the minimum level required by applicable regulation irrespective of such member leaving and after taking into consideration any related liabilities. A member that has left the cooperative will be subject to joint liability even after this, if a Member Credit Institution or central cooperative are placed into liquidation within five years from the end of the financial year following the departure. This period of time is designed to ensure that the Member Credit Institution cannot intentionally avoid its joint liability in accordance with law by leaving the central cooperative if another Member Credit Institution is threatened by liquidation.

Entities other than the Member Credit Institutions do not fall within the scope of the joint liability.

### **Responsibilities of the POP Bank Centre**

Under the Amalgamation Act, the POP Bank Centre is responsible for issuing guidelines on risk management, good corporate governance, internal control and guidelines for the application of uniform accounting principles in preparing the consolidated financial statements of the Amalgamation to the Member Credit Institutions, with the aim of ensuring its liquidity and capital adequacy. The POP Bank Centre also supervises the Member Credit Institutions' compliance with applicable rules and regulations in respect of their financial position, any regulations issued by the relevant supervising authorities, their statutes and articles of association. The obligation to issue guidelines and exercise supervision does not however give the POP Bank Centre the power to direct the business operations of the Member Credit Institutions. Each Member Credit Institution carries on its business independently within the scope of its own resources.

### **Responsibilities of the Member Credit Institutions**

According to section 18 of the Amalgamation Act, a company within the Amalgamation may not, in the course of its operations, take any risk of such magnitude that it poses a substantial danger to the consolidated capital adequacy or liquidity of the companies within the Amalgamation.

According to section 19 of the Amalgamation Act, companies within the Amalgamation must together have own funds of the minimum amount provided for in Chapter 10, section 1 of the Credit Institutions Act. The amount shall be calculated in accordance with what is provided for the calculation of consolidated own funds in the CRR.

On joint liability of the Member Credit Institutions, see "*The Amalgamation Act – Joint liability*".

### **Consolidated accounts of the POP Bank Centre and the Member Credit Institutions**

The provisions of the Credit Institutions Act apply to the preparation of the POP Bank Centre's financial statements and consolidated financial statements and audit. A Member Credit Institution is not subject to provisions governing interim and annual reports prescribed by Chapter 12, section 12 of the Credit Institutions Act.

The POP Bank Centre shall prepare its financial statements based on the accounts of its Member Credit Institutions consolidated into those of the POP Bank Centre or on the consolidated financial statements, complying with the IFRS. The consolidated financial statements also include institutions over which the above-mentioned institutions jointly have control as prescribed in the Accounting Act. The Group's financial statements, prepared by the POP Bank Centre, are prepared in accordance with the requirements set forth in the Amalgamation Act. In the event that IFRS cannot be applied owing to the special structure of the Amalgamation, the POP Bank Centre's board of directors shall adopt comparable accounting standards suited to the structure of the Amalgamation.

The POP Bank Centre's auditors shall audit the consolidated financial statements, by complying with the provisions of the Credit Institutions Act where applicable, which must be presented and notified to the annual cooperative meeting of the POP Bank Centre.

The Member Credit Institutions shall keep a copy of the financial statements available for public inspection and provide copies thereof in compliance with the provisions under Chapter 12, section 11, subsections 2 and 4 of the Credit Institutions Act. The financial statements of the POP Bank Centre and its Member Credit Institutions as well as their subsidiaries must be combined to form the consolidated interim and annual reports pursuant, as appropriate, to the provisions of subsection 2 of the Amalgamation Act and Chapter 12, section 12 of the Credit Institutions Act. The POP Bank Centre's Member Credit Institutions must give a copy of the consolidated interim report to anyone who requests it.

A Member Credit Institution shall provide the POP Bank Centre with the information necessary for the consolidation of accounts. In addition, the POP Bank Centre and its auditor shall have the right to obtain a copy of the documents relating to the Member Credit Institution's audit for carrying out the audit of the consolidated financial statements, notwithstanding provisions elsewhere in the law governing confidentiality in respect of the credit institution and its auditor.

#### **Withdrawal and/or expulsion of POP Banks**

In accordance with the Amalgamation Act, a Member Credit Institution may leave the central cooperative by making amendments to the relevant provisions of its bylaws or articles of association and by notifying the board of directors of the central cooperative of this in writing, provided the combined amount of the owned assets of the companies remaining in the Amalgamation remains in compliance with section 19 of the Amalgamation Act after the departure of the Member Credit Institution. The decision is only valid if supported by a two thirds majority of the shareholders. Section 19 of the Amalgamation Act provides that the amount of own assets required for companies within the Amalgamation is set forth in the Credit Institutions Act and calculated in accordance with the CRR. The preservation of solvency must be demonstrated with a calculation verified by the central cooperative's auditors.

A Member Credit Institution may be expelled from the POP Bank Centre if it has neglected its duties arising from the membership or in case it has, irrespective of a warning issued by the board of directors, failed to comply with the instructions issued by the POP Bank Centre by virtue of the Amalgamation Act in a manner that significantly endangers the management of liquidity or capital adequacy or the application of the standardised accounting policies or supervision of compliance with said policies, or in case a Member Credit Institution, otherwise acts in material breach of the Amalgamation's general operating principles adopted by the POP Bank Centre. The decision on the expulsion of a Member Credit Institution shall be decided by a general meeting of the POP Bank Centre. The expulsion decision shall be valid only if supported by at least a two-thirds vote given by those at a cooperative meeting.

The provisions of the Amalgamation Act on the payment liability of a Member Credit Institution also apply to a credit institution which has left the membership of the central cooperative, if the payment claim is made to the credit institution less than five years from the end of the calendar year when the credit institution left the membership.



## REGULATORY ENVIRONMENT

*The following is a summarized presentation of certain aspects of the banking regulatory environment in which the Group operates:*

### Single Supervisory Mechanism

The new SSM commenced its operation in November 2014. The SSM is a system of financial supervision comprising the ECB and the national competent authorities of participating EU countries. The legal basis for the SSM is the Council Regulation (EU) No 1024/2013. The ECB commenced its supervisory role under the SSM on 4 November 2014. Within the SSM, the ECB directly supervises so-called significant credit institutions and has an indirect role in the supervision of less significant credit institutions. Less significant credit institutions continue to be supervised by their national supervisors, in close cooperation with the ECB. The Issuer and the Group are currently classified as less significant credit institutions and therefore, are subject to the supervision of the FIN-FSA.

One of the most significant reforms with respect to the regulation of banks is the capital adequacy requirements imposed on European banks. The Capital Requirement Directive and Regulation (CRD IV Directive/CRR) were published in the EU Official Journal on 27 June 2013. These rules and regulations implement the Basel III standards within the EU and are aimed, for example, at improving the quality of banks' capital base, reducing the cyclic nature of capital requirements, decreasing banks' indebtedness and setting quantitative limits to liquidity risk.

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

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

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

On 16 April 2019, the European Parliament made legislative resolutions on a directive amending the CRD IV (Directive (EU) 2019/878, the "**CRD V**"), a regulation amending the CRR (Regulation (EU) 2019/876, the "**CRR II**"), a regulation amending the regulation (EU) No 806/2014 (the "**SRM Regulation**") and a directive amending the BRRD (Directive (EU) 2019/879, the "**BRRD II**"), and all proposals together the "**Banking Reform Package**"). The Banking Reform Package includes, for example, a leverage ratio requirement for all institutions, a new market risk framework for reporting purposes and a new moratorium power for the resolution authority. On 14 May 2019, the Council of the European Union published a press release announcing that it had adopted the Banking Reform Package. The Banking Reform Package was published in the Official Journal on 7 June 2019 and it entered into force on 27 June 2019. Most of the new rules have started applying in mid-2021.

### Capital requirements and standards

The rules applicable to the capital of financial institutions are being changed across the European Union in order to implement the Basel III and Basel IV measures issued by the Basel Committee on Banking Supervision. The European legislative package to implement Basel III consists of a fourth capital requirements Directive and a new capital requirements Regulation, collectively known as "**CRD IV**". The directly applicable CRR entered into force in Finland on 1 January 2014. The CRD IV Directive was implemented in Finland through the new Credit Institutions Act, which came into force on 15 August 2014.

CRD IV introduced significant changes in the prudential regulatory regime applicable to banks including: increased minimum capital ratios; changes in the elements of own funds, as well as changes in the calculation of own fund requirements; and the introduction of new measures relating to leverage, liquidity and funding. CRD IV permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the CRD IV leverage ratio, which are not expected to be finally implemented until 2020. Minimum capital requirements came into force from 1 January 2014 without transitional measures. Finnish regulatory capital and liquidity requirements are determined in accordance with both the directly applicable CRR and the Credit Institutions Act, which implements the requirements of the CRD IV Directive into Finnish legislation.

The Banking Reform Package, including the CRR II, further changes the capital requirements applicable to banks by introducing binding requirements for a leverage ratio of 3 per cent and a binding requirement for a Net Stable Funding Ratio (NSFR) of 100 per cent. CRR II also includes a new standardised method to compute the exposure value of derivatives exposures, calculations for market risk, exposures to central counterparties, exposures to investment undertakings, large exposures and lending to small and medium sized enterprises (SMEs). The CRD V includes updates to supervisory measures and capital conservation measures. Among other changes, it updates the rules governing Pillar 2. Specifically, CRD V introduces a split of Pillar 2 add-ons into Pillar 2 Requirements (P2R) and Pillar 2 Guidance (P2G), where the P2R will increase the MDA level (maximum distributable amount) while the P2G does not affect the MDA level. Both the CRR II and the CRD V entered into force on 27 June 2019. The CRR II has generally applied as of 28 June 2021, and the CRD V as of 28 December 2020.

## Resolution laws

The European Union Bank Recovery and Resolution Directive (EU) 2014/59 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* 1194/2014, as amended, the “**Resolution Act**”), the Act on the Financial Stability Authority (in Finnish: *Laki rahoitusvakausviranomaisesta* 1195/2014, as amended, the “**Authority Act**”) and by amending the Credit Institutions Act (in Finnish: *Laki luottolaitostoiminnasta* 610/2014, as amended) (jointly, the “**Resolution Laws**”). The Authority Act deals with the operation and powers of the Finnish Financial Stability Authority (the “**Stability Authority**”), being the national resolution authority having counterparts in all EU member states and established for the purposes of the enforcement of the Resolution Act and other regulation relating to recovery and resolution of financial institutions. The Banking Reform Package included a legislative resolution on Directive (EU) 2019/879 amending the BRRD which was implemented into national legislation on 1 April 2021.

Pursuant to the Resolution Act, the Stability Authority shall draw up and adopt a resolution plan for the institutions subject to its powers. The resolution plan is ready for execution in the event that the institution in question has to be placed into a resolution process. The Resolution Act vests the Stability Authority with resolution powers and tools as provided in the BRRD. To be able to use the other resolution tools, the Stability Authority shall first place the institution in a resolution process. During the process, the institution could be subject to a number of resolution tools, including write-down of debts or conversion of debts into equity (bail-in), sale of business, bridge institution and asset separation. To continue the operations of the institution, the Stability Authority has the power to decide upon covering losses of the institution by reducing the value of the institution’s share capital or cancelling its shares. The write-down and conversion of capital instruments must be implemented without undue delay in case an institution has been placed into a resolution process.

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

The Stability Authority is vested with the power to implement resolution measures with respect to a financial institution that the Stability Authority considers as failing or likely to fail, and where there is no reasonable prospect that any measures could be taken to prevent the failure of the institution and that the taking of resolution measures is necessary to protect significant public interest. Accordingly, resolution measures are secondary to bankruptcy and liquidation of a failing financial institution and are implemented only if the relevant conditions set out in the Resolution Laws are satisfied.

The Finnish national legislation that implements the Banking Reform Package includes a provision whereby the Stability Authority may implement resolution measures in respect of the central institution and all member banks of an amalgamation, if the amalgamation as a whole meets the resolution criteria. This provision has the effect that potential bail-in of MREL eligible instruments issued by one member institution may be utilised for covering losses of other member credit institutions or for the recapitalisation of other member credit institutions of the amalgamation.

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 the Issuer nor any of its group companies have been classified by the FIN-FSA as a systematically important institution domestically or globally or as otherwise significant credit institution to the financial system in Finland.

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

- enforce bail-in - the resolution authority has the power to write-down certain claims of unsecured creditors of the distressed financial institution and to convert certain unsecured debt claims to equity (the general bail-in tool, in Finnish: *velkojen arvonalentaminen ja muuntaminen*). Such equity could also be subject to any future write-down. Relevant claims for the purposes of the bail-in tool would include the claims of the holders in respect of any Covered Bonds (to the extent that such the claims of the holders of Covered Bonds are not covered by the cover asset pool) 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 Stability Authority may transfer all or part of the business of the institution to a “bridge institution” (in Finnish: *väliaikainen laitos*) which is an entity created for this purpose by the resolution authority); and
- transfer all or part of the assets in the distressed financial institution to one or more asset management vehicles (in Finnish: *omaisuudenhoitoyhtiö*) to allow them to be managed with the intention of maximising their value through eventual sale or orderly wind-down.

*The following is a brief summary of the regulation that concerns benchmarks:*

### **Benchmarks regulation**

The EURIBOR and other indices which are deemed to be “benchmarks” are the subject of recent EU, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective, such as the Benchmarks Regulation, while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted.

The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and it came into force on 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). EURIBOR has been authorised under the Benchmarks Regulation and added to the benchmark register maintained by the ESMA in July 2019.

## CHARACTERISTICS OF THE COVER ASSET POOL

The Issuer must ensure that the Cover Asset Pool comprises only of Housing Loans and Substitute Collateral within the limits set by the applicable Covered Bonds Legislation (as summarised under “*Finnish Covered Bond Act*”) and the terms and conditions of the Covered Bonds. The Issuer will substitute assets that are no longer eligible to be included in the Cover Asset Pool in accordance with the requirements of the applicable Covered Bonds Legislation and such terms and conditions and supplement the Cover Asset Pool with new Housing Loans or Substitute Collateral upon the existing Housing Loans or Substitute Collateral in the Cover Asset Pool being repaid by the relevant borrower in respect of such assets. The Issuer continuously monitors that the current value of the Cover Asset Pool exceeds the combined payment obligations resulting from the Covered Bonds by at least two per cent or five per cent, as applicable. Over-collateralisation must have a value of at least two per cent. If the requirements set out in Article 129, Paragraph 3 a, Subparagraph 3 of the CRR are not met, over-collateralisation must have a value of at least five per cent. In addition, the Issuer assesses the adequacy of the value and the quality of the Cover Asset Pool by regular stress tests.

The criteria that is applied to the selection of assets for the Cover Asset Pool and the policies for granting loans are summarised below.

### Origination Criteria for the Housing Loans and the Cover Asset Pool

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

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

The members of the Group identify the Housing Loans that are eligible for inclusion in the Cover Asset Pool according to criteria set by the applicable Covered Bonds Legislation and the members of the Group. These criteria, in summary, include but are not limited to the following:

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

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

All of the abovementioned origination criteria for the Housing Loans, including the applicable lending criteria, and for the Cover Asset Pool have been set out as of the date of this Base Prospectus and might change over time. The composition and characteristics of the Cover Asset Pool will change over time. The Issuer will maintain a separate register for the Cover Asset Pool in accordance with the Covered Bonds Legislation and inform the holders of Covered Bonds of the composition of the Cover Asset Pool on its website at <https://www.poppankki.fi/en/investors/financial-reports/pop-mortgage-bank-plc-financial-reports> on a quarterly basis in connection with the issuance of its financial statements and half-year financial reports.

### No Due Diligence

The Arranger nor any Lead Manager has undertaken and will not undertake any investigations, searches or other actions in respect of any Mortgage Loans, Public-Sector Loans or Supplementary Collateral contained or to be contained in the Cover Asset Pool.

## DERIVATIVE TRANSACTIONS RELATED TO THE COVERED BONDS

### Permitted Derivative Transactions

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

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

### Documentation

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

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

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

### Bankruptcy or Liquidation of the Issuer

Under the Covered Bonds Legislation, obligations arising under a Derivative Transaction entered into the Register for the Cover Asset Pool shall continue to be fulfilled towards the Issuer in accordance with its terms notwithstanding a bankruptcy or liquidation of the Issuer. Counterparties to such Derivative Transactions (along with holders of Covered Bonds and administration and liquidation costs) are given a statutory priority in the liquidation or bankruptcy of the Issuer to the assets in the Cover Asset Pool. Accordingly, such counterparties (and holders of Covered Bonds and providers of liquidity loans) have the statutory right to receive payment from the assets in the Cover Asset Pool before all other holders of claims and this right remains for so long as the Covered Bonds remain outstanding. Pursuant to Section 44 of the Covered Bond Act, providers of liquidity loans and Bankruptcy Liquidity Loans have a right to receive payment after the creditors specified in Section 20 of the Covered Bond Act and before the remaining counterparties.

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

In bankruptcy, the bankruptcy administrator, and in liquidation the liquidator shall, on demand of the supervisor or by their permission, apply to the Financial Supervisory Authority for permission to extend the maturity of a covered bond if the Clause 4.2 (*Extension of Maturity up to Extended Final Maturity Date*) under the General Terms and Conditions is applicable.

### Obligation to regularly disclose information on Covered Bonds and to report to the FIN\_FSA

The issuer shall submit quarterly reports to the Financial Supervisory Authority, and separately on the Financial Supervisory Authority's request, containing the information on the issue of covered bonds and cover pools to the extent necessary and as defined the Covered Bond Act, Section 38 for supervising mortgage credit bank operations.

In accordance with Section 36 of Covered Bond Act the issuer shall publish at least the following information on covered bonds on their website each quarter:

- 1) the total value of the collateral assets and issued Covered Bonds;
- 2) the international securities identification numbers (ISINs) of the Covered Bonds;
- 3) distribution of collateral assets by type; for housing loans, however, this information shall be itemised into loans to natural persons, credits to housing companies and credits to other housing corporations;
- 4) geographical distribution of collateral for loan receivables, description of the assessment methods, and information on the credit amounts of loan receivables;
- 5) information on the market risks to the Covered Bonds, including interest rate risk and currency risk, as well as credit risks and liquidity risks;
- 6) information on the maturity of Covered Bonds, including any requirements for extending the maturity of a bond as well as the legal and any other effects of extending maturity;
- 7) the available collateral and minimum collateral level, including the minimum level laid down in legislation for over collateralisation, over collateralisation required under the terms of a bond or bond programme as well as the total value of the Cover Asset Pool in excess of these; and
- 8) the share in the Cover Asset Pool of loan receivables that either fulfil the requirements laid down in Article 178 of the CRR or the matured capital or interest of which has otherwise remained unpaid for at minimum 90 days.

The information referred to above shall be itemised by Cover Asset Pool. The issuer shall post on its website the information referred to above for at least the current year and five preceding calendar years.

## OTHER INFORMATION TO SUBSCRIBERS

### General

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

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

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

### Secondary market of the Covered Bonds

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

### Effective yield of the Covered Bonds

The effective interest yield percentage of the Covered Bonds shall be notified in the Final Terms. The effective yield of the Covered Bonds depends on the current issue rate and the interest paid on the Covered Bonds, 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.

### The completion of transactions relating to the Covered Bonds is dependent on Euroclear Finland Oy's operations and systems

Covered Bonds issued and incorporated into the book-entry system of Euroclear Finland Oy ("Euroclear Finland") are in non-certificated form. The holders of Covered Bonds 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 Covered Bonds, regarding transfers, payments and information sharing with the Issuer.

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

### Prohibition of sales to EEA retail investors

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

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II;
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds.

### Notice to prospective investors in the United States, Australia, Canada, Japan, Hong Kong, Singapore, South Africa and certain other jurisdictions

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

### Prohibition of sales to UK Retail Investors

Each Lead Manager appointed for each issuance will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus, as completed by the Final Terms in relation thereto, to any retail investor in the UK. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA;
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

### Notice regarding forward-looking statements

Some statements in this Base Prospectus may be deemed to be forward looking statements. Forward-looking statements include statements concerning the Issuer’s plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Prospectus, the words “anticipates”, “estimates”, “expects”, “believes”, “intends”, “plans”, “aims”, “seeks”, “may”, “will”, “should” and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled “Risk Factors” and “Information about the Issuer” and other sections of this Base Prospectus. The Issuer has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as of the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Base



Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

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

#### **Prohibition of sales to EEA retail investors**

The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in point e) of Article 2 of Regulation (EU) 2017/1129 (as amended) (the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### **Prohibition of sales to UK retail investors**

The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

#### **MiFID II Product Governance / Target Market**

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

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

#### **UK MiFIR Product Governance / Target Market**

The Final Terms in respect of any Covered Bonds may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. In such case, any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for

undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Lead Manager subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Lead Manager(s) nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

### **Prohibition of sales to Russia and Belarus**

Pursuant to Article 1 of the Council Decision (CFSP) 578/2022 of 8 April 2022 amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine and to Article 1 of the Council Decision (CFSP) 579/2022 of 8 April 2022 amending Decision 2012/642/CFSP concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russia aggression against Ukraine, it shall be prohibited to sell transferable securities denominated in any official currency of a Member State issued after 12 April 2022 or units in collective investment undertakings providing exposure to such securities to any Russian or Belarusian national or natural person residing in Russia or Belarus or any legal person, entity or body established in Russia or Belarus. The prohibition of sales to Russia and Belarus applies to the Covered Bonds issued under the Programme.

## TAXATION IN FINLAND

*The following is a general description of certain tax considerations relating to the Covered Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Covered Bonds, and prospective subscribers of Covered Bonds should consult their own tax advisers as to the tax consequences of acquiring, holding and disposing of Covered Bonds and receiving payments of interest, principal and/or other amounts under the Covered Bonds 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 and/or tax practice that may take place also retroactively.*

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

### *Finnish Resident Individuals and Estates*

Payments of interest made to individuals or estates are generally subject to advance withholding of income tax under the Withholding Tax Act (in Finnish: *Ennakkoperintälaki*, 1118/1996, as amended) and final taxation as capital income in accordance with the Income Tax Act (in Finnish "tuloverolaki" 1535/1992, as amended). The current income tax advance withholding rate is 30 per cent. Payments made under the Covered Bonds should not be subject to withholding tax according to the Act on Source Tax on Interest Income (in Finnish: *Laki korkotulon lähdeverosta*, 1341/1990, as amended). Interests are subject to final taxation as capital income in accordance with the Income Tax Act. The tax rate applicable to taxable capital income of up to 30,000 euros is 30 per cent and for the amount exceeding this threshold, 34 per cent.

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

Possible capital gains received from disposal of the notes are subject to final taxation as capital income in accordance with the Income Tax Act. Capital gains are exempted from tax if the total amount of the sales prices of all assets disposed by a taxpayer does not exceed 1,000 euro in a tax year (excluding tax-exempt disposals and disposals of ordinary household effects or other corresponding assets utilized for the personal use). Possible capital losses are deductible primarily from taxable capital gains and secondarily from other taxable capital income in the year of disposal and in the five subsequent calendar years. Capital losses are similarly not tax deductible if the total amount of the acquisition prices does not exceed 1,000 euro in a tax year.

Should notes be sold prior to maturity, any compensation to individuals or estates for accrued and unpaid interest (secondary market compensation, in Finnish: *jälkimarkkinahyvitys*) is generally subject to advance withholding of income tax in accordance with the Withholding Tax Act and final taxation as capital income in accordance with the Income Tax Act in the above described manner concerning interests. When purchasing notes in the secondary market, the secondary market compensation paid is a deductible item in capital income taxation and, if the deductions exceed the amount of capital income, in earned income taxation to the limited extent allowed in the Income Tax Act.

### *Finnish Resident Corporate Bodies*

Interest is generally taxable income to corporate bodies and subject to final taxation as corporate income in accordance with the Business Income Tax Act (in Finnish: *Laki elinkeinotulon verottamisesta*, 360/1968, as amended) or the Income Tax Act, and such interest is not subject to any preliminary withholding tax. As of tax year 2020, most Finnish corporate entities are taxed exclusively in accordance with the Business Income Tax Act. The current rate of corporate income tax is 20 per cent.

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

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

### *Non-residents*

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

### *Transfer Tax*

Any investment in or disposition of the Covered Bonds should not be subject to Finnish transfer tax under the Transfer Tax Act (in Finnish: *Varainsiirtoverolaki*, 931/1996, as amended).

## DESCRIPTION OF POP MORTGAGE BANK

### General

POP Mortgage Bank Plc (business ID 3236645-3) serves as the mortgage credit bank of the Group. POP Mortgage Bank was incorporated on 15 October 2021 and is organised under the laws of the Republic of Finland. It is registered in the Finnish trade register. POP Mortgage Bank's registered address is Hevosenkenkä 3 FI-02600 Espoo, Finland and the telephone number of the registered office is +358 (0)10 667 3000. The legal name of the issuer is POP Mortgage Bank Plc in English, POP Asuntoluottopankki Oyj in Finnish and POP Hypoteksbank Abp in Swedish. POP Mortgage Bank's legal entity identifier code (LEI) is 743700I7HTCNLUBZT74.

POP Mortgage Bank is by its legal form a public limited company within the meaning of the Finnish Limited Liability Companies Act (in Finnish: *Osakeyhtiölaki*, 624/2006, as amended) (the "**Finnish Companies Act**"). POP Mortgage Bank operates pursuant to the Amalgamation Act and, at the date of this Base Prospectus, the Covered Bond Act. Further, at the date of this Base Prospectus, POP Mortgage Bank has applied for a license to engage in mortgage credit bank activity in accordance with section 8 of Covered Bond Act, which licence was issued on 30 June 2022. The FIN-FSA exercises supervisory and regulatory powers over POP Mortgage Bank's operations. Businesswise, POP Mortgage Bank is a credit institution focusing in issuing Covered Bonds. The funds acquired will be channelled via the intermediary loans to member credit institutions that have delivered collateral.

### Description of operations

#### *Operational model*

POP Mortgage Bank is part of POP Group, which is a Finnish financial group that offers retail banking services to private customers, small and medium-sized businesses and agricultural, forestry and bioindustry companies as well as non-life insurance services to private customers. The headquarters of POP Group are located in Espoo.

POP Mortgage Bank conducts mortgage bank business in the capital markets as defined in the legislation concerning issuance of covered bonds based on the authorisation granted by the FIN-FSA. POP Mortgage Bank acts as a mortgage bank and the intermediation mechanism of its funding is based on the intermediary loan approach in which the POP Group's member cooperative banks grant mortgages backed by real-estate collateral. POP Mortgage Bank will issue Covered Bonds, and the funds acquired will be channelled via the intermediary loans to member credit institutions that have delivered collateral. POP Mortgage Bank will maintain the bond register and manage the cover pool, which will be filled with eligible mortgages meeting pre-defined criteria and chosen by POP Mortgage Bank from the balance sheets of all POP Banks. In the long term, POP Group's aim is steady and profitable growth in its loan portfolio while managing risks.

The function of POP Mortgage Bank is to diversify the financial structure of the Amalgamation by maintaining the capability of issuing Covered Bonds. The goal of POP Mortgage Bank is to generate competitively priced long-term funding to finance the business activities of the POP Group's member credit institutions. POP Mortgage Bank implements the strategy of POP Bank Group, which has been approved by POP Bank Centre's (as defined below) Supervisory Board. Thus, POP Mortgage Bank does not have a strategic agenda of its own.

#### *Organisational structure*

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 19 POP Banks, Bonum Bank (a subsidiary of the POP Bank Centre) and Finnish P&C Insurance included in the consolidation group. 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 and its fully-owned Finnish P&C Insurance Ltd, while part of the POP Group, do not fall within the joint liability of the Amalgamation.

### Summary of the Service Agreements

The operations of the Issuer are mainly outsourced through service agreements ("**Service Agreements**") to companies belonging to the Amalgamation or companies providing services to the Amalgamation. The Issuer's own internal

organisation only comprises the Board of Directors, Chief Executive Officer (“CEO”) and the Deputy Chief Executive Officer. The operational organisation of the Issuer relies on the different organisations of the Amalgamation and cooperation between them. The management of the Issuer is responsible for ensuring that the management and supervision of the outsourced operations are organised in an appropriate manner.

The Issuer has entered into Service Agreements with a number of counterparties such as Bonum Bank Plc, POP Bank Centre coop and the POP Banks.

The most material Service Agreements of the Issuer consist of:

- (i) A service agreement between the Issuer and Bonum Bank whereby Bonum Bank provides services to the Issuer relating to treasury, risk management reporting, payment intermediation, back office, derivatives, operations according to the operations specified in the separation plan, workstations and legal issues.
- (ii) A service agreement between the Issuer and POP Bank Centre whereby POP Bank Centre provides services to the Issuer relating to expected credit loss calculations, POP Mortgage Bank’s operating environment’s maintenance in the GCP environment; services that are under the responsibility of the Amalgamation and intellectual property rights.
- (iii) A framework agreement between the Issuer and the POP Bank Centre, the POP Banks and Bonum Bank whereby a framework for the Service Agreements is provided.

### **Summary of the Intermediary Loan Agreements**

The Issuer has concluded an agreement with the POP Banks under which the Issuer may grant an intermediary loan to the members of the Amalgamation. The Issuer’s objective is to produce favourable long-term funding for the POP Banks by granting intermediary loans. In return, the POP Banks pay the Issuer costs relating to the intermediary loan’s capital, interest and fees in accordance with the terms and conditions of the intermediary loan agreement. The Issuer may grant intermediary loans only, if it is able to issue Covered Bonds. The POP Banks’ possibilities to use intermediary loans are restricted and directed in order to guarantee that the Amalgamation has the needed credits that can be used as security for the issued Covered Bonds.

### **Management of POP Mortgage Bank**

POP Mortgage Bank is a public limited liability company. The ultimate decision-making authority in POP Mortgage Bank lies with the annual general meeting of shareholders (the “**General Meeting**”), which elects the members of the Board of Directors and the auditor of POP Mortgage Bank. The Board of Directors has a general authority to decide on significant matters of POP Mortgage Bank. The Board of Directors also decides on significant matters relating to strategy, investments, and financing.

The operations of POP Mortgage Bank are regulated by the general laws and regulations regarding operations of credit institutions. The FIN-FSA as the license granting authority monitors the operations of POP Mortgage Bank. Even though the shares of POP Mortgage Bank are not listed on any exchange, it has, as the Issuer of the Covered Bonds and as a public limited company which has outstanding listed notes, an obligation to comply with regulations concerning listed companies in many parts. The Issuer complies with Market Abuse Regulation (EU) N:o 596/2014 and the Insider Guidelines issued by Nasdaq Helsinki Ltd. A report of the administrative and managing bodies of POP Mortgage Bank is published annually on the Issuer’s website.

### ***Board of Directors of POP Mortgage Bank***

It is the duty of the Board of Directors to attend to POP Mortgage Bank’s administration, ensure the appropriate arrangement of its operations and supervise POP Mortgage Bank’s accounting and financial management. The Board of Directors has general competence to decide on all matters related to POP Mortgage Bank’s management and other issues, which, according to legislation or to the Bank’s articles of association, are not the domain of the General Meeting, or the CEO. The Board of Directors has the task of ensuring good governance within the company and efficiently aligning the operation with the Group’s strategy.

At the date of this Base Prospectus, the Chairman and members of the Board of Directors are:

<b>Name</b>	<b>Position</b>
Juha Niemelä	Chairman of the Board of Directors

Marja Pajulahti Member of the Board of Directors

Matti Vainionpää Member of the Board of Directors

**Juha Niemelä** (born 1964) is POP Mortgage Bank's Chairman of the Board of Directors since 2021. Additionally, Mr. Niemelä has been a member of the POP Bank Centre's Board of Directors since 2016 and the Chairman of the POP Bank Centre's Board of Directors since 2018. Mr. Niemelä's membership and chairmanship at the Board of Directors of POP Bank Centre ended in 2021. In addition, Mr. Niemelä has been a member of the POP Bank Centre's Management Board in 2012-2015, a member of the POP Bank's Guarantee Fund's Board of Directors in 2006-2012 and the CEO of Liedon Osuuspankki since 1998. Mr. Niemelä holds a diploma in business administration.

**Marja Pajulahti** (born 1966) is a member of POP Mortgage Bank's Board of Directors since 2021. Additionally, Ms. Pajulahti has been a member of the POP Bank Centre's Board of Directors since 2016. Ms. Pajulahti is also the CEO of Live Foundation. Previously, Ms. Pajulahti has been the CEO of SOS-Children's Villages Foundation in 2016-2019, the Deputy Managing Director in S Bank in 2014-2015 and the CEO in Local Tapiola Bank in 2011-2014. Ms. Pajulahti holds a Master of Laws degree.

**Matti Vainionpää** (born 1962) is a member of POP Mortgage Bank's Board of Directors since 2021. Additionally, Mr. Vainionpää has been a member of the POP Bank Centre's Board of Directors since 2021. Previously, Mr. Vainionpää has been the Head of Business Customers Finland of Danske Bank in 2017-2021, the Head of Large Real Estate of Danske Bank in 2016-2018 and Head of Large Customers of Danske Bank in 2013-2018. Mr. Vainionpää holds a Master of Laws degree and an Executive Master of Business Administration degree.

The business address of the Board of Directors is Hevosenkenkä 3 FI-02600 Espoo, Finland.

#### **Management and CEO of POP Mortgage Bank**

The Board of Directors of POP Mortgage Bank appoints the CEO of POP Mortgage Bank. The duty of the CEO is to administer POP Mortgage Bank's day-to-day administration in accordance with the rules and regulations set by the Board of Directors.

POP Mortgage Bank's CEO is Timo Hulkko. Tony Tötterström was appointed as the CEO's deputy on 15 May 2022. The business address of the CEO and the CEO's deputy is Hevosenkenkä 3 FI-02600 Espoo, Finland.

**Timo Hulkko** (born 1962) was nominated CEO of POP Mortgage Bank in 2021. He has acted as Deputy CEO and Head of Treasury in Bonum Bank Plc since 2018. From 2001 to 2009 Mr. Hulkko held the position of Group Controller in the POP Bank Group. From 2009 to 2018 Mr Hulkko was a director in the POP Bank Centre and acted from 2009 to 2015 as deputy CEO. Before joining POP Bank Group Mr. Hulkko acted as head of credit information department in Suomen Asiakastieto and head of credit information investigation department in Suomen Luottotieto-osuuskunta. Mr. Hulkko holds a Master of Science in Economics.

**Tony Tötterström** (born 1982) has been the deputy CEO of POP Mortgage Bank Plc. since 2022. Mr. Tötterström was the Treasurer of Oma Savings Bank Plc. in 2015-2022 with the responsibility of building and operating Mortgage Bank activity of the bank. In addition to this Mr. Tötterström has over 15 years of treasury experience.

The business address of the interim CEO and Deputy CEO is Hevosenkenkä 3, 02600 Espoo, Finland.

#### **Conflicts of interest**

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

#### **Ownership**

As at the date of this Base Prospectus, the POP Bank Centre holds 100.0 per cent of POP Mortgage Bank's shares and 100.0 per cent of the votes.

#### **Auditors**

The consolidated financial statements of the Issuer for the financial years ended 31 December 2021 incorporated in this Base Prospectus by reference have been audited by KPMG Oy Ab (a firm of authorised public accountants), with

Authorised Public Accountant Tiia Kataja as the auditor with principal responsibility, KPMG Oy Ab. The business address of the auditor and KPMG Oy Ab is Töölönlahdenkatu 3 A, 00100 Helsinki. Tiia Kataja has been elected as the auditor of the Issuer for the financial year 2022. Tiia Kataja is member of Suomen Tilintarkastajat ry.

### **Material contracts**

There are no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in POP Mortgage Bank being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to the holders of Covered Bonds. Information on the Service Agreements is presented under "*Description of POP Mortgage Bank – Service Agreements*".

### **Legal proceedings**

POP Mortgage Bank considers that there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which POP Mortgage Bank is aware), during the previous 12 months which may have, or have had in the recent past, significant effects on POP Mortgage Bank's financial position or profitability.

### **No significant changes**

There has been no significant change in the financial position or financial performance of the Issuer since 31 December 2022 and no material adverse change in the prospects of the Issuer since 31 December 2021.

### **Recent Events**

On 28 March 2022, POP Mortgage Bank submitted an application to the FIN-FSA for a licence referred to in Section 8 of the Covered Bond Act.

On 24 May 2022, POP Mortgage Bank was authorised by the ECB to engage in mortgage banking operations. At the same time, the Issuer's official name was changed from POP Newco Plc to POP Mortgage Bank Plc. As a result of the authorisation, POP Mortgage Bank has been accepted as a member credit institution of the amalgamation of POP Banks.

On 30 June 2022, POP Mortgage Bank received the licence from the FIN-FSA for the purpose of acting as the mortgage credit bank of the Group in accordance with the Covered Bond Act.

On September 2022 POP Mortgage Bank issued EUR 250 million covered bond.

### **Information derived from third party sources**

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

### **Agreements outside the ordinary course of business**

The operations of POP Mortgage Bank are outsourced by Service Agreements. For more information, see section "*Description of POP Mortgage Bank – Summary of the Service Agreements*".

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

### **Credit Rating of the Covered Bonds**

As at the date of this Base Prospectus, the Covered Bonds issued under the Programme are expected to be rated by S&P.

The Issuer's covered bond program has been assigned 'AAA' Rating with stable outlook by S&P Global Ratings on 23 September, 2022.

S&P Global Ratings Services is established in the EEA and are registered under 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.

The Covered Bonds to be issued under the Programme may be rated or unrated. Where an issue of Covered Bonds is rated, the applicable rating will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to the Covered Bonds already issued (if applicable). Whether or not a credit rating applied for in relation to a relevant Series 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.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

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.

#### **Accounting policies**

The audited consolidated financial statements of the Issuer for the financial year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the EU and the related interpretations (IFRIC). The applicable Finnish accounting and corporate legislation and regulatory requirements have also been taken into account when preparing the Covered Bonds to the financial statements.

The financial period of the Issuer is 1 January-31 December. The first financial period of the Issuer was 2 September – 31 December 2021 as it started its operation first in September 2021.

#### **The interests of the Arranger and possible other subscription places**

Customary business interests in the financial market.

## INFORMATION ON POP GROUP AND THE AMALGAMATION

### General

The POP Group is a Finnish financial group that offers retail banking services to private customers, small and medium-sized businesses and agricultural, forestry and bioindustry companies, as well as non-life insurance services to private customers. In addition to profitable business which is conducted in such a manner that it is in balance with Group's ability to carry risk, the objectives of the cooperative-based Group emphasize the development of the customer experience. In addition to retail banking services, the POP Group offers non-life insurance services to private customers.

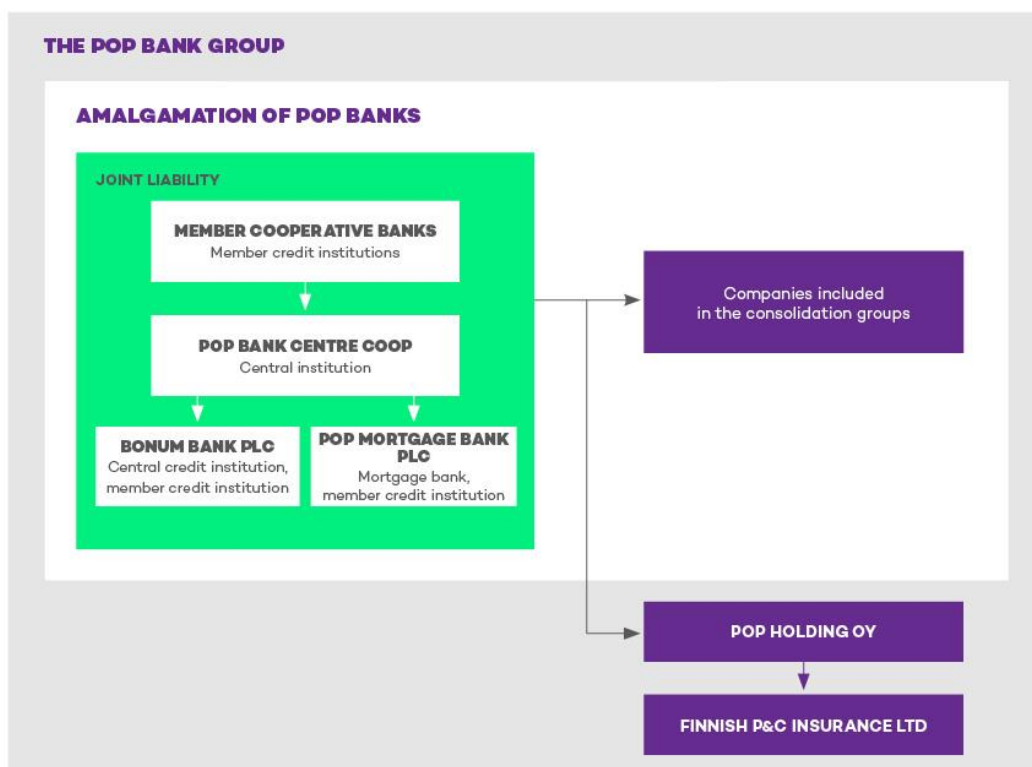
The POP Bank Centre was authorised by the FIN-FSA to function as the central institution of the Amalgamation on 14 December 2015. The Amalgamation began its operations on 31 December 2015. In accordance with the Amalgamation Act, the central institution (i.e. the POP Bank Centre) shall prepare the financial statements as a combination of the financial statements of the central institution and its Member Credit Institutions or the POP Group financial statements in accordance with the IFRS. The financial period of the POP Group is calendar year.

The operational segments of the POP Group are banking and insurance. At the end of 2022, the POP Group had 853 employees (2021: 822), of whom 622 (2021: 604) in banking, 133 (2021: 124) in non-life insurance and 98 (2021: 94) in other functions. Due to the new strategy of the POP Group, the central institution's control will increase as the POP Group will combine control practices and clarify guidelines within the Amalgamation. The purpose is to ensure proactively that the POP Banks' quality and business development is in line with the POP Group's target.

The POP Banks are co-operative banks established in the early 1900s, which were organised into a bank group comprised of the member banks of POP Bank Centre and the POP Bank's Guarantee Fund in 1997–1998. The POP Bank Centre's extraordinary cooperative meeting decided on 19 December 2014 to make an amendment to the rules of the POP Bank Centre to establish the Amalgamation. The POP Banks decided on the corresponding amendments to the banks' rules in spring 2015 and decided to join the Amalgamation.

### The structure of the POP Group and the Amalgamation

#### POP BANK GROUP STRUCTURE



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The Amalgamation comprises the POP Bank Centre, which acts as the central institution of the Amalgamation, the 19 POP Banks, Bonum Bank and the Issuer, as well as the companies within the consolidation groups of the above-mentioned entities. The POP Bank Centre, the POP Banks, Bonum Bank and the Issuer share joint liability under the Amalgamation Act. For more information about the Issuer see section “*Description of POP Mortgage Bank*”.

In the POP Group, Amalgamation-level executive decision-making and steering influence the decision-making in the individual companies of the Amalgamation. Additionally, Amalgamation-level executive decisions form the basis of the individual company’s board decisions as necessary. As well as executive steering, individual companies must take into account legal and administrative requirements.

The operations of the Amalgamation are regulated by the European Union’s regulations, national legislation and regulations issued by the authorities. The Credit Institutions Act, the Amalgamation Act, the Act on Cooperatives, the Act on Cooperative Banks and Other Credit Institutions in the Form of a Cooperative (in Finnish: *Laki osuuspankeista ja muista osuuskuntamuotoisista luottolaitoksista*, 423/2013, as amended) (the “**Cooperative Bank Act**”), the Finnish Companies Act and the Act on Insurance Companies (in Finnish: *Vakuutusyhtiölaki*, 521/2008, as amended) establish the main legal framework for cooperative banking applicable to the POP Group. In addition, the Amalgamation complies with good banking practice and policies concerning the processing of personal data in its operations. The POP Group does not constitute a company in the sense defined in the Accounting Act (in Finnish: *Kirjanpitolaki* 1336/1997, as amended) or a consolidation group as defined in the Credit Institutions Act. The POP Bank Centre or its Member Credit Institutions do not exercise control pursuant to IFRS accounting standards on each other, and therefore no parent company can be determined for the POP Group.

The POP Group is comprised of the Amalgamation and other institutions belonging to the POP Group. The POP Group differs from the Amalgamation in that the POP Group also includes other institutions apart from credit and finance institutions and service companies. The most notable of these are POP Holding Ltd and Finnish P&C Insurance Ltd. Pop Bank’s Guarantee Fund was dissolved in June 2016.

## The POP Banks

The POP Banks are independent, local deposit banks that are engaged in retail banking. The POP Banks offer banking services to private customers, small companies and agriculture and forestry companies. The POP Banks are cooperatives (cooperative banks) in terms of company form. The cooperative meeting of the members of the bank or an elected representatives’ meeting is the supreme decision-making body of the POP Banks. The cooperative meeting or representatives’ meeting elects a Supervisory Board for the bank, which elects the Board of Directors. The Managing Director is appointed by the Supervisory Board or the Board of Directors, depending on the rules of the bank in question.

At the end of 2022, the Group had 256,500 (2021: 265,300) banking customers and 184,000 (2021: 171,600) insurance customers. Of the banking segment’s customers, 85.2 per cent (2021: 85.3 per cent) were private customers, 9.2 per cent (2021: 8.9 per cent) corporate customers and 2.7 per cent (2021: 2.7 per cent) agriculture and forestry customers.

At the end of 2022, the Group’s banking segments assets totalled EUR 5,806.8 million (2021: EUR 5,375.1 million), deposits totalled EUR 4,334.3 million (2021: EUR 4,227.8 million) and the loan portfolio totalled EUR 4,450.2 million (2021: EUR 4,245.7 million).

At the end of 2022, the banking segment’s profit before taxes was EUR 26.2 million (2021: EUR 40.4 million). The cost-to-income ratio was 76.4 per cent (2021: 68.6 per cent). Net interest income and fee income increased in banking, but the low investment income had a negative impact on earnings.

At the end of 2022, the net operating income totalled EUR 143.8 million (2021: EUR 161.7 million), a decrease of 11.1 per cent. Net interest income strengthened, totalling EUR 93.3 million (2021: EUR 77.7 million). The amount of net income and expenses were EUR 42.1 million (2021: EUR 36.8 million). Net investment income was EUR -79,000 (2021: EUR 8.5 million). Other operating income totalled EUR 8.4 million (2021: EUR 38.7 million).

During 2022, operating expenses amounted to EUR 109.8 million (2021: EUR 110.9 million). Personnel expenses amounted to EUR 35.6 million (2021: EUR 34.8 million). Other operating expenses were EUR 70.1 million (2021: EUR 64.6 million). Depreciation and impairment on tangible and intangible assets amounted to EUR 4.2 million (2021: EUR 11.6 million).

During 2022, EUR 7.7 million (2021: EUR 10.4 million) of the impairment of financial assets was recognised as expenses. The impairment losses include the deductions of the expected credit losses of EUR 4.5 million (2021: EUR 2.3 million) and the incurred credit losses of EUR 3.2 million (2021: EUR 8.0 million).

The total assets of the POP Group as of 31 December 2022 were the following (in EUR million):

POP Mortgage Bank	268.3
Bonum Bank	1,574.6
POP Bank Centre	70.1
<b>Total Assets of the Amalgamation*</b>	<b>5,905.8</b>
<b>Total Assets of the Group</b>	<b>5,777.2</b>

\*Total Assets of the Amalgamation is prepared under IFRS and they consist of the assets of the Member banks, POP Bank Centre, Bonum Bank, the Issuer and the companies under their control according to the Amalgamation Act. The figure is not based on audited financial statements.

The POP Banks and Bonum Bank share joint and several liability for each other's debts and those of the Issuer (subject to the limitations of the Amalgamation Act, see section "*The Amalgamation Act*").

### **Bonum Bank Plc**

Bonum Bank has been the central credit institution of the POP Banks since 7 February 2015, and as a commercial bank it engages in the business operations set forth in the Credit Institutions Act. As at the date of this Base Prospectus, Bonum Bank is responsible for providing the POP Banks central credit institution services, obtaining external funding for the POP Group, handling payments and issuing payment cards to the customers of the POP Banks. In addition, Bonum Bank grants unsecured consumer credits and credits secured by financial instruments to retail customers.

The purpose of Bonum Bank's internal service production is to limit POP Group's dependence on external service providers and enhance the efficiency of the whole POP Group's cost structure. In its external business operations, Bonum Bank provides services that are in line with POP Group's strategy and supplement its offering.

In addition to the central credit institution services, Bonum Bank is also responsible for issuing and maintaining the POP Banks' customers' payment and credit cards. Bonum Bank is a shareholder of Visa Europe and provides card products under the Visa brand.

Bonum Bank was one of the first banks in Finland to adopt SEPA Instant Credit Transfers, and the first such transfers were received in May 2019. The extensive digitalisation of banking operations and customer service is one of the key focus areas of the POP Group's new strategic renewal programme. POP Group's mobile application, POP Mobiili, has been developed continuously, and the number of users has grown steadily.

In December 2015, Bonum Bank became a member of the POP Bank Centre and part of the Amalgamation. Within the Amalgamation, the Bank is responsible for external wholesale funding of the Group, both in Finland and internationally.

The Group participates to the ECB's targeted longer-term refinancing operations, "TLTROs", through Bonum Bank and during 2022, Bonum Bank participated in the operations with EUR 0.0 million. In the end of 2022, Bonum Bank had EUR 128.4 million TLTRO financing.

### ***Other entities belonging to the Amalgamation***

Other entities than the POP Bank Centre and the Member Credit Institutions belonging to the Amalgamation include the companies included in the consolidation groups of the Member Credit Institutions. Those entities are primarily real estate companies. In addition, the Amalgamation includes those credit institutions, financial institutions and service companies in which entities included in the Amalgamation jointly hold over 50.0 per cent of the votes.

### ***Group entities not belonging to the Amalgamation***

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

*POP Holding Ltd* is the Group's holding company. As at 31 December 2022, the companies belonging to the POP Group owned 100.0 per cent of the shares in POP Holding Ltd. POP Holding Ltd's subsidiary Finnish P&C Insurance Ltd has been consolidated in the POP Holding group. The POP Holding group consists of POP Holding Ltd and Finnish P&C Insurance Ltd.

*Finnish P&C Insurance Ltd* began its customer business operations in late 2012. The Group's Non-Life Insurance segment includes 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 are sold under the auxiliary business name POP Insurance. Finnish P&C Insurance Ltd is a wholly owned subsidiary of POP Holding Ltd.

### **The POP Bank Centre**

The POP Bank Centre coop (POP Pankkikeskus osk) was established in 1996 (at that time: POP Pankkiliitto ry and later: Paikallisuuspankkiliitto osk and POP Pankkiliitto osk) and is organised under the laws of the Republic of Finland. The POP Bank Centre's financial year is one calendar year. The POP Bank Centre is domiciled in Helsinki, Finland, and registered in the Finnish Trade Register under the business identity code 1090961-3. Its legal entity identifier code (LEI) is 743700PW2HDTPU3YRJ31. Its registered address is Hevosenkä 3, 02600 Espoo, Finland. The members of the Group own 100.0 per cent of the shares and hold 100.0 per cent of the votes in the POP Bank Centre.

The POP Bank Centre is the central institution for the Amalgamation. The POP Bank Centre's bylaws supplement the Amalgamation Act. Decisions on amendments to the POP Bank Centre's bylaws shall be made by the cooperative meeting in accordance with the Cooperatives Act and the POP Bank Centre's bylaws. The POP Bank Centre's bylaws retain, among other things, information on the POP Bank Centre's purpose, the control and supervision of the Amalgamation, withdrawal and expulsion of members, information on the cooperative meetings, information on the duties and the election of the POP Bank Centre's management, representation of the POP Bank Centre, information on the shares and cooperative contribution, fees for the services provided to the POP Bank Centre's members, information on the POP Bank Centre's responsibility for debts of the Member Credit Institutions and information on the joint liability under the Amalgamation Act.

Pursuant to the Amalgamation Act, the POP Bank Centre is responsible among other things for issuing guidelines on risk management, good corporate governance, internal control and guidelines for the application of uniform accounting principles in preparing the consolidated financial statements of the POP Group. For further information on the POP Bank Centre's role and its responsibility under the Amalgamation Act, see section "*The Amalgamation Act*".

According to Article 2 of its bylaws, the POP Bank Centre's objective is to promote and support the progress and co-operation of the entities belonging to the POP Group. To accomplish the objective, the POP Bank Centre e.g. steers the Group's centralized services and is responsible for the POP Group's strategic steering. The POP Bank Centre may hold shares and participations in the companies belonging to the Amalgamation and to engage in other investment activities that may be justified from the perspective of the Amalgamation. The POP Bank Centre may not engage in any other material business. The POP Bank Centre may arrange the services it is to provide through subsidiaries or other companies.

In accordance with the Amalgamation Act, a credit institution may be accepted as the POP Bank Centre's member, provided that the credit institution's bylaws or articles of association under section 6 of the Amalgamation Act have been adopted. The decision on the adoption of the bylaws or the articles of association shall be valid only if the related proposal is supported by at least a two-thirds vote given by those at a cooperative meeting or meeting of trustees of the credit institutions or if it is supported by at least a two-thirds vote given by those at a general meeting of shareholders of the credit institutions and two-thirds of shares represented at the meeting.

In January 2022, the POP Bank Centre signed an agreement with Crosskey Banking Solutions Ab Ltd on the renewal of the Group's core banking system. The POP Bank Centre anticipates that the Group will take the new core banking system into use during 2025.

At 31 December 2022 the POP Bank Centre employed a staff of 87 people.

### **Management of the POP Bank Centre**

In the POP Bank Centre, the central institution of the Amalgamation, the highest decision-making authority rests with the annual cooperative meeting. The cooperative meeting confirms the rules and adopts the financial statements and balance sheet of the POP Bank Centre, decides on the POP Group's strategy and elects the members of the Supervisory Board and the auditor of the POP Bank Centre. One member shall be elected to the Supervisory Board from each Member Credit Institution; however, not from a subsidiary of the central institution acting as a Member Credit Institution.

### ***Supervisory Board of the POP Bank Centre***

The Supervisory Board consists of no less than three (3) and no more than thirty-four (34) members. The Supervisory Board is responsible for supervising the management of the POP Bank Centre, as carried out by the Board of Directors and the CEO, as well as supervising the diligent management of the POP Bank Centre's activities in accordance with the Cooperatives Act and the interests of the POP Bank Centre and the POP Group.

The Supervisory Board issues a statement on the Amalgamation's strategy and financial statements prepared by the Board of Directors of the POP Bank Centre to the cooperative meeting. The supervisory board also annually confirms the principles of capital adequacy management of the Amalgamation. The Supervisory Board ratifies the general operating principles of the POP Group and the principles of bank-specific management.

The Supervisory Board elects and discharges the members of the Board of Directors, the Managing Director and head of audit and elects Managing Director's deputy. The Supervisory Board decides on the fees of the Board of Directors and the emolument of the head of audit. The Supervisory Board has established two permanent committees, the Executive and Nomination Committee and the Audit Committee.

As at the date of this Base Prospectus, the members of the Supervisory Board were:

<i>Name and education</i>	<i>Company and address</i>	<i>Role</i>
Harri Takala Chairman	Ylistarontie 139 FI-62375 Ylihärmä	Agricultural entrepreneur
Hannu Saarimäki Vice Chairman Agriculture technician	Metsämäen maatila ja Saarimäki Consulting Oy Nevalantie 103 FI-42700 Keuruu	Entrepreneur
Heikki Honkaniemi Forestry technician	Metsä Group / Metsäliitto Osuuskunta Seinäjoen palvelutoimisto Itikanmäenkatu 3 FI-60100 Seinäjoki	Forestry expert
Pentti Huostila	Simolan tila Oitentie 142 FI-16900 Lammi	Agricultural entrepreneur
Tiina Jokinen BSc in Radiography	Pirkonpolku 1 FI-38600 Lavia	Radiographer
Marjut Järvinen Vocational Qualification in Business and Administration	Jämijärven Osuuspankki Jämijärventie 22 B FI-38800 Jämijärvi	CEO
Timo Kivikoski Bachelor of Agriculture	Kyrön Seudun Osuuspankki Kyröntie 31 FI-21800 Kyrö	CEO
Aaro Koljonen Bachelor of Agriculture	Koljosentie 21 FI-64760 Peltola	Agricultural entrepreneur
Petri Kotilainen Carpenter	Tilausmatka Kotilainen Saarijärventie 642 FI-43300 Kannonkoski	Entrepreneur
Pekka Liimatainen	Pyhälahdentie 981 44370 Konnevesi	Agricultural entrepreneur
Urpo Ojala	Kyyjärven Osuuspankki Tuliharjuntie 4	CEO

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Secondary School Graduate and Vocational Qualification in Business and Administration	PL 5 FI-43700 Kyyjärvi	
Sami Pokki	Nivalan Järvikylän Osuuspankki Kalliontie 27 FI-85500 Nivala	CEO
Kirsti Pukara Master of Science in Agriculture and Forestry	Pukarantie 498 FI-38950 Honkajoki	Agricultural entrepreneur
Tuija Riikonen Master of Science in Economics	Lanneveden Osuuspankki Uuraistentie 1132 FI-41270 Lannevesi	CEO
Marja Savioja Bachelor of Agriculture	Isojoen Osuuspankki Honkajoentie 4 FI 64900 Isojoki	CEO
Antti Savola Master of Science in Economics	Kurikan Osuuspankki Keskuspuistikko 7 FI-61300 Kurikka	CEO
Markku Toivonen	Ahopellontie 286 31500 Koski TI	Agricultural Entrepreneur (retired)
Jussi Vaahtoniemi Police officer's degree	Pohjanmaan poliisilaitos Juhonkatu 4 FI-60100 Seinäjoki	Police Sergeant
Ari Voutilainen Master of Science, MBA	Rissalantie 48 FI-70910 Vuorela	Director

### ***Board of Directors of the POP Bank Centre***

The Board of Directors is responsible for the appropriate and reliable organisation of the governance and operations of the POP Bank Centre.

At the date of this Base Prospectus, the Chairman and members of the Board of Directors were:

**Timo Kalliomäki** (born 1976) has been a member of the POP Bank Centre's Board of Directors and the CEO of Suupohjan Osuuspankki since 2019 (after the merger Suomen Osuuspankki) and the Chairman of the POP Bank Centre's Board of Directors since 2021. Mr. Kalliomäki has been a Director in Nordea in 2002–2019. Mr. Kalliomäki holds a Bachelor of Agriculture degree.

**Ari Heikkilä** (born 1955) has been a member of the POP Bank Centre's Board of Directors since 2011 and the Vice Chairman of the POP Bank Centre's Board of Directors since 2021. Mr. Heikkilä has been the CEO of Konneveden Osuuspankki since 1998. Mr. Heikkilä holds a diploma in natural resources (agrologist).

**Mika Mäenpää** (born 1962) has been a member of the POP Bank Centre's Board of Directors since 2021. Mr. Mäenpää has been the CEO of Lavian Osuuspankki since 1996. Mr. Mäenpää holds a degree in Vocational Qualification in Business and Administration.

**Mikko Seppänen** (born 1976) has been a member of the POP Bank Centre's Board of Directors since 2021. Mr. Seppänen has been the CEO of Lammin Osuuspankki since 2017. Mr. Seppänen holds a Master of Political Sciences degree.

**Ilkka Lähteenmäki** (born 1963) has been a member of the POP Bank Centre's Board of Directors since 2019. Mr. Lähteenmäki has been an Adjunct Professor in Aalto University since 2017. Mr. Lähteenmäki has been a Director in Danske Bank in 2012–2016 and a researcher at Tampere University in 2011–2012. Mr. Lähteenmäki holds a Doctor of Science (Economics) degree.

**Marja Pajulahti** (born 1966) has been a member of the POP Bank Centre's Board of Directors since 2016. Ms. Pajulahti is currently the CEO of Live Foundation. Ms. Pajulahti has been the CEO of SOS-Children's Villages Foundation in 2016–2019, the Deputy Managing Director in S Bank in 2014–2015 and the CEO in Local Tapiola Bank in 2011–2014. Ms. Pajulahti holds a Master of Laws degree.

**Matti Vainionpää** (born 1962) has been a member of the POP Bank Centre's Board of Directors since 2021. Mr. Vainionpää has been the Head of Business Customers Finland of Danske Bank in 2017–2021, the Head of Large Real Estate of Danske Bank in 2016–2018 and Head of Large Customers of Danske Bank in 2013–2018. Mr. Vainionpää holds a Master of Laws degree and an Executive Master of Business Administration degree.

The business address of each of the members of the Board of Directors and POP Bank Centre is Hevosenkenkä 3, 02600 Espoo, Finland.

### **CEO and Deputy CEO of the POP Bank Centre**

The central institution has a CEO who is responsible for the day-to-day management and administration of the central institution in accordance with the instructions and orders issued by the Board of Directors. The CEO prepares the matters presented to the Board of Directors and assists the Board of Directors in the preparation of matters presented to the Supervisory Board and the cooperative meeting. The CEO of the POP Bank Centre is Jaakko Pulli and his deputy is Chief Legal Officer Arvi Helenius.

**Jaakko Pulli** (born 1978) has been the deputy CEO of the POP Bank Centre since 2017, the interim CEO since 2021 and the CEO since 2022. Mr. Pulli was the Chief Risk Officer of POP Bank Group in 2015–2017 and the Head of Risk Management Services in PP-Laskenta Oy in 2009–2015. Mr. Pulli holds a Master of Science in Economics.

**Arvi Helenius** (born 1981) has been the deputy CEO of the POP Bank Centre since 2022 and the Chief Legal Officer and Head of HR since 2017. Mr. Helenius was the Chief Legal Officer of Finnish P&C Insurance Ltd in 2014–2017 and Leading Legal Counsel in 2012–2013. Mr. Helenius holds a Master of Laws.

The business address of the interim CEO and Deputy CEO is Hevosenkenkä 3, 02600 Espoo, Finland.

### **Conflicts of Interest**

Except for the joint liability under the Amalgamation Act, there are no conflicts of interest between the duties of the members of the POP Bank Centre's administrative and management bodies to the POP Bank Centre and their other duties and private interests.

### **Ownership**

The POP Banks own 100.0 per cent of the shares and hold 100.0 per cent of the votes in the POP Bank Centre. The ownership is split in proportion to the balance sheets of the owners and is revised annually. According to the bylaws of the POP Bank Centre, each owner is subject to a voting restriction that limits the voting rights to 12.0 per cent of the votes present in each cooperative meeting of the POP Bank Centre.

### **Auditors**

The consolidated financial statements of the POP Group for the financial years ended 31 December 2021 and 31 December 2020 incorporated in this Base Prospectus by reference have been audited by KPMG Oy Ab (a firm of authorised public accountants), with Authorised Public Accountant Tiia Kataja as the auditor with principal responsibility, KPMG Oy Ab. The business address of the auditor and KPMG Oy Ab is Töölönlahdenkatu 3 A, 00100 Helsinki. Tiia Kataja has been elected as the auditor of the Group for the financial year 2022. Tiia Kataja is member of Suomen Tilintarkastajat ry.



## Material Contracts

There are no material contracts that are not entered into in the ordinary course of the POP Group's, the POP Bank Centre's or the Amalgamation's business, which could result in the POP Group, the POP Bank Centre or the Amalgamation being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to the holders of Covered Bonds.

## Legal Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the POP Bank Centre is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the POP Bank Centre, the Amalgamation or the POP Group.

## No significant changes

There has been no significant change in the financial position or financial performance of the POP Group since 31 December 2022 and no material adverse change in the prospects of the POP Group since 31 December 2021.

## Recent Events

On 1 June 2022, Liedon Osuuspankki and Piikkiön Osuuspankki merged with Suupohjan Osuuspankki. The name of the bank was changed to Suomen Osuuspankki. After the implementation of the mergers, the POP Bank Group has 19 cooperative member banks. The mergers will not have an impact on the POP Bank Group's financial statements.

In December 2022, the cooperative meetings of Kurikan Osuuspankki and Jämijärven Osuuspankki decided on a merger. The plan is to register the merger in May 2023. After the merger, the POP Bank Group will have 18 cooperative member banks. The mergers will not have an impact on the POP Bank Group's financial statements.

On 6 April 2022, the Stability Authority updated the MREL requirement of the Amalgamation. The new requirement is 19.71 per cent of the total amount of risk or 7.83 per cent of the total amount of exposures used in the calculation of the minimum capital adequacy ratio. The new requirement will come into effect on 1 January 2024.

## Capital Adequacy

The Issuer and other Member Credit Institutions are subject to what is provided in Chapter 10 of the Credit Institutions Act and Parts 2-4 of the EU's Capital Requirements Regulation (EU) 575/2013 ("**CRR**") concerning the requirements to be set for credit institutions' own funds.

The Amalgamation's capital adequacy requirement consists of the following items:

- Capital Requirements Regulation minimum of 8.0 per cent
- Additional Pillar 2 capital requirement of 1.25 per cent
- Capital conservation buffer of 2.5 per cent
- Country-specific capital requirements for foreign exposures

4.5 per cent of the minimum requirement of the CRR must be Common Equity Tier 1 ("**CET1**") capital and all additional capital requirements must be covered with CET1 Capital. The FIN-FSA released the systemic risk buffer capital requirement of 1.0 per cent on 6 April 2020 due to the outbreak of the Coronavirus. On 31 December 2022, the Amalgamation's capital adequacy ratio was 19.4 per cent, and its CET1 capital ratio was 19.4 per cent. The Amalgamation does not include the profit for the financial period in own funds.

Management and reporting of liquidity risk is based on separate Principles of Liquidity Risk Management. Said principles also take into account requirements relating to Liquidity Coverage Ratio ("**LCR**") and Net Stable Funding Ratio ("**NSFR**"). Both principles have been introduced by the Basel Committee on Banking Supervision. The LCR was implemented in 2015, pursuant to which the liquidity buffer comprised of high-quality liquid assets must amount at least 100.0 per cent as of 1 January 2018 of the stress-tested amount of monthly net cash outflows. In line with Basel III, the CRR imposes a liquidity coverage requirement on credit institutions to improve the resilience of credit institutions to liquidity risks over a short-term period (i.e. thirty days). On 31 December 2022, the Amalgamation's LCR ratio was 184.8 per cent. The NSFR measures the maturity mismatch of assets and liabilities on the balance sheet and ensures that the ongoing funding is sufficient to meet funding needs over a one-year period, thus preventing over-reliance on short-term

wholesale funding. The NSFR became binding on 28 June 2021 as part of CRR II. The minimum level of the requirement is 100.0 per cent. On 31 December 2022, the Amalgamation's NSFR ratio was 133.5 per cent.

### **Accounting policies**

The audited consolidated financial statements of the POP Group for 1 January – 31 December 2021 and 1 January – 31 December 2020 have been prepared in accordance with IFRS approved in the EU and the related interpretations (IFRIC). The applicable Finnish accounting and corporate legislation and regulatory requirements have also been taken into account when preparing the Covered Bonds to the financial statements.

Information pursuant to the CRR about the capital adequacy of the Amalgamation in the POP Group's consolidated financial statements for 1 January – 31 December 2021 and 1 January – 31 December 2020 ("**Pillar III disclosures**") is presented based on the capital adequacy of the Amalgamation. Therefore, the Pillar III disclosures are not directly comparable with other figures pertaining to POP Group presented in the balance sheet of the consolidated financial statements.

## AVAILABLE DOCUMENTS

POP Mortgage Bank's articles of association (in Finnish) and audited financial statements as well as the auditor's report regarding the last financial year are available during the period of validity of the Base Prospectus at <https://www.poppankki.fi/en/investors/financial-reports/pop-mortgage-bank-plc-financial-reports> and at the registered address of POP Mortgage Bank, Hevosenkenkä 3, 02600 Espoo.

The Group's audited financial statements as well as the auditor's report regarding the last two financial years are available during the period of validity of the Base Prospectus at <https://www.poppankki.fi/en/investors/information-for-investors/investor-relations> and at the registered address of the POP Bank Centre, Hevosenkenkä 3, 02600 Espoo.

The POP Bank Centre's bylaws (in Finnish) are available during the period of validity of the Base Prospectus at <https://7007827.fs1.hubspotusercontent-na1.net/hubfs/7007827/POPA/POP%20Asuntoluottopankki%20Oyj-yhti%C3%B6j%C3%A4rjestys-01062022.pdf> and at the registered address of the POP Bank Centre, Hevosenkenkä 3, 02600 Espoo. POP Mortgage Bank's stock exchange releases will be published on POP Mortgage Bank's website at <https://www.poppankki.fi/en/investors/information-for-investors/investor-relations>

## INFORMATION INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Base Prospectus. They are available at the Group's website at <https://www.poppankki.fi/en/investors/financial-reports> and at POP Mortgage Bank's website at <https://www.poppankki.fi/en/investors/financial-reports/pop-mortgage-bank-plc-financial-reports> as well as upon request from POP Mortgage Bank. Non-incorporated parts of the referred information are not relevant for the investor or can be found elsewhere in the Base Prospectus.

Hyperlink	Document	Referred information
<a href="#">Amalgamation of POP Banks Pillar III Report 30 June 2022</a>	Amalgamation of POP Banks Pillar III Report 30 June 2022	Amalgamation of POP Banks Pillar III Report 30 June 2022.
<a href="#">Financial Statements Release of the POP Mortgage Bank Plc for the period 1 January – 31 December 2022</a>	Financial Statements Release of the POP Mortgage Bank Plc for the period 1 January – 31 December 2022	Unaudited Financial Statements Release of the POP Mortgage Bank Plc's for the period 1 January – 31 December 2022, except for the section entitled "Outlook for 2023" on page 15.
<a href="#">Financial Statements Release of the POP Bank Group for the period 1 January – 31 December 2022</a>	Financial Statements Release of the POP Bank Group for the period 1 January – 31 December 2022	Unaudited Financial Statements Release of the POP Bank Group for the period 1 January – 31 December 2022, except for the section entitled "Outlook for 2023" on page 21.
<a href="#">POP Newco Plc Financial Statements for 2 September – 31 December 2021</a>	Audited financial statements for the year ended 31 December 2021	Financial Statements of POP Newco Plc (the name has been later changed to POP Mortgage Bank Plc) for the period 2 September – 31 December 2021, pages 5–15.
<a href="#">Auditor's Report for the year ended 31 December 2021</a>	Auditor's Report for the year ended 31 December 2021	POP Newco Plc's (the name has been later changed to POP Mortgage Bank Plc) Auditor's Report for the year ended 31 December 2021.
<a href="#">POP Bank Group Annual Report 2021</a>	Audited financial statements and the Auditor's Report for the year ended 31 December 2021	Financial Statements of the POP Bank Group for the period 1 January – 31 December 2021 and the Auditor's Report, pages 47–151.
<a href="#">POP Bank Group Annual Report 2020</a>	Audited financial statements and the Auditor's Report for the year ended 31 December 2020	Financial Statements of the POP Bank Group for the period 1 January – 31 December 2020 and the Auditor's report, pages 31–139.

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## GLOSSARY OF DEFINED TERMS

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

the <b>Amalgamation Act</b>	the Act on the Amalgamation of Deposit Banks (in Finnish: <i>Laki talletuspankkien yhteenliittymästä, 599/2010, as amended</i> )
the <b>Amalgamation</b>	POP Bank Centre and those entities amalgamated with it from time to time pursuant to the Amalgamation Act, currently comprising the Issuer, Bonum Bank, the POP Banks and the companies included in their consolidation groups and those credit institutions, financial institutions and service companies in which entities included in the Amalgamation jointly hold over 50 per cent of the votes.
the <b>Arranger</b>	Nordea Bank Abp in its capacity as the arranger of the Programme.
<b>Cover Asset Pool</b>	The Mortgage Loans, Public-Sector Loans, Substitute Collateral and Derivative Transactions entered into the Register as statutory security for the Covered Bonds under the Covered Bond Act.
<b>Covered Bond Act</b>	The Act on Mortgage Credit Banks and Covered Bonds (in Finnish: <i>Laki kiinnitysluottopankeista ja katetuista joukkolainoista 151/2022</i> )
<b>Derivative Transactions</b>	Derivative transactions concluded for hedging against risks related to the Covered Bonds and therefore constitute part of the assets in the Cover Asset Pool.
<b>Intermediary Loan</b>	A loan granted by the Issuer to a Member Credit Institution pursuant to the requirements set out in Section 33 of the Covered Bond Act.
the <b>Lead Manager(s)</b>	any bank acting as lead manager(s) in a Tranche
the <b>Member Credit Institutions</b>	the Issuer, Bonum Bank and the POP Banks
<b>MCBA</b>	The Act on Mortgage Credit Bank Activity (in Finnish: <i>Laki kiinnitysluottopankkitoiminnasta 688/2010</i> )
the <b>POP Bank Centre or Central Organisation</b>	POP Bank Centre coop
the <b>POP Banks</b>	the POP banks belonging to the Amalgamation from time to time, as at the date of this Base Prospectus: (1) Honkajoen Osuuspankki, (2) Isojoen Osuuspankki, (3) Jämijärven Osuuspankki, (4) Järvi-Suomen Osuuspankki, (5) Kannonkosken Osuuspankki, (6) Keuruun Osuuspankki, (7) Konneveden Osuuspankki, (8) Kosken Osuuspankki, (9) Kurikan Osuuspankki (10) Kyrön Seudun Osuuspankki, (11) Kyyjärven Osuuspankki, (12) Lammin Osuuspankki, (13) Lanneveden Osuuspankki, (14) Lakeuden Osuuspankki, (15) Lappajärven Osuuspankki, (16) Lavian Osuuspankki, (17) Nivalan Järvikylän

Osuuspankki, (18) Pohjanmaan Osuuspankki, and (19) Suomen Osuuspankki.

**POP Group or Group**

Those POP Bank Group's entities that are consolidated for accounting purposes

**Register**

The register of Covered Bonds and the collateral which forms the assets in the Cover Asset Pool for the Covered Bonds, including the Derivative Transactions and Bankruptcy Liquidity Loans, which an issuer of Covered Bonds is required to maintain pursuant to the Covered Bond Act.

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