



Covered Bond Transparency Information

The Mortgage Society of Finland

Information as at December 31, 2023

Published on February 2, 2024

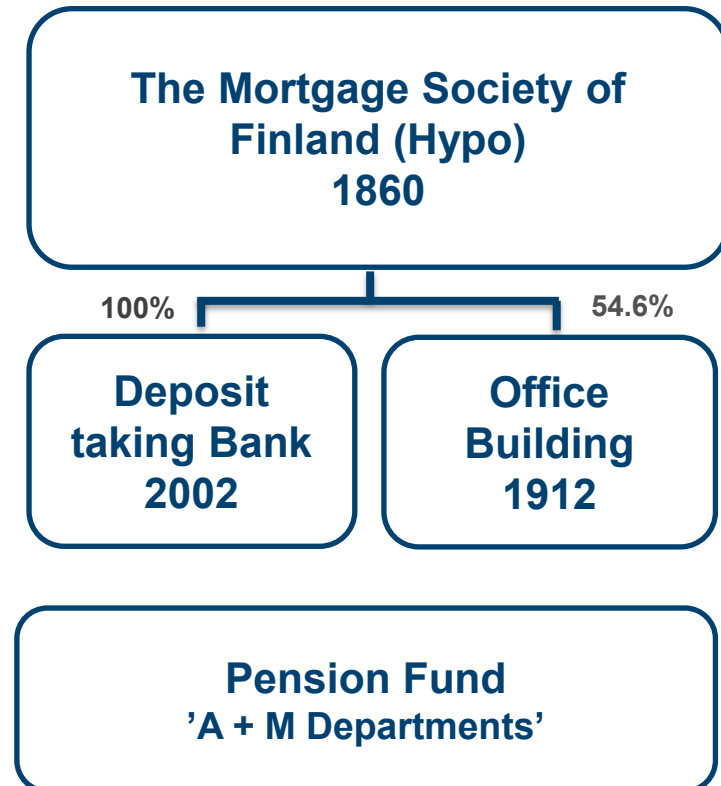
About the Issuer



Hypo Group Overview



- Founded in 1860
 - The oldest private credit institution in Finland
- Mutual company governed by the member customers
 - All returns are kept within Hypo
- Retail banking, no corporate lending
- Specialised in mortgage financing
- Residential property always as collateral
- Strong loan book - NPLs 0.19% (as at 4Q23)
- Total assets EUR 3.6 billion (as at 4Q23)
- Established and regular issuer in Finland
- S&P issuer rating 'BBB/A-2' (stable)
- S&P covered bond ratings 'AAA' (stable)
- Supervised by the FIN-FSA



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 ongoing business stability given selective business underwriting partly offsets concentrated business profile
- Well positioned to resume loan growth and improve operating efficiency

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 decades-long loan-loss track record
- 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

- Issuance of covered bonds improves funding maturity and leads to a well-matched funding profile
- Less stable deposit base and higher share of wholesale funding than domestic peers'

Hypo Credit Rating

BBB (stable)

Covered Bonds



Hypo Covered Bonds Executive Summary – 31.12.2023



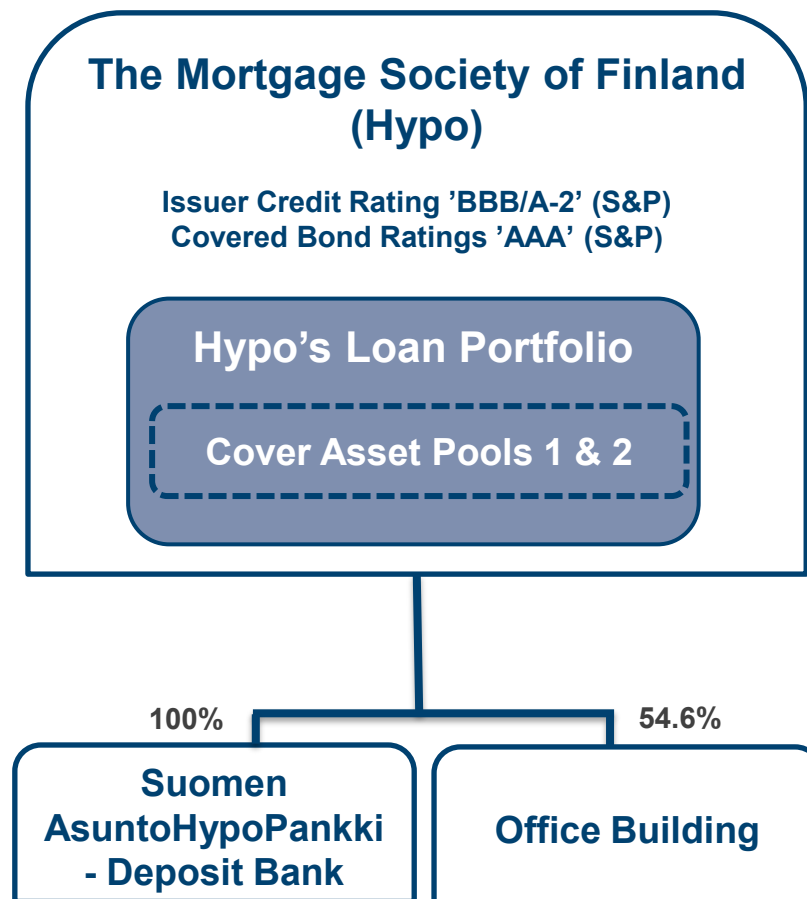
- Issuer is the Group parent, no separate covered bond issuer
- Hypo is a member of ECBC
- Covered bonds rated 'AAA' (stable) by S&P
- Cover pools consist 100% of Finnish residential property
 - Regulatory risk weight of pool assets 35% (Basel III standard method)
 - All collateral located in selected prime growth centers
- Total amount outstanding EUR 1,770 million
- Current WALTV's for pools 30.1% and 25.1%
- Current nominal overcollateralization for pools 28.0% and 26.0%
 - Commitment to keep the OC, in both pools, 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 – Pool 1	FI4000266903	28.6.2017	28.6.2024	250	Fixed +0.375	MS +9
Covered – Pool 1	FI4000266903 (tap)	25.10.2017	28.6.2024	50	Fixed +0.375	MS +4
Covered – Pool 1	FI4000375092	13.3.2019	13.3.2026	300	Fixed +0.5	MS +15
Covered – Pool 1	FI4000496344	24.3.2021	24.3.2031	300	Fixed +0.01	MS +6
Covered – Pool 1	FI4000522420 (own use)	20.4.2022	20.4.2025	70	Float EUB 3M +7 bps	
Covered – Pool 1	FI4000375092 (tap)	26.4.2022	13.3.2026	150	Fixed +0.5	private placement
Covered – Pool 1	FI4000266903 (tap)	9.9.2022	28.6.2024	50	Fixed +0.375	private placement
Covered – Pool 2	FI4000541461	15.11.2022	15.11.2027	300	Fixed +3.25	MS +23
Covered – Pool 2	FI4000549605	15.3.2023	15.9.2028	300	Fixed +3.625	MS +32

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 covered bond registers
- Issuer Credit Rating 'BBB/A-2' (stable)
- Covered Bond Ratings 'AAA' (stable)



New Act on Mortgage Credit Banks and Covered Bonds (151/2022)



- The New Finnish Act came into force on July 8th, 2022
 - New Act repealed the old Act on Mortgage Credit Bank Operations (688/2010)
 - All future new issuance will be done under the new Act
 - Hypo will have two pools: one for issuance under the old Act and one for issuance under the new Act
 - All issues compliant with the new Act can use the label "European Covered Bond (Premium)"
- The Mortgage Society of Finland was granted a licence to issue covered bonds under the new Act by the Finnish Financial Supervisory Authority

Cover Asset Pool 1

Act 688/2010



Eligibility Criteria for Cover Pool 1



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">• 97% floating interest rate• No revolving/flexible loans

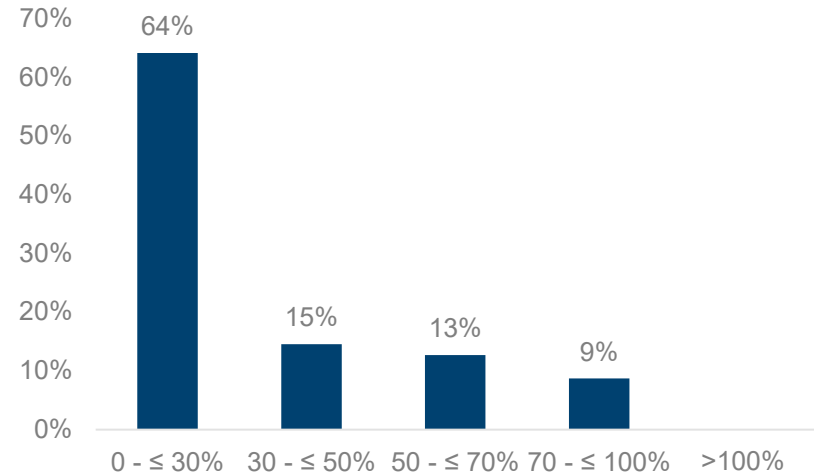
Cover Asset Pool 1 Data (1/3)



Pool Data as at 31.12.2023

Applicable law	Act 688/2010
Total Cover Pool (nominal)	EUR 1 497 604 045
Eligible Cover Pool	EUR 1 482 007 000
Average Loan Balance	EUR 231 218
Number of loans	6 477
Number of properties	5 566
Number of clients	6 484
WA seasoning (months)	50
WA remaining term (months)	229
WA LTV (indexed)	29.5%
WA LTV total (indexed)	30.1%
Interest	Variable 97% Fixed 3%
Loans in arrears (>30 days)	0.00%
OC level (nominal)	28.0%
OC level (eligible)	26.7%
Pool Type	Dynamic

LTV Distribution

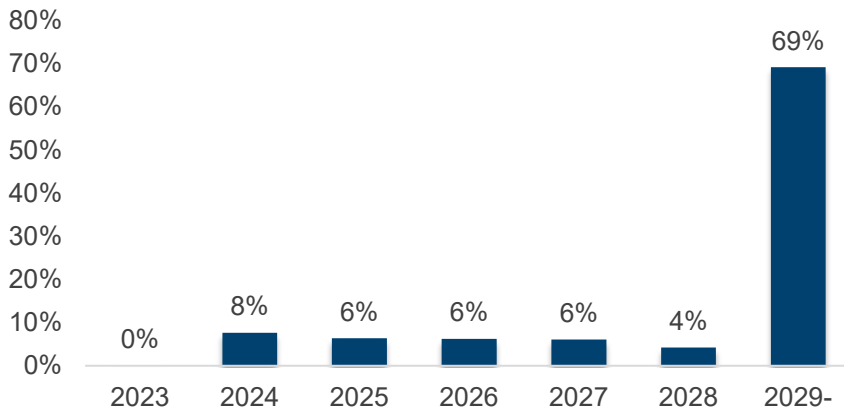


- The weighted average indexed LTV of the pool is 30.1%
- No non-performing loans in the cover pool
- No arrears
- Well-seasoned mortgage cover pool

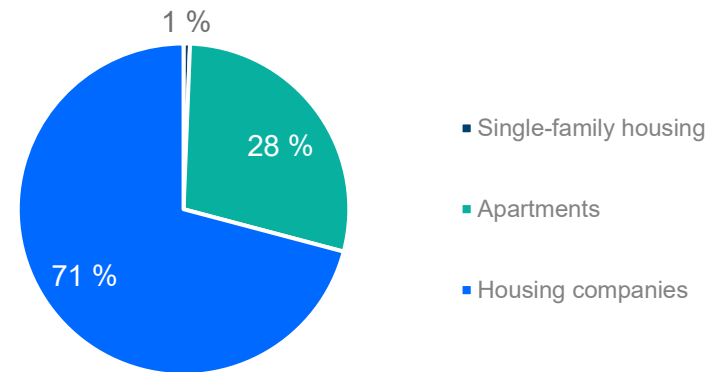
Cover Asset Pool 1 Data (2/3)



Pool Loan Maturity Profile Contractual Amortizations



Pool Collateral Types



- Balanced pool composition: 29% of retail mortgages and 71% 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

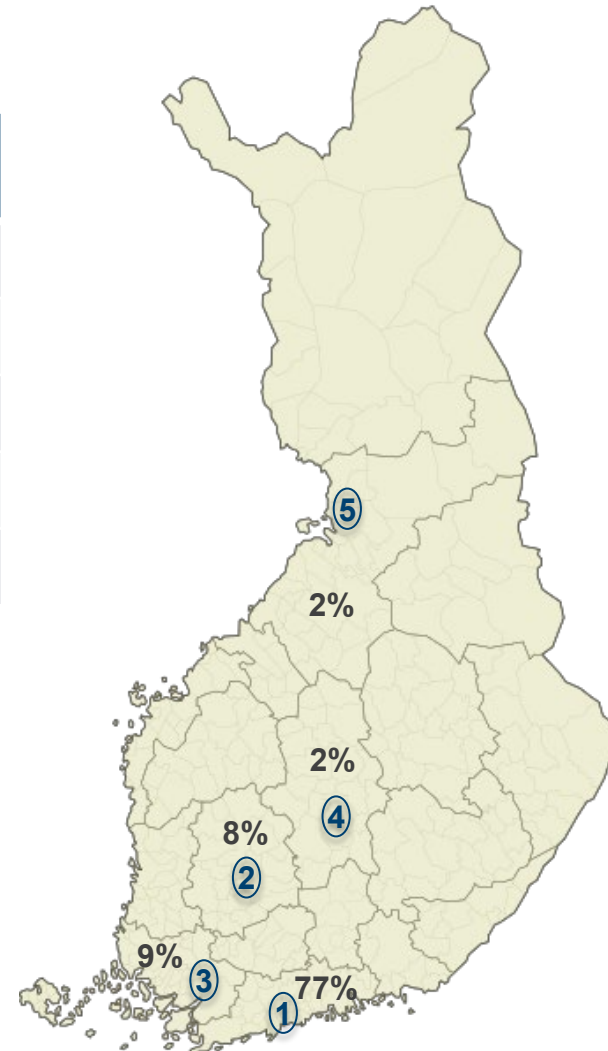
Cover Asset Pool 1 Data (3/3)



Geographical Distribution as at 31.12.2023

	Region	Major City	Share of the Pool
1	Uusimaa	Helsinki	77%
2	Pirkanmaa	Tampere	8%
3	Varsinais-Suomi	Turku	9%
4	Central Finland	Jyväskylä	2%
5	North Ostrobothnia	Oulu	2%

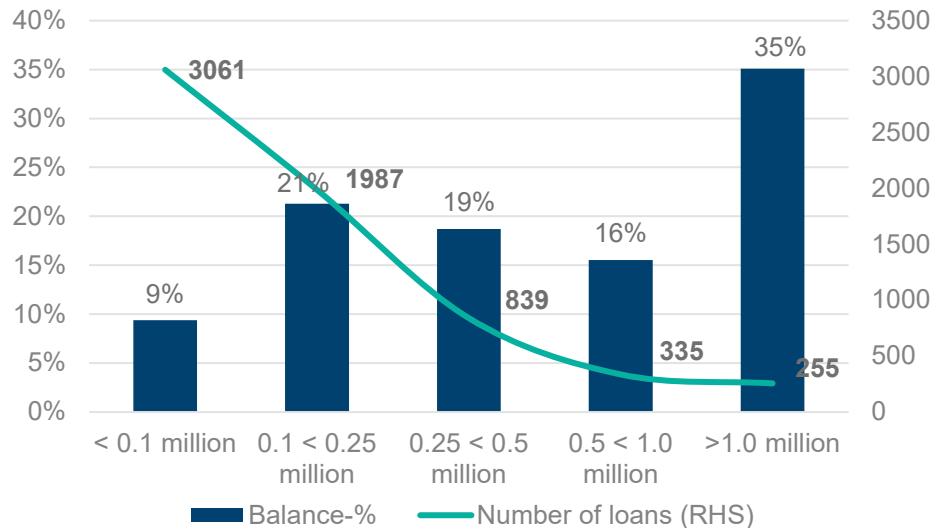
Hypo's strategic choice is to operate only in prime growth centers.



Cover Pool 1 Loan Size Distribution



Loan Size Distribution:
Share and Number of Loans



- 30% 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 Pool 1 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%	1,089	1,042	988	912	817
40- ≤ 70%	279	255	246	260	298
70- ≤100%	130	184	208	196	160
>100%		17	56	130	223
Pool total (nominal), EUR million	1,498	1,481	1,442	1,368	1,275
OC (nominal)	28.0%	26.6%	23.2%	16.9%	8.9%

- 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 1,170 million (the total outstanding amount of bonds).

Cover Asset Pool 2

Act 151/2022



Eligibility Criteria for Cover Pool 2



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 80%• Current Pool WALTV 25.1%• 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">• 99% floating interest rate• No revolving/flexible loans

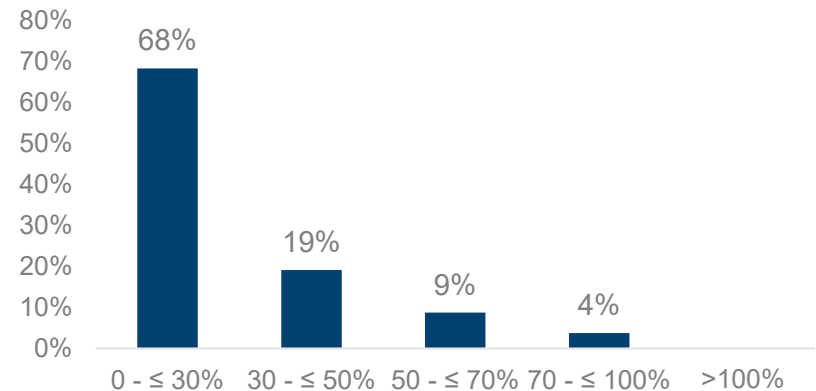
Cover Asset Pool 2 Data (1/3)



Pool Data as at 31.12.2023

Applicable law	Act 151/2022
Total Cover Pool (nominal)	EUR 756 168 181
Eligible Cover Pool	EUR 755 238 000
Average Loan Balance	EUR 229 978
Number of loans	3 288
Number of properties	2 619
Number of clients	2 943
WA seasoning (months)	63
WA remaining term (months)	215
WA LTV (indexed)	25.0%
WA LTV total (indexed)	25.1%
Interest	Variable 99% Fixed 1%
Loans in arrears (>30 days)	0.00%
OC level (nominal)	26.0%
OC level (eligible)	25.9%
Pool Type	Dynamic

LTV Distribution

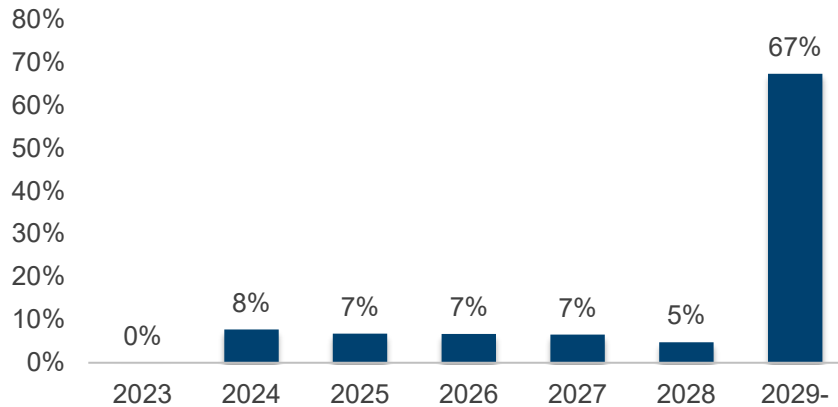


- The weighted average indexed LTV of the pool is 25.1%
- No non-performing loans in the cover pool
- No arrears
- Well-seasoned mortgage cover pool

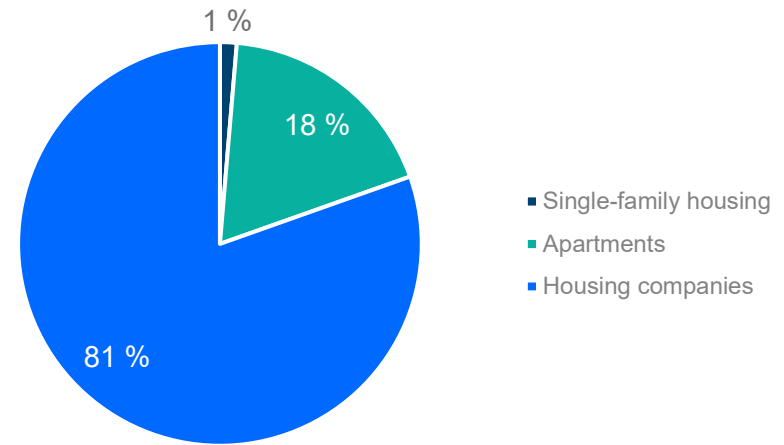
Cover Asset Pool 2 Data (2/3)



Pool Loan Maturity Profile Contractual Amortizations



Pool Collateral Types



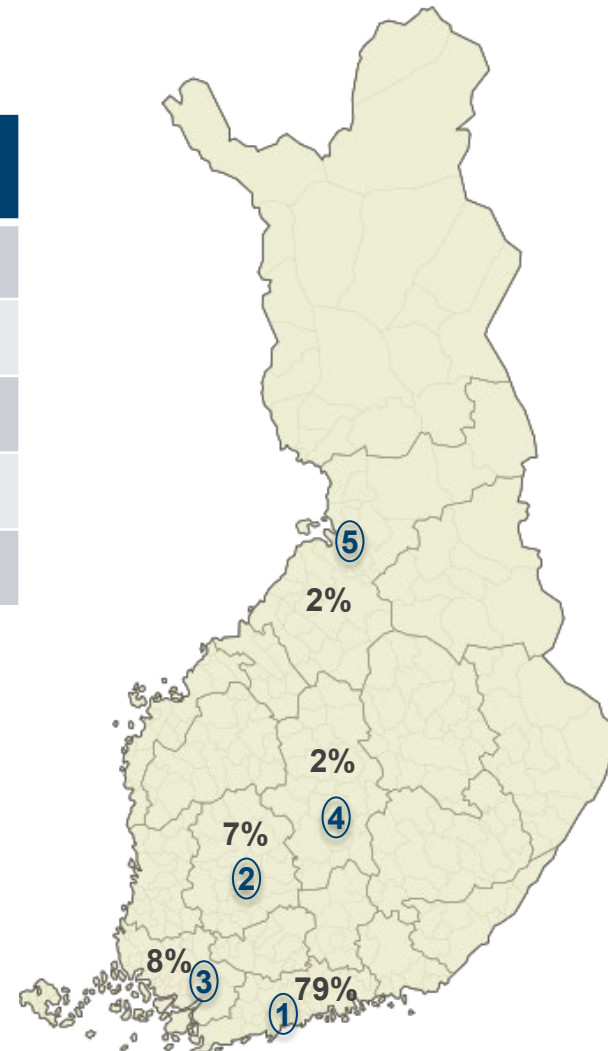
- Balanced pool composition: 19% of retail mortgages and 81% of housing company residential mortgages
- All loans with contractual repayment schedule
- Stable amortization profile
- No public sector loans in the pool
- Currently no substitute assets in the pool

Cover Asset Pool 2 Data (3/3)



Geographical Distribution as at 31.12.2023

	Region	Major City	Share of the Pool
1	Uusimaa	Helsinki	79%
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3	Varsinais-Suomi	Turku	8%
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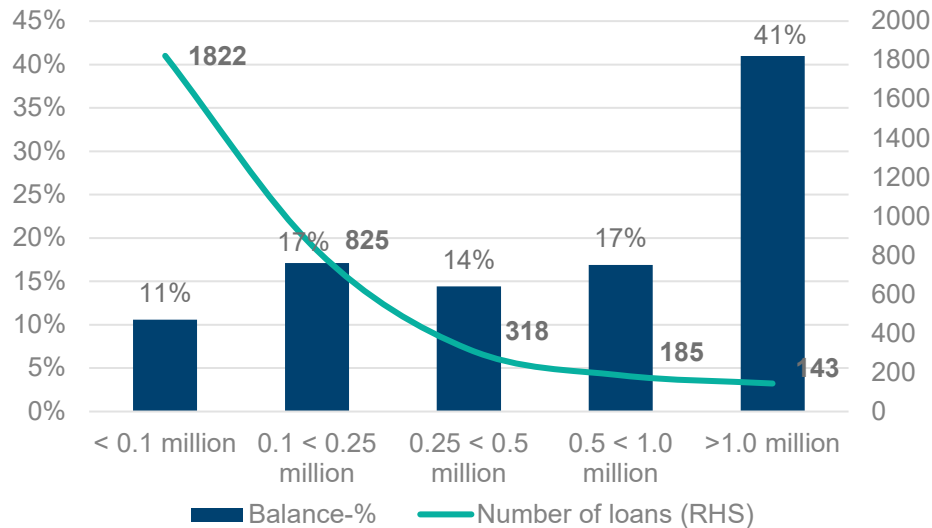


Hypo's strategic choice is to operate only in prime growth centers.

Cover Pool 2 Loan Size Distribution



Loan Size Distribution:
Share and Number of Loans



- 28% 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 Pool 2 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%	616	586	533	503	457
40- ≤ 70%	112	115	146	156	175
70- ≤100%	28	52	67	69	57
>100%		4	10	28	67
Pool total (nominal), EUR million	756	752	747	728	689
OC (nominal)	26.0%	25.4%	24.4%	21.3%	14.8%

- 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 600 million (the total outstanding amount of bonds).

Contact

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