

Hypo Investor Update

Debt Investor Presentation



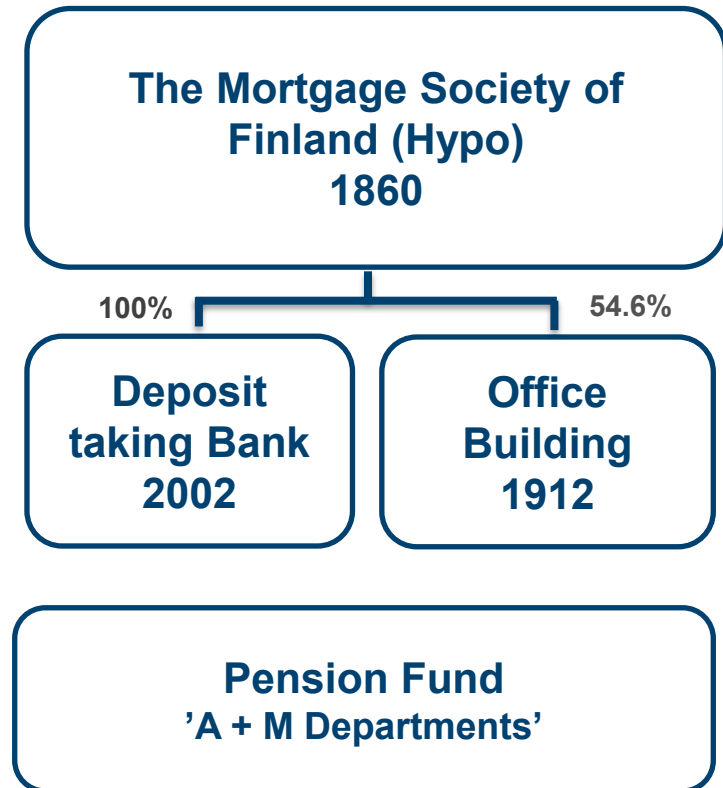
November 2024



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 0.33% (as at 3Q24)
- Total assets EUR 3.6 billion (as at 3Q24)
- 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





Finnish Economy and Housing Market

Finnish economy in a nutshell



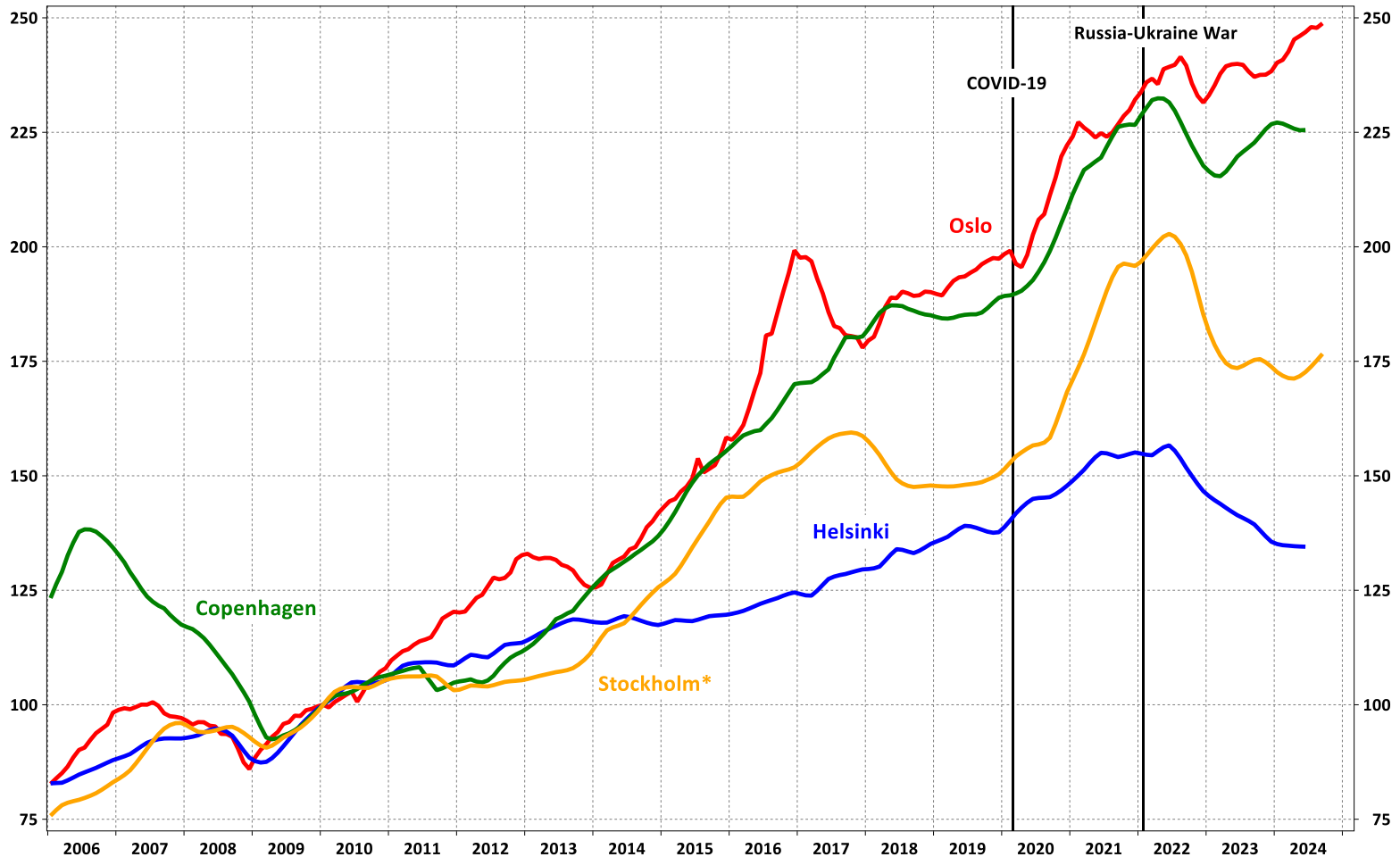
National account	2022	2022	2023	Forecast*	
				2024	2025
	EUR bn (current prices)			% y/y	
GDP	266	1,5	-1,2	-0,3	2,0
Imports	128	8,4	-6,6	-1,5	3,0
Exports	123	4,2	0,2	-1,0	3,0
Private Consumption	135	1,3	0,3	0,0	2,0
Public Consumption	64	-1,0	3,4	0,5	0,0
Investments	66	2,6	-9,0	-6,0	3,0
Economic indicators	2022	2023	2024	2025	
Unemployment rate, %	6,8	7,2	8,3	8,0	
Earnings, % y/y	2,4	4,2	3,2	3,0	
Inflation, % y/y	7,1	6,2	1,5	2,0	
Housing prices, % y/y	0,5	-6,5	-2,5	2,5	
Current account, % of GDP	-2,2	-0,4	0,0	-0,7	
Public deficit, % of GDP	-0,2	-3,0	-3,6	-3,1	
Public debt/GDP, % of GDP	74,0	77,1	81,0	82,5	

*November 2024. Source: Hypo, Statistics Finland

House prices stabilized this year



2010 = 100, apartment prices, seasonally adjusted



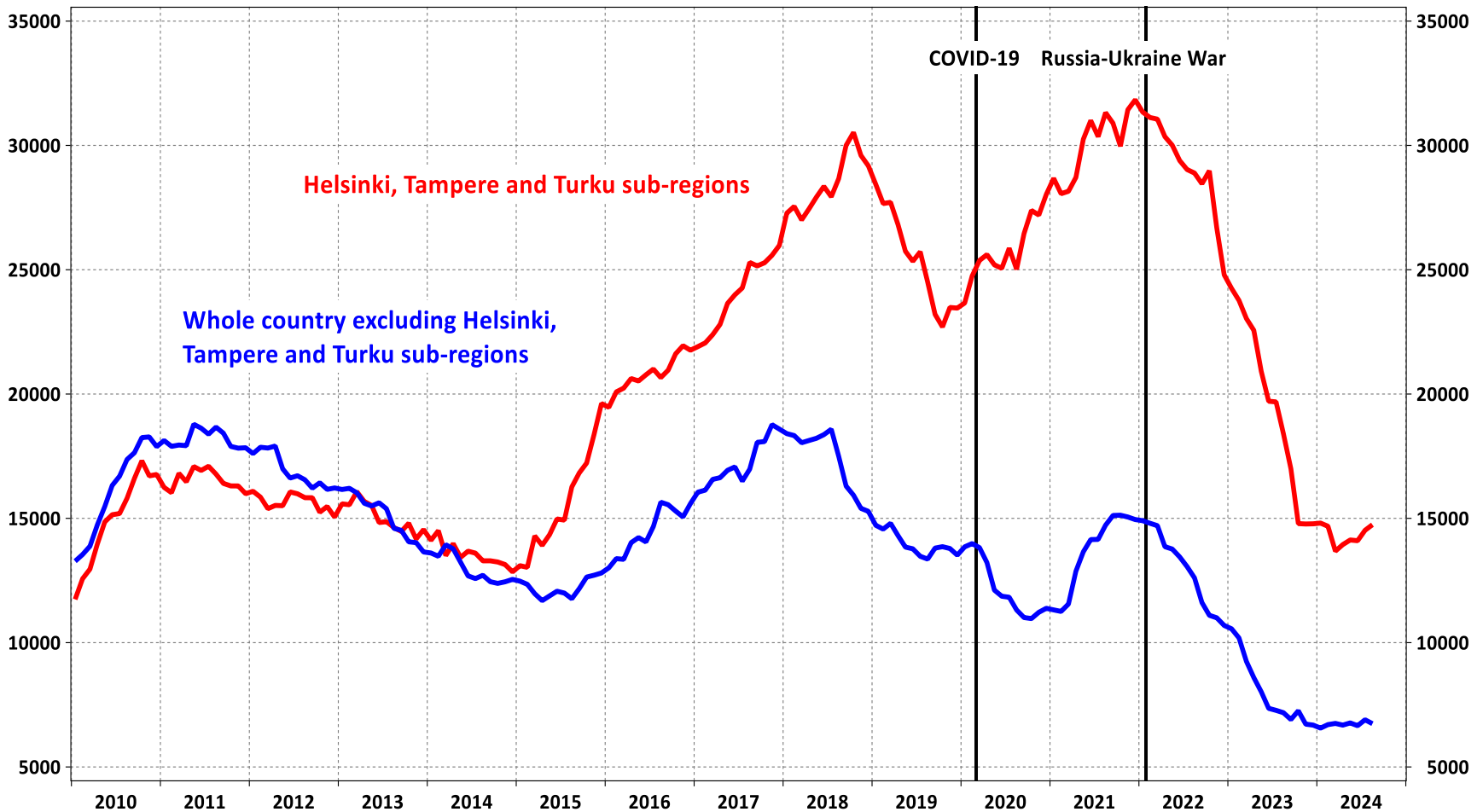
Source: Hypo, Macrobond. *Greater Stockholm, One- & Two-Dwelling Residential Buildings

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Construction concentrates in key areas



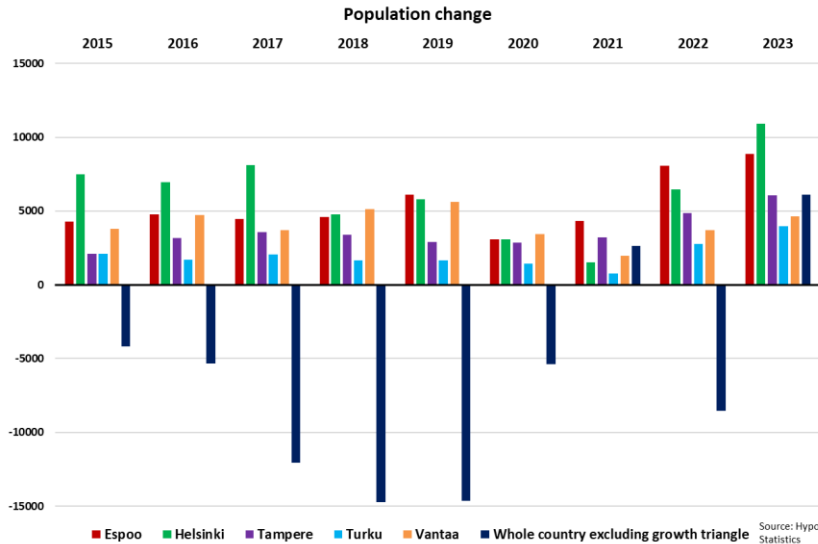
Dwellings, 1 year moving average, building starts



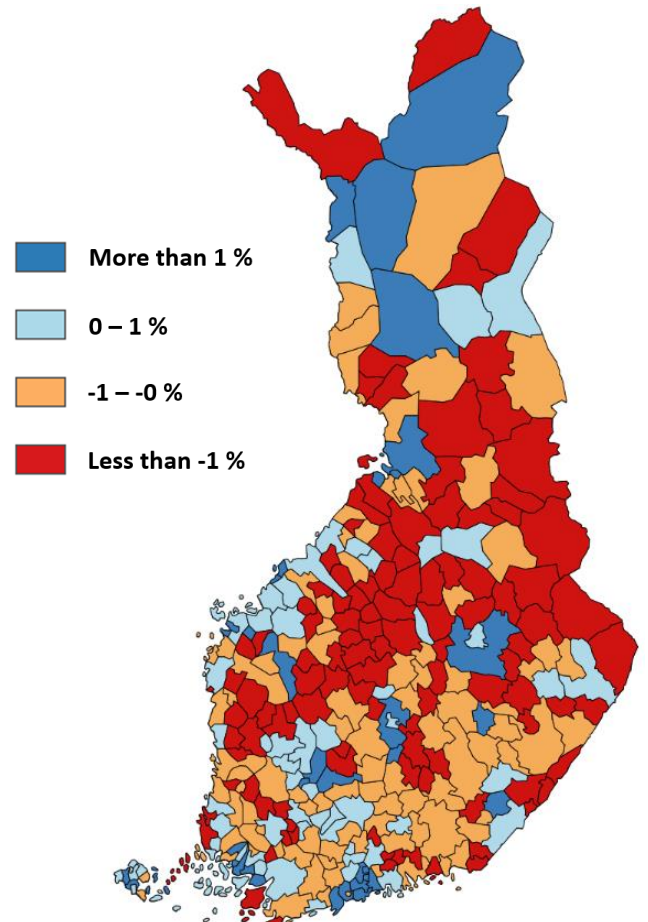
Source: Hypo, Macrobond

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Urbanization continued



Population growth 2023



Source: Hypo, Statistics Finland

- Population growth was strongest in the largest university cities last year.
- Statistics Finland's population forecast predicts that growth will be concentrated in the growth triangle area of the Greater Helsinki region, Tampere and Turku.
- Thanks to immigration, Finland's population grew by more than 40,000 people last year, which is the largest growth since 1956. At the same time, the birth rate was the lowest since the 19th century.

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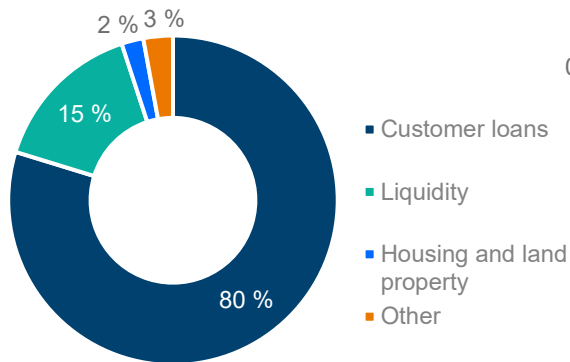


Financials

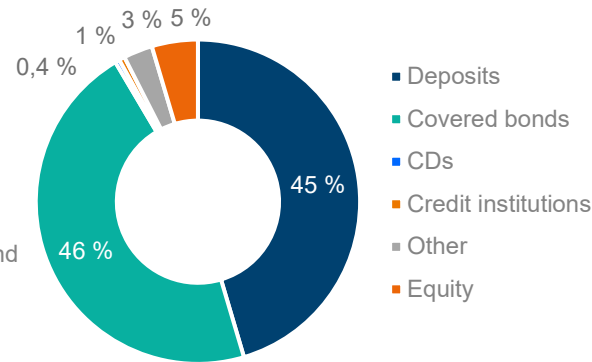
Strong Balance Sheet



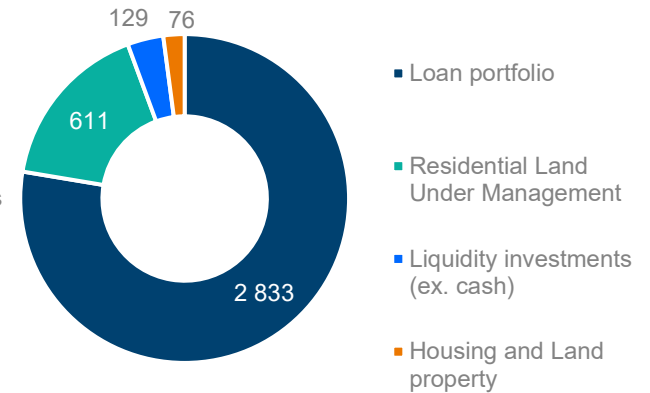
Total Assets



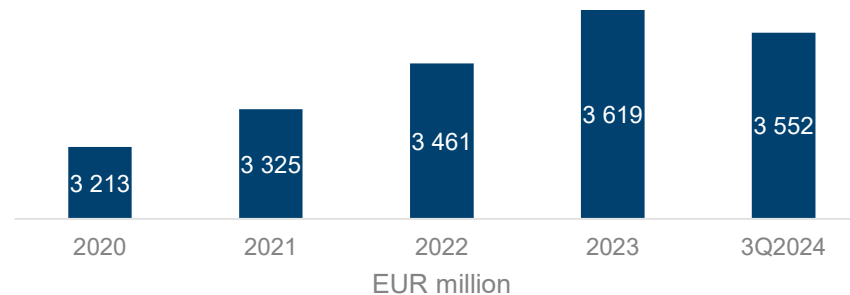
Liabilities and Equity



Revenue generating assets (m€), on and off balance sheet



Balance Sheet Total



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Group Key Financial Figures

3Q2024



GROUP'S KEY FIGURES

(1000 €)

	1-9/2024	1-9/2023	7-9/2024	7-9/2023	1-12/2023
Net interest income	12,248	13,197	4,577	5,235	18,204
Net fee and commission income	4,158	3,525	1,244	1,015	4,697
Total other income	990	2,665	-204	-516	2,106
Total expenses	-12,215	-12,039	-3,619	-3,836	-16,504
Operating profit	5,181	7,347	1,978	1,899	8,503
Receivables from the public and public sector entities	2,832,560	2,832,974	2,832,560	2,832,974	2,785,973
Deposits	1,613,255	1,514,540	1,613,255	1,514,540	1,562,999
Balance sheet total	3,552,014	3,534,171	3,552,014	3,534,171	3,619,094
Return on equity (ROE) %	3.6	5.2	4.2	4.0	4.5
Common Equity Tier 1 (CET1) ratio %	14.0	14.0	14.0	14.0	14.2
Cost-to-income ratio %	70.0	61.4	64.8	66.1	65.5
Non-performing assets % of the loan portfolio	0.33	0.15	0.33	0.15	0.19
LTV-ratio (Loan to Value, average) %	30.7	30.2	30.7	30.2	30.3
Loans / deposits %	175.6	187.1	175.6	187.1	178.2
Liquidity Coverage Ratio (LCR) %	227.7	209.2	227.7	209.2	326.4
Net Stable Funding Ratio (NSFR) %	115.7	113.3	115.7	113.3	112.0
Leverage Ratio (LR) %	4.2	3.9	4.2	3.9	3.9

- Net interest income decreased by 7.2% and was EUR 12.2 million (3Q2023 EUR 13.2 million)
- Group's financial position remained stable throughout the period
- Outlook: operating profit for year 2024 is expected to be on the same level or slightly higher than in 2023
- S&P's Risk Adjusted Capital 18.7% on 31.12.2023
- Basel III standardized approach risk weights
 - Lending with residential collateral: 35% risk weight
 - Housing and land investments: 100% risk weight

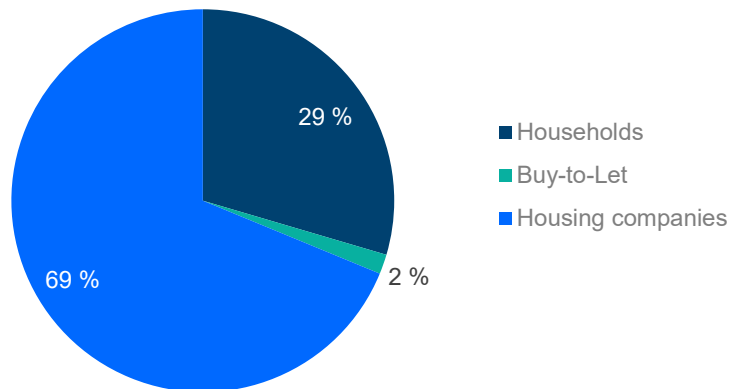
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Loan Book Overview

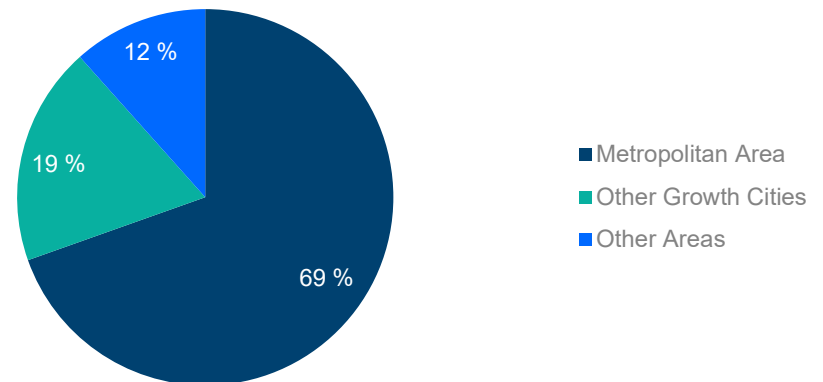


- Hypo's loan book is EUR 2,833 million
- Mortgage loans secured by residential property
- Collateral requirement is set in the Finnish Act on Mortgage Societies
- The average LTV (loan-to-value) is stable at 30.7%
 - Low LTV combined with conservative collateral valuation makes Hypo's loan book very strong even in times of stress
- Two main customer groups
 1. Households: home mortgage, buy-to-let
 2. Housing companies: renovation loans

Lending by Customer Type



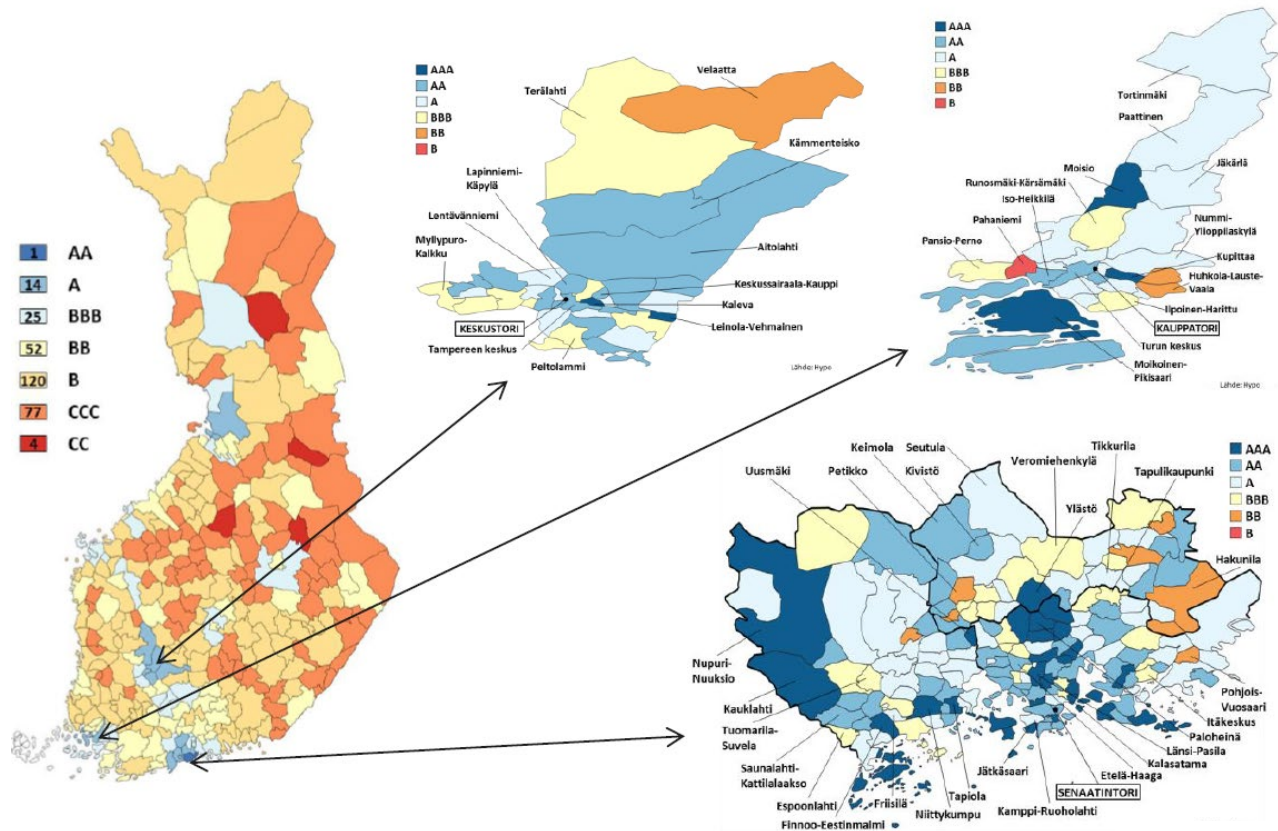
Loan Book by Customer Domicile



Hypo Regional Rating for Collaterals



- Hypo Regional Rating for Collaterals evaluates housing market areas across Finland through the eyes of a housing financier - Risks differ significantly between different areas in Finland
- Hypo-rating is a clear framework based on the key measures that make it possible to analyze housing market development across Finland
- Model includes variables such as housing prices, housing transactions, demographics, environment, income growth, crime and distance to university hospitals
- The model gives valuable information of different risks to ordinary buyers in the housing market as well as credit rating institutions and institutional investors



Source: Hypo



HYPO

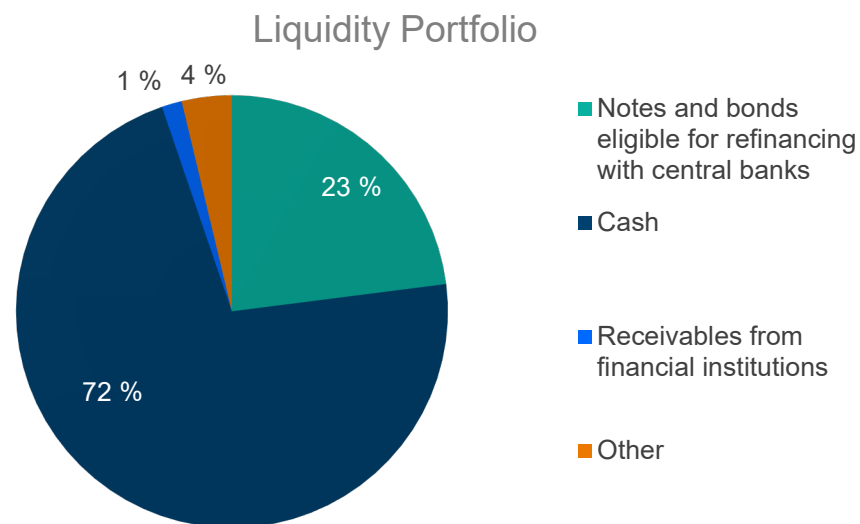
Funding and Liquidity

Solid Liquidity Position



Liquidity portfolio EUR 561.5 million as of 30.9.2024

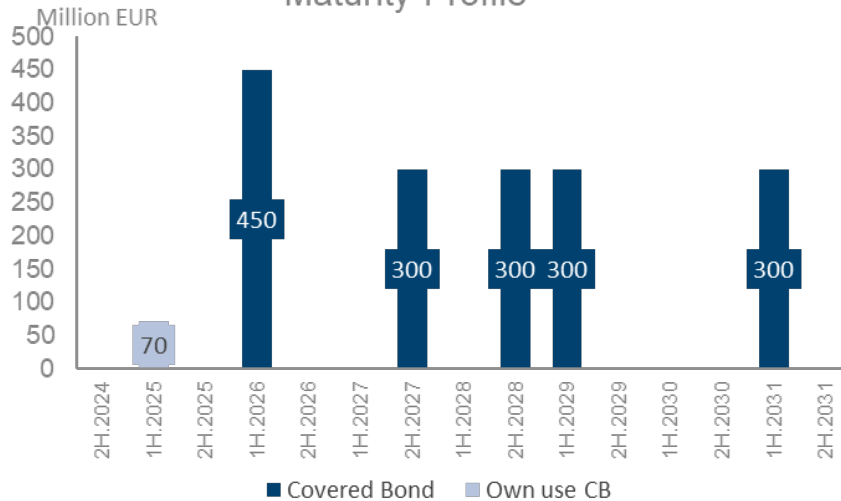
- Equaling 15.8% of total assets
- Conservative investment policy
 - 82.6% of debt securities invested in at least 'AA-' rated instruments
 - 87.1% of debt securities are ECB repo eligible
- Only EUR denominated exposure
- Hypo's domestic MTN and CD programmes support liquidity
- LCR 227.7% (326.4% as at ye2023)



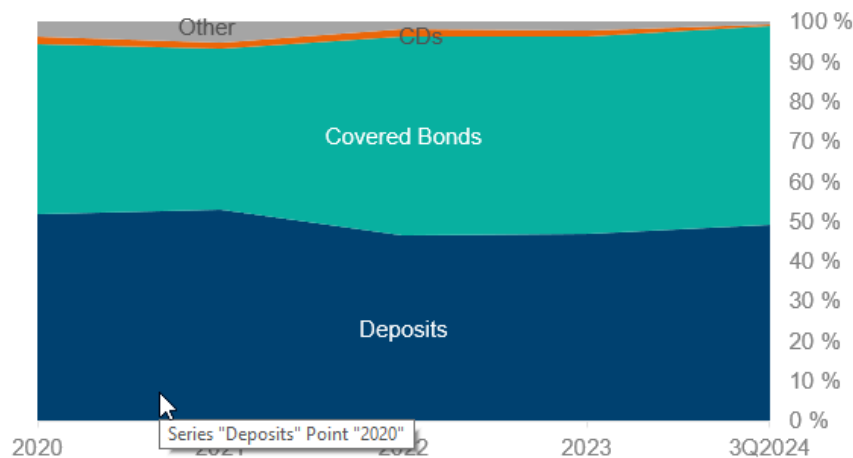
Diversified Funding Profile



Maturity Profile



Funding Structure



- Covered bond program was inaugurated in 2016
 - Issuer is the group parent, no separate entity
 - Larger issues (≥ 250 million) LCR level 2A eligible
- Deposit funding collected through 100% subsidiary bank "Suomen Asuntohypopankki"
- NSFR 115.7% (112% as at ye2023)
- Deposits through the AsuntoHypoPankki subsidiary form currently ~49% of total funding
- Covered bonds currently ~50% of total funding
- Domestic CD program supports short term funding needs

Covered Bonds

Bloomberg ticker: SUOHYP Corp



- Issuer is the Group parent, no separate covered bond issuer
- 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 1,720 million
- Two cover pools:
 - Pool 1 for issues done under previous Covered Bond Act 688/2010
 - Pool 2 for **new issuance** under Act 151/2022 (European Covered Bond Premium)
- Current WALTV's for pools 34.2% and 21.7%
- Current nominal overcollateralization for pools 29.0% and 27.5%
 - Commitment to keep the OC, in both pools, all times at a level commensurate with a 'AAA' rating from S&P Global Ratings

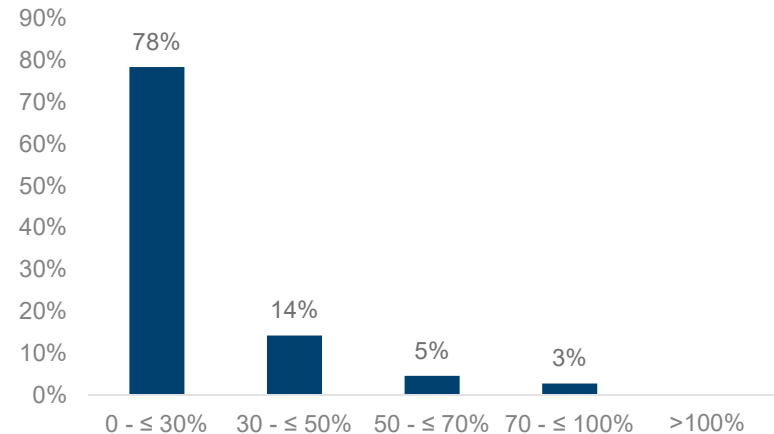
Type	ISIN	Issue Date	Maturity Date	Nominal (m€)	Coupon	Pricing
Covered – Pool 1	FI4000375092	13.3.2019	13.3.2026	300	Fixed +0.5	MS +15
Covered – Pool 1	FI4000496344	24.3.2021	24.3.2031	300	Fixed +0.01	MS +6
Covered – Pool 1	FI4000522420 (own use)	20.4.2022	20.4.2025	70	Float EUB 3M +7 bps	
Covered – Pool 1	FI4000375092 (tap)	26.4.2022	13.3.2026	150	Fixed +0.5	private placement
Covered – Pool 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
Covered – Pool 2	FI4000570684	10.4.2024	10.4.2029	300	Fixed +3.125	MS +43

Cover Asset Pool 2 - Data (1/2)



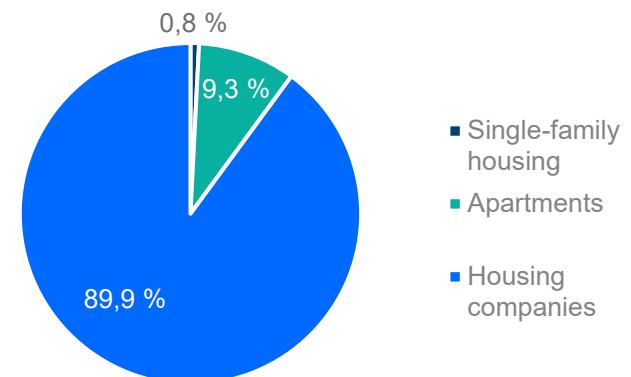
- Applicable law: Act 151/2022
- European Covered Bond (Premium)
- Pool type: dynamic
- Collateral:
 - Maximum LTV limit 80%
 - Finnish residential collateral, located in prime growth centers
 - Collateral valuations updated quarterly
 - Current Pool WALTV 21.7%
 - Interest rate: floating 99.4 %, fixed 0.6 %
 - Principal repayment loans
- No non-performing loans in the cover pool
- No arrears (>30 days)
- Well-seasoned mortgage cover pool (62 months)

LTV Distribution

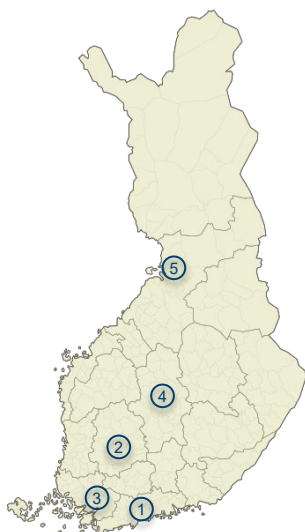


- Asset categories:
 - 100% Finnish residential assets
 - Retail mortgages
 - Housing company residential mortgages (common debt between multiple individuals)

Pool Collateral Types



Cover Asset Pool 2 - Data (2/2)



Geographical Distribution as at 30.9.2024

	Region	Major City	Share of the Pool
1	Uusimaa	Helsinki	73%
2	Pirkanmaa	Tampere	9%
3	Varsinais-Suomi	Turku	11%
4	Central Finland	Jyväskylä	2%
5	North Ostrobothnia	Oulu	3%

- Hypo's strategic choice is to operate mostly in prime growth centers

Pool Resilient to House Price Decline

LTV	House Price Decline				
	0%	10%	20%	30%	40%
0- ≤ 40%	994	963	919	865	765
40- ≤ 70%	124	130	157	190	243
70- ≤ 100%	29	49	58	63	75
>100%		5	14	29	64
Pool total (nominal), EUR million	1,147	1,142	1,133	1,118	1,083
OC (nominal)	27.4%	26.9%	25.9%	24.2%	20.3%

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

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Sustainability

Sustainability – Natural part of Hypo's operations



- Hypo's Aim
 - Hypo's aim as a mortgage lender is to improve the wellbeing and prosperity of our customers through home ownership
- Opportunity to Hypo
 - Concrete climate change mitigation measures, such as increased energy efficiency projects and renovation projects to promote renewable energy sources, are an opportunity to Hypo's business
- Timeline
 - Work to assess risks related to sustainability, climate and environment has started in Hypo and is progressing well
 - The Group will start applying the Taxonomy Regulation and the Sustainability Reporting Directive (CSRD) for the financial year starting January 1, 2026.

Read more about 3Q2024:

Interim Report



Credit Update



Covered Bond Transparency Report



Hypo's Investor Pages





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