



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**

This supplement (the “**Supplement**”) is supplemental to, forms part of and must be read and construed in conjunction with, the Base Prospectus dated 2 June 2022 (the “**Base Prospectus**”) prepared by POP Mortgage Bank Plc (“**POP Mortgage Bank**” or the “**Issuer**”) in connection with its 1,000,000,000 euros Covered Bond issuance programme (the “**Programme**”). Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

The purpose of this Supplement is to incorporate new information, including the Half-Year Report for the period 1 January – 30 June 2022 of POP Mortgage Bank and the POP Bank Group, into the Base Prospectus.

1. Changes in the structure of the POP Bank Group due to the merger of Liedon Osuuspankki and Piikkiön Osuuspankki with Suupohjan Osuuspankki

The first paragraph under the title “*Description of POP Mortgage Bank – Organisational structure*” on page 77 is replaced as follows:

“The POP Group Consists of the POP Banks, the POP Bank Centre itself and organisations under their control. The most significant companies within the 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 fifth paragraph under the title “*Information on POP Group and the Amalgamation – Recent Events*” on page 90 is replaced as follows:

“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 merger, the POP Bank Group has 19 cooperative member banks. The merger will not have an impact on the POP Bank Group’s financial statements.”

The first paragraph under the title “*Information on POP Group and the Amalgamation – The structure of the POP Group and the Amalgamation*” on page 83 is replaced as follows:

“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*”.”

2. POP Mortgage Bank was granted a licence to operate as a mortgage credit bank under the Covered Bond Act

New sixth and seventh paragraph under the title “*Description of POP Mortgage Bank Plc – Recent Events*” on page 80 is added as follows:

“On 25 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.”

3. Uncertain global economic and financial market conditions together with increasing inflation and rising interest rates may affect the Group’s financial results

The risk factor with the title “*Risk Factors – Uncertain global geopolitical situation as well as economic and financial market conditions could adversely affect the Group’s business, results of operations, financial condition, liquidity and capital resources*” on page 10 is replaced as follows:

“Uncertain global geopolitical situation as well as economic and financial market conditions 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. However, it is still too early to reliably estimate the overall effects of the Coronavirus on the Issuer. Furthermore, the ongoing military action in Ukraine and the increasing tensions between Russia, the members of the North Atlantic Treaty Organisation (NATO) 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 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. The Group’s investment income may also be materially 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. Effects of the Coronavirus may also decrease the Group’s interest and commission income and increase the impairment of loans. As there is still uncertainty, for example, in relation to the effect of different vaccines against the currently spreading mutations of the Coronavirus, it is difficult to reliably estimate the overall effects of the Coronavirus on the economy and also to the financial results of the Group.

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 ECB is expected to continue to increase interests during rest of the year 2022.

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 is possible to replace natural gas with other sources of energy, but the costs will increase. 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. Furthermore, the recent negative interest rate levels have not been beneficial to the Group, since negative interest levels have a negative impact on the Group's net interest income.

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 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."

4. The MREL requirement of the Amalgamation was updated

The first paragraph under the title "*Risks associated with legal and regulatory environment – Minimum requirement for own funds and eligible liabilities*" on page 16 is replaced as follows:

"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 Bonun 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.”

A new sixth paragraph under the title “*Information on POP Group and the Amalgamation - Recent Events*” on page 90 is included as follows:

“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.”

5. Tony Tötterström was appointed as the deputy to the CEO

The second paragraph under the title “*Description of POP Mortgage Bank – Management and CEO of POP Mortgage Bank*” on page 79 is replaced as follows:

“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.”

6. No significant changes

The paragraph under the title “*Description of POP Mortgage Bank – No significant changes*” on page 80 is replaced as follows:

“There has been no significant change in the financial position or financial performance of the Issuer since 30 June 2022.”

The paragraph under the title “*Information on the POP Group and the Amalgamation – No significant changes*” on page 90 is replaced as follows:

“There has been no significant change in the financial position or financial performance of the POP Group since 30 June 2022.”

7. Information Incorporated by Reference

The following information is added on page 93 under the title “*Information Incorporated by Reference*”:

Document	Referred information
POP Mortgage Bank Plc Half-Year Report for the period 1 January – 30 June 2022	Half-Year Report of the Issuer for 1 January – 30 June 2022, except for the section entitled “ <i>Outlook for the second half of the year</i> ” on page 11.
POP Bank Group Half-Year Report for the period 1 January – 30 June 2022	Half-Year Report of the Group for 1 January – 30 June 2022, except for the section entitled “ <i>Outlook for the second half of the year</i> ” on page 19.