



Covered Bond Transparency Information

The Mortgage Society of Finland

Information as at December 31, 2021

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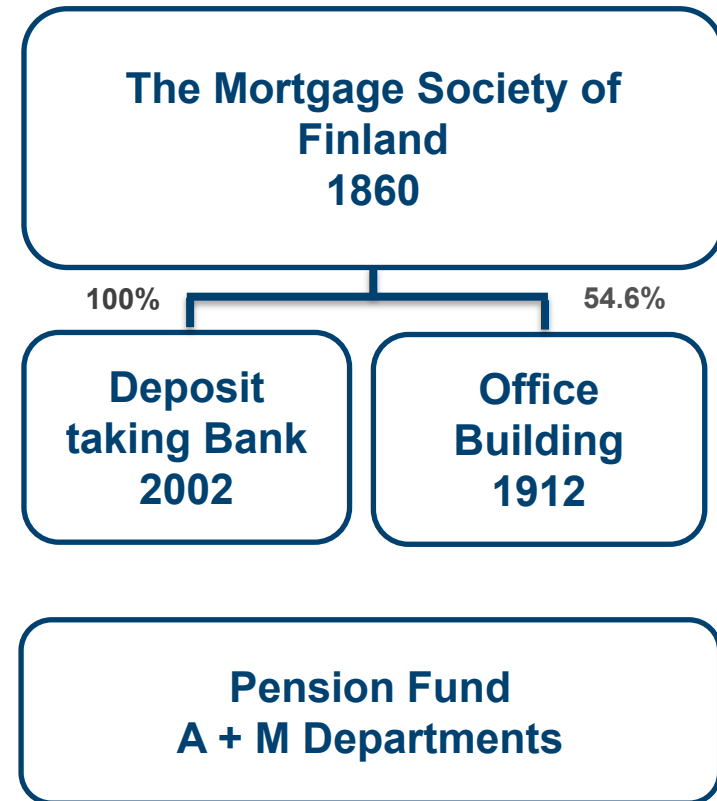
About the Issuer



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 0.14%)
- 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 – 31.12.2021



- 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 30.1%
- Current nominal overcollateralization 29.0%
 - 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

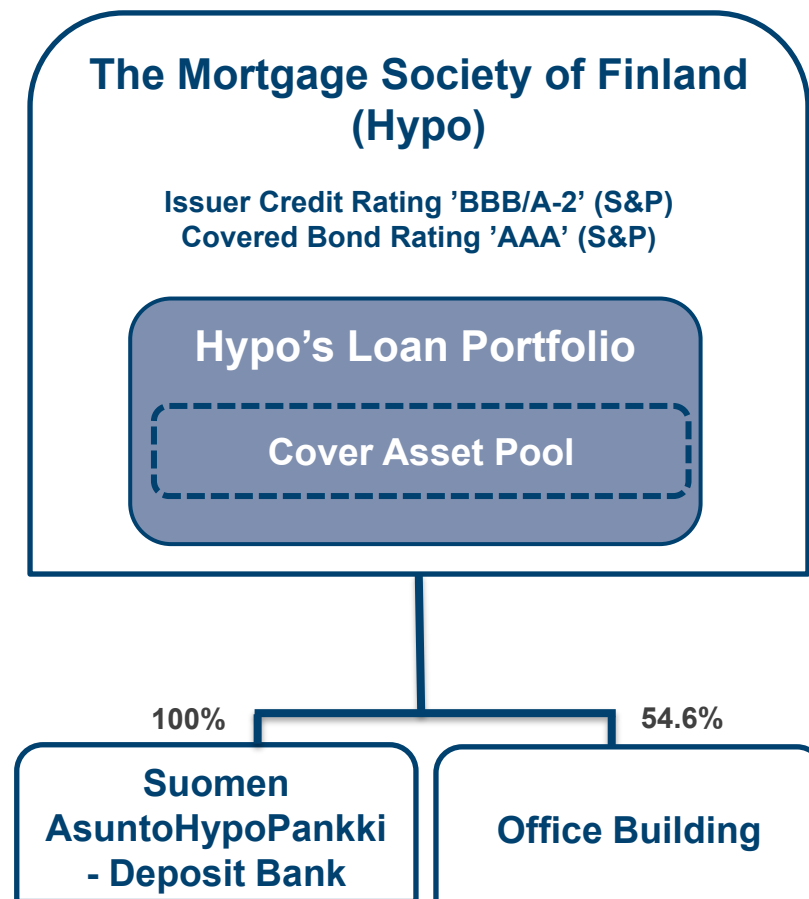
| Type | ISIN | Issue Date | Maturity Date | Nominal (m€) | Coupon | Pricing |
|---------|-----------------------|------------|---------------|--------------|--------------|----------|
| Covered | FI4000232855 | 7.12.2016 | 7.12.2022 | 100 | Fixed +0.25 | MS +11 |
| Covered | FI4000266903 | 28.6.2017 | 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 30.1%• 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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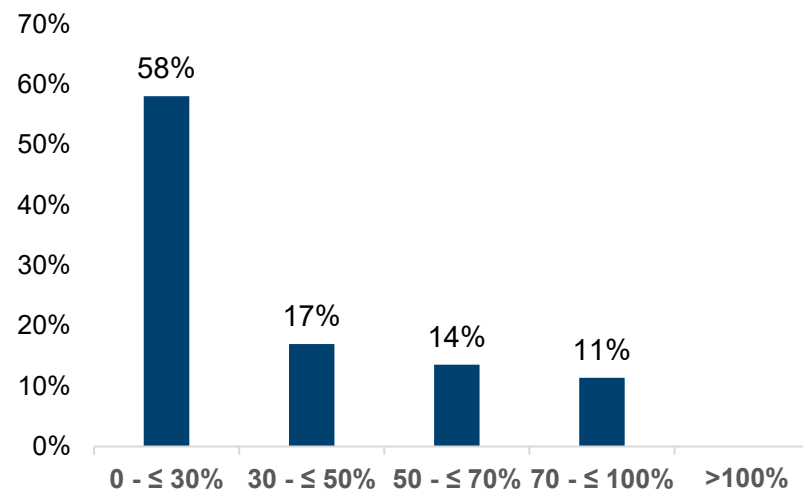
Cover Asset Pool Data (1/3)



Pool Data as at 31.12.2021

| | |
|---------------------------------------|--------------------------|
| Total Cover Pool (nominal) | EUR 1 870 781 697 |
| Eligible Cover Pool | EUR 1 843 917 438 |
| Average Loan Balance | EUR 213 779 |
| Number of loans | 8 751 |
| Number of properties | 7 130 |
| Number of clients | 8 429 |
| WA seasoning (months) | 49 |
| WA remaining term (months) | 226 |
| WA LTV (indexed) | 29.3% |
| WA LTV total (indexed) | 30.1% |
| Interest | Variable 99% Fixed 1% |
| Loans in arrears (>30 days) | 0.00% |
| OC level (nominal) | 29.0% |
| OC level (eligible) | 27.2% |
| Pool Type | Dynamic |

LTV Distribution



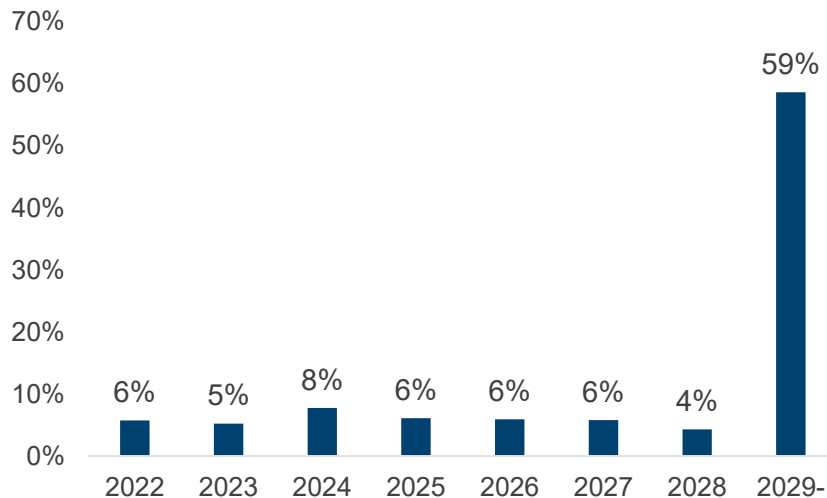
- The weighted average indexed LTV of the pool is 30.1%
- No non-performing loans in the cover pool
- No arrears
- Well-seasoned mortgage cover pool

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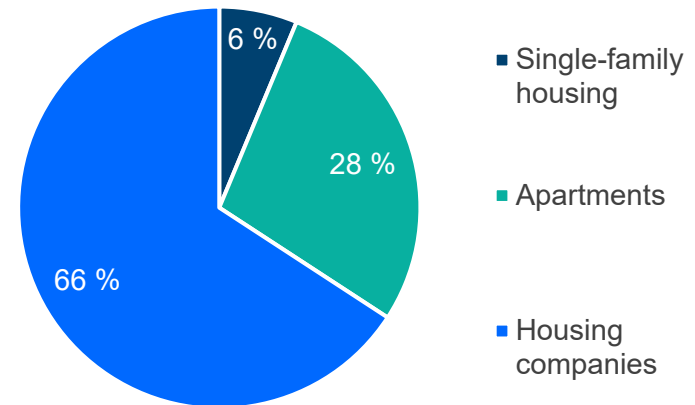
Cover Asset Pool Data (2/3)



Pool Loan Maturity Profile Contractual Amortizations



Pool Collateral Types



- Balanced pool composition: 34% of retail mortgages and 66% 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

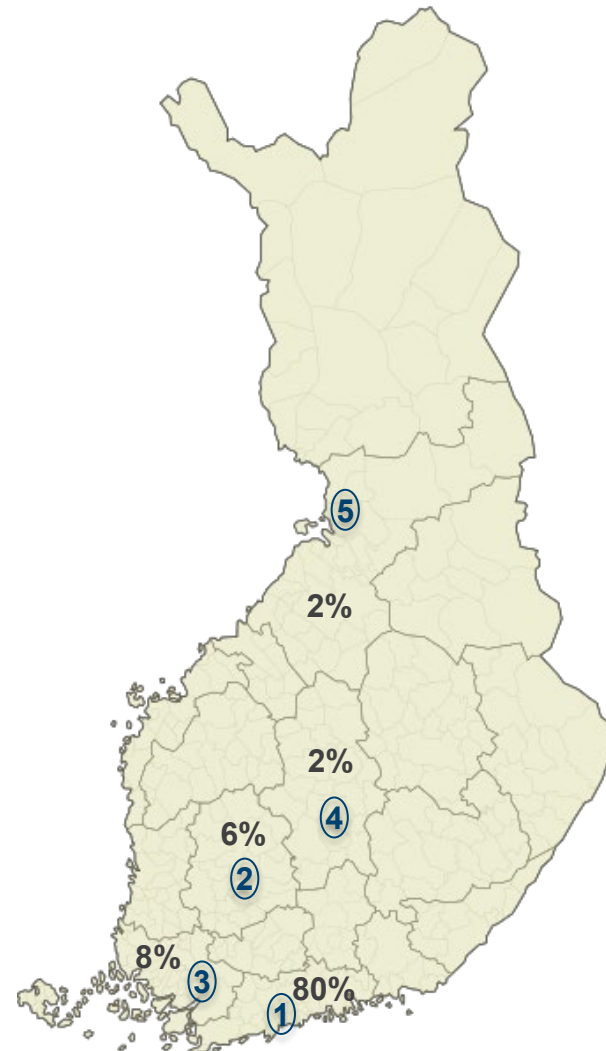
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Cover Asset Pool Data (3/3)



Geographical Distribution as at 31.12.2021

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

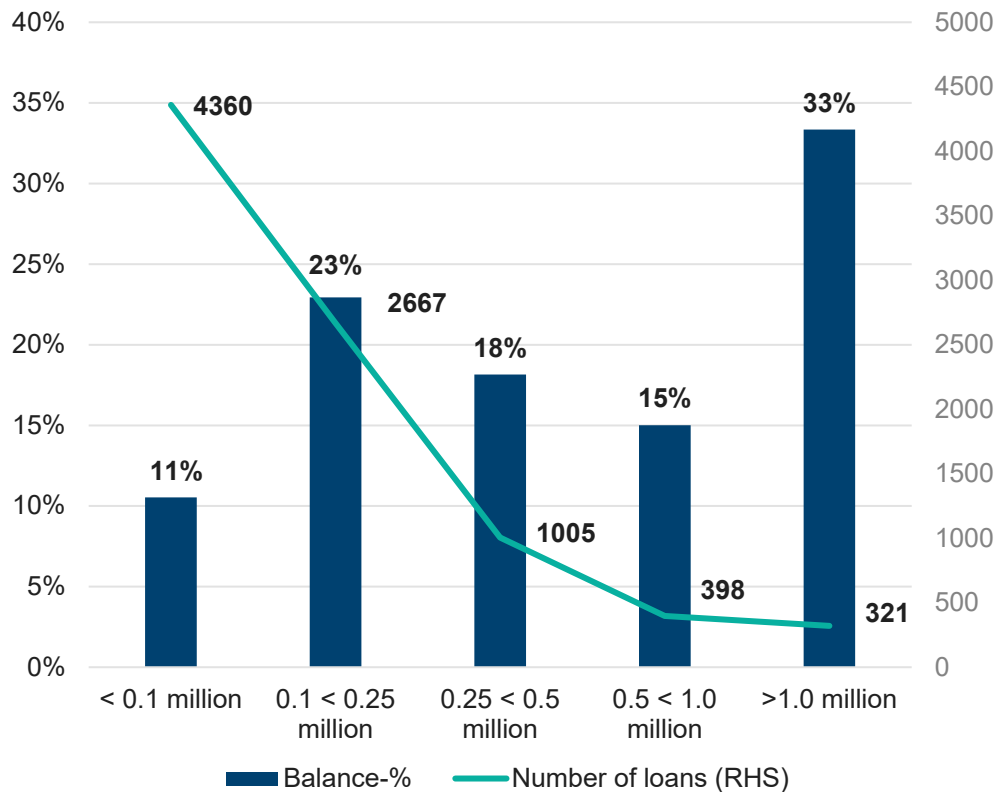


Hypo's strategic choice is to operate only in prime growth centers.

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% | 1,282 | 1,221 | 1,137 | 1,042 | 945 |
| 40- ≤ 70% | 376 | 332 | 336 | 352 | 358 |
| 70- ≤100% | 213 | 284 | 303 | 264 | 214 |
| >100% | | 33 | 94 | 214 | 354 |
| Pool total (nominal), EUR million | 1,871 | 1,837 | 1,776 | 1,657 | 1,516 |
| OC (nominal) | 29.0% | 26.7% | 22.5% | 14.3% | 4.6% |

- 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).

Contact

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