



Covered Bond Transparency Information

The Mortgage Society of Finland

Information as at September 30, 2021

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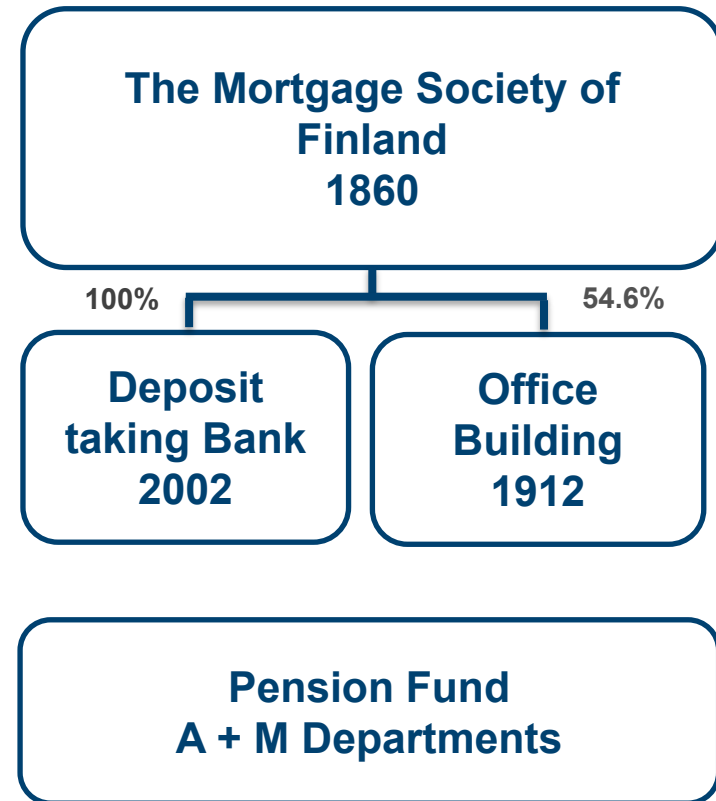
About the Issuer



Hypo Group Overview



- Founded in 1860
 - The oldest private credit institution in Finland
- Retail banking, no corporate lending
- Supervised by the FIN-FSA
- Specialized in mortgage financing
- Residential property always as collateral
- Mutual company governed by the member customers
 - All returns are kept within Hypo
- Strong loan book (NPLs 0.20%)
- Established EUR covered issuer with regular issuance
- Total assets EUR 3.3 billion
- S&P issuer rating 'BBB/A-2' (stable)
- S&P covered bond rating 'AAA' (stable)



SECURE WAY FOR BETTER LIVING.

S&P Issuer Credit Rating of Hypo: 'BBB/A-2' (stable)



Anchor Rating for Finnish Commercial Banks

a-

1. Hypo business position

-2

- Monoline profile as a pure residential mortgage financier in Finland
- Expectation of continued business stability partly offsets concentrated business profile

2. Hypo capital and earnings

+2

- Very strong risk-adjusted capitalization (RAC)
- Profit retention as a Mutual company, profits solely used for capital build-up

3. Hypo risk position

-1

- Strong asset quality and exceptional loan-loss track record in the past decades
- Very conservative lending and underwriting standards with a focus on urban areas
- Concentration and cyclical risk in the lending book

4. Hypo liquidity and funding

-1

- Matched funding profile but elevated dependence on wholesale funding
- Issuance of covered bonds leads to a well-matched funding profile
- Less stable deposit base than domestic peers

Hypo Credit Rating

BBB (stable)

Covered Bonds



Hypo Covered Bonds Executive Summary – 30.9.2021



- Issuer is the Group parent, no separate covered bond issuer
- Hypo is a member of ECBC
- Covered bonds rated 'AAA' (stable) by the S&P
- Cover pool consists 100% of Finnish residential property
 - Regulatory risk weight of pool assets 35% (Basel III standard method)
 - All collateral located in selected prime growth centers
- Total amount outstanding EUR 1,450 million
- Current WALTV 30.2%
- Current nominal overcollateralization 27.6%
 - Commitment to keep the OC all times at a level commensurate with a 'AAA' rating from S&P Global Ratings
 - Legally binding OC requirement: 2% of the net present value
- Hedging agreements in place to mitigate interest rate risk

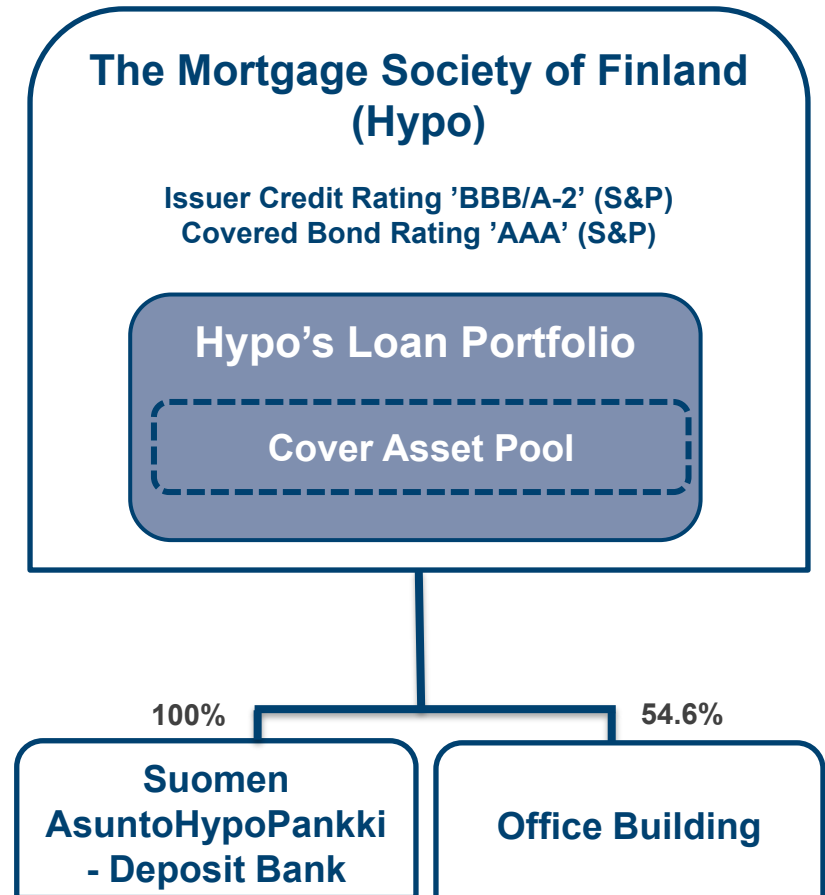
Type	ISIN	Issue Date	Maturity Date	Nominal (m€)	Coupon	Pricing
Covered	FI4000232855	7.12.2016	7.12.2022	100	Fixed +0.25	MS +11
Covered	FI4000266903	28.6.2017	28.6.2024	250	Fixed +0.375	MS +9
Covered	FI4000266903 (tap)	25.10.2017	28.6.2024	50	Fixed +0.375	MS +4
Covered	FI4000315841	24.4.2018	24.4.2023	250	Fixed +0.375	MS +6
Covered	FI4000315841 (tap)	14.11.2018	24.4.2023	50	Fixed +0.375	MS +9
Covered	FI4000375092	13.3.2019	13.3.2026	300	Fixed +0.5	MS +15
Covered	FI400429410 (own use)	29.4.2020	29.4.2022	150	Fixed +0.01	MS +22.3
Covered	FI4000496344	24.3.2021	24.3.2031	300	Fixed +0.01	MS +6

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Simple Structure, High Transparency



- Covered bonds issued directly from Hypo's balance sheet
 - Issuer the group parent Hypo
 - No separate covered bond entity
 - The assets are segregated by the covered bond register
- Issuer Credit Rating 'BBB/A-2' (stable)
- Covered Bond Rating 'AAA' (stable)



Cover Asset Pool



Eligibility Criteria for the Cover Pool



Origination	<ul style="list-style-type: none">• Issuer the Mortgage Society of Finland (Hypo)• Only mortgage loans originated by Hypo
Assets Categories	<ul style="list-style-type: none">• 100% Finnish residential assets<ul style="list-style-type: none">• Retail mortgages• Housing company residential mortgages (common debt between multiple individuals)
Customer Credit Quality	<ul style="list-style-type: none">• No arrears (>30 days)• No negative credit history• Over 65% of the pool loans have the best internal credit class 'A'
Collateral	<ul style="list-style-type: none">• Maximum LTV limit 70%• Current Pool WALTV 30.2%• Finnish residential collateral, located in prime growth centers• Collateral valuations updated quarterly• Commitment to keep OC all times at the level commensurate with S&P rating 'AAA'
Type of Properties	<ul style="list-style-type: none">• Primary residences• Limited liability housing companies (multiple individuals)
Type of Products	<ul style="list-style-type: none">• Principal repayment mortgages<ul style="list-style-type: none">• 98% floating interest rate• No revolving/flexible loans

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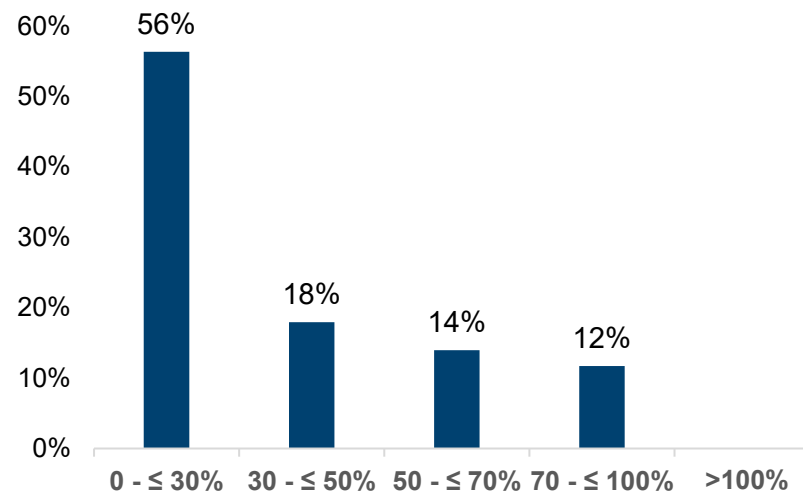
Cover Asset Pool Data (1/3)



Pool Data as at 30.9.2021

Total Cover Pool (nominal)	EUR 1 850 019 263
Eligible Cover Pool	EUR 1 822 441 506
Average Loan Balance	EUR 211 818
Number of loans	8 734
Number of properties	7 190
Number of clients	8 477
WA seasoning (months)	49
WA remaining term (months)	225
WA LTV (indexed)	29.4%
WA LTV total (indexed)	30.2%
Interest	Variable 98% Fixed 2%
Loans in arrears (>30 days)	0.00%
OC level (nominal)	27.6%
OC level (eligible)	25.7%
Pool Type	Dynamic

LTV Distribution



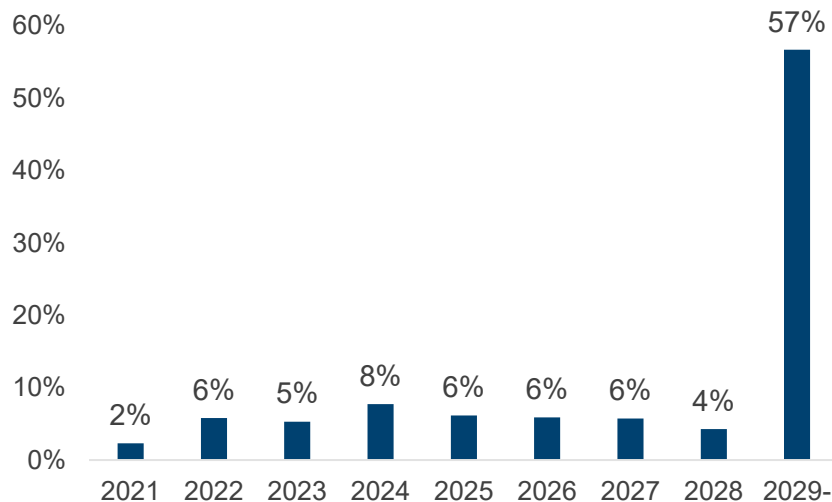
- The weighted average indexed LTV of the pool is 30.2%
- No non-performing loans in the cover pool
- No arrears
- Well-seasoned mortgage cover pool

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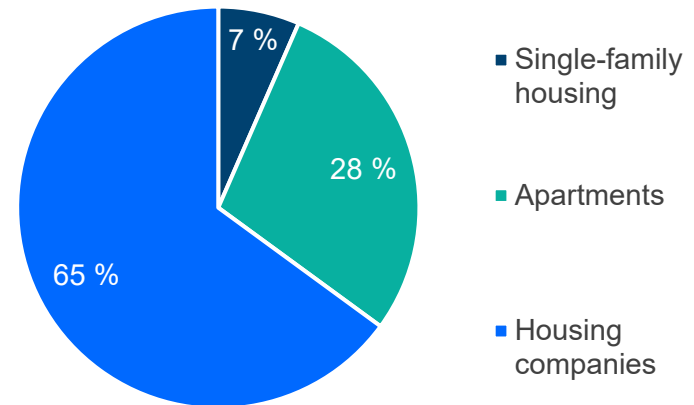
Cover Asset Pool Data (2/3)



Pool Loan Maturity Profile Contractual Amortizations



Pool Collateral Types



- Balanced pool composition: 35% of retail mortgages and 65% of housing company residential mortgages
- All loans with contractual repayment schedule
- Stable amortization profile
- No public sector loans in the pool
- Currently no substitute assets in the pool

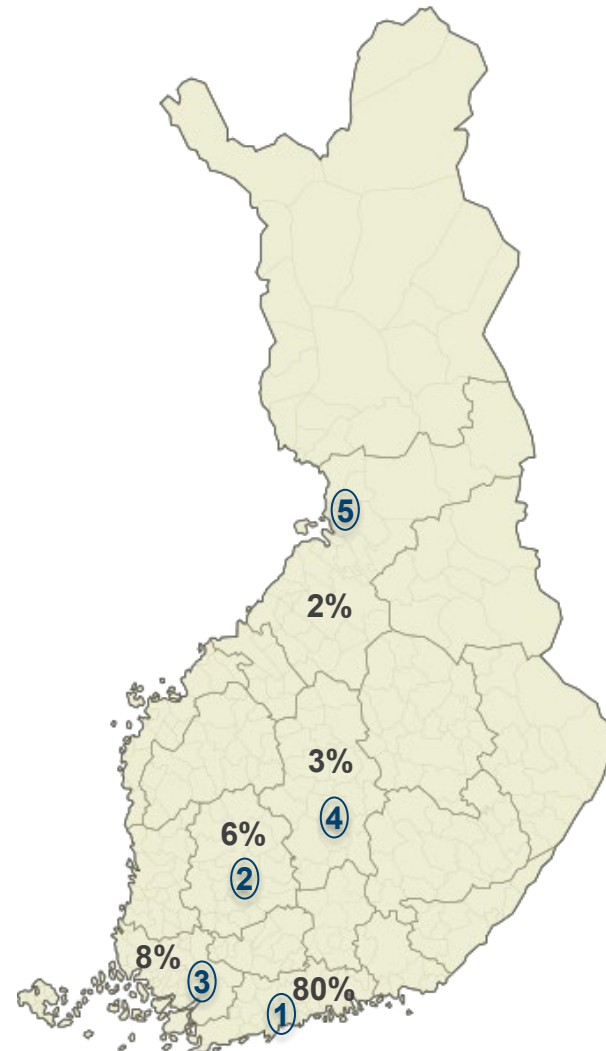
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Cover Asset Pool Data (3/3)



Geographical Distribution as at 30.9.2021

	Region	Major City	Share of the Pool
1	Uusimaa	Helsinki	80%
2	Pirkanmaa	Tampere	6%
3	Varsinais-Suomi	Turku	8%
4	Central Finland	Jyväskylä	3%
5	North Ostrobothnia	Oulu	2%

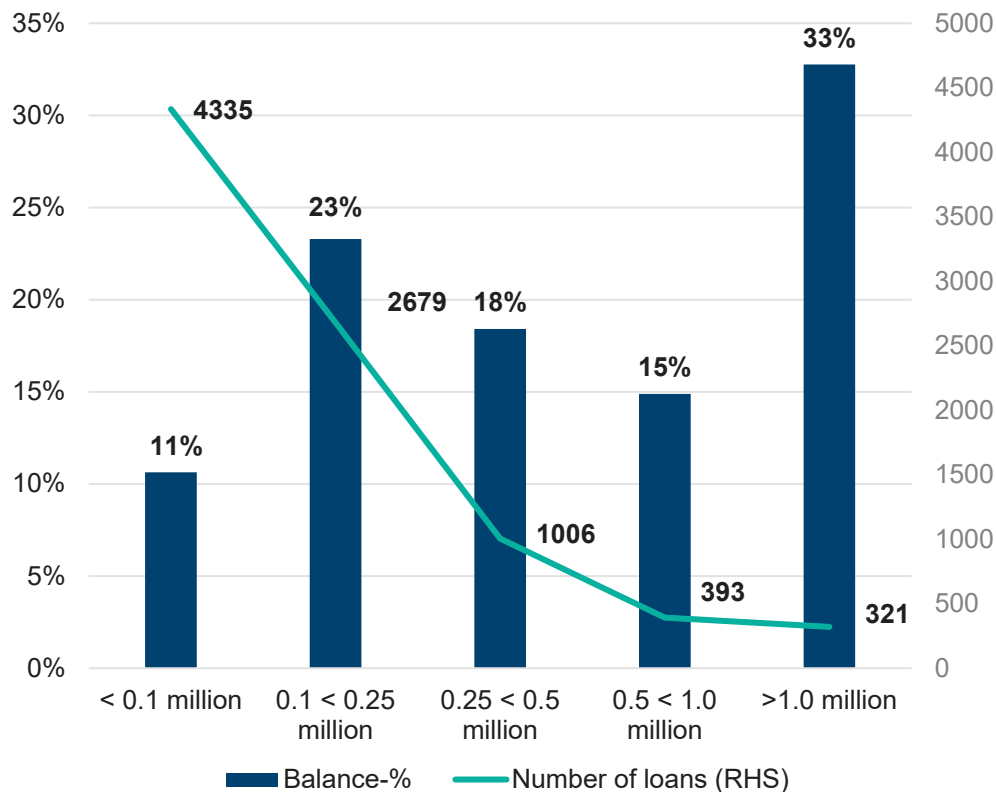


Hypo's strategic choice is to operate only in prime growth centers.

Cover Pool Loan Size Distribution



Loan Size Distribution: Share and Number of Loans



- 34% of loans in the pool have remaining balance below EUR 250,000.
- Loans with remaining balance > 1 million are housing company loans (= common debt between multiple individuals)
- Loans with remaining balance < 5,000 excluded from the cover pool

Cover Asset Pool Stress Test



Pool Resilient to House Price Decline

LTV	House price decline 0%	House price decline 10%	House price decline 20%	House price decline 30%	House price decline 40%
0- ≤ 40%	1,236	1,182	1,097	998	890
40- ≤ 70%	397	350	352	367	381
70- ≤100%	217	284	300	268	224
>100%		35	101	218	354
Pool total (nominal), EUR million	1,850	1,815	1,749	1,632	1,496
OC (nominal)	27.6%	25.2%	20.6%	12.6%	3.2%

- The stress test assumes that no action is taken to include new loans into the pool.
- Even in an extreme stress scenario, where house prices decline by 40% overnight, the pool of loans total still exceeds EUR 1,450 million (the total outstanding amount of bonds).

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