



Covered Bond Transparency Information

# The Mortgage Society of Finland

Information as at March 31, 2025

Published on May 9, 2025

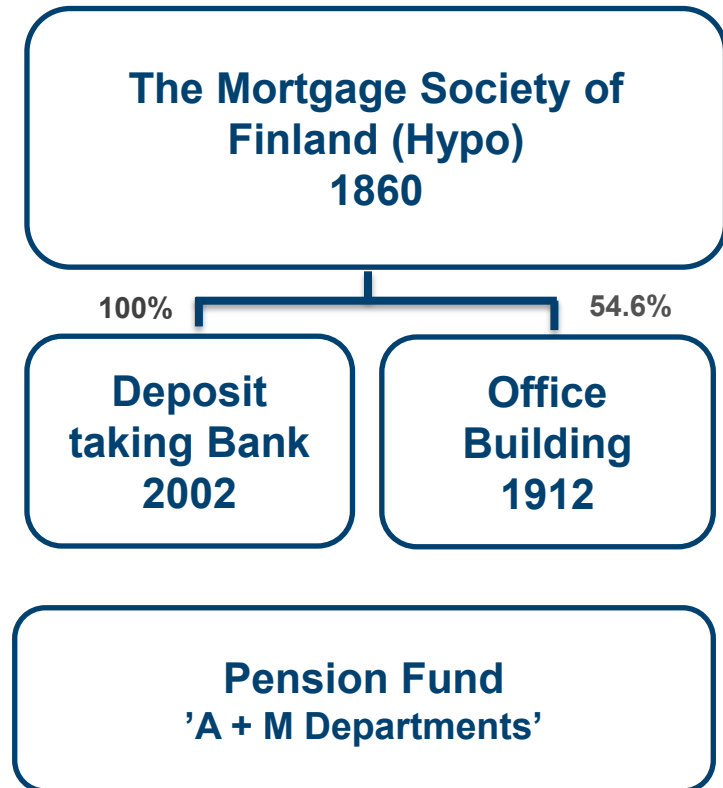
# About the Issuer



# 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 0.44% (31.3.2025)
- Total assets EUR 3.5 billion (31.3.2025)
- 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

- Niche residential mortgage financier in Finland
- Expectation of ongoing business stability given selective business underwriting which partly offsets concentrated business profile
- Well positioned for further loan growth and to increase operational efficiency

### 2. Hypo capital and earnings

+2

- Very strong risk-adjusted capitalization (RAC)
- Profit retention as a Mutual company, profits only 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 – 31.3.2025



- 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 mostly 20% (Basel IV standard method)
    - All collateral located in selected prime growth centers
  - Total amount outstanding EUR 1,720 million
- Current WALTV's for pools 33.6% and 21.5%
  - Current nominal overcollateralization for pools 26.0% and 26.7%
    - 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

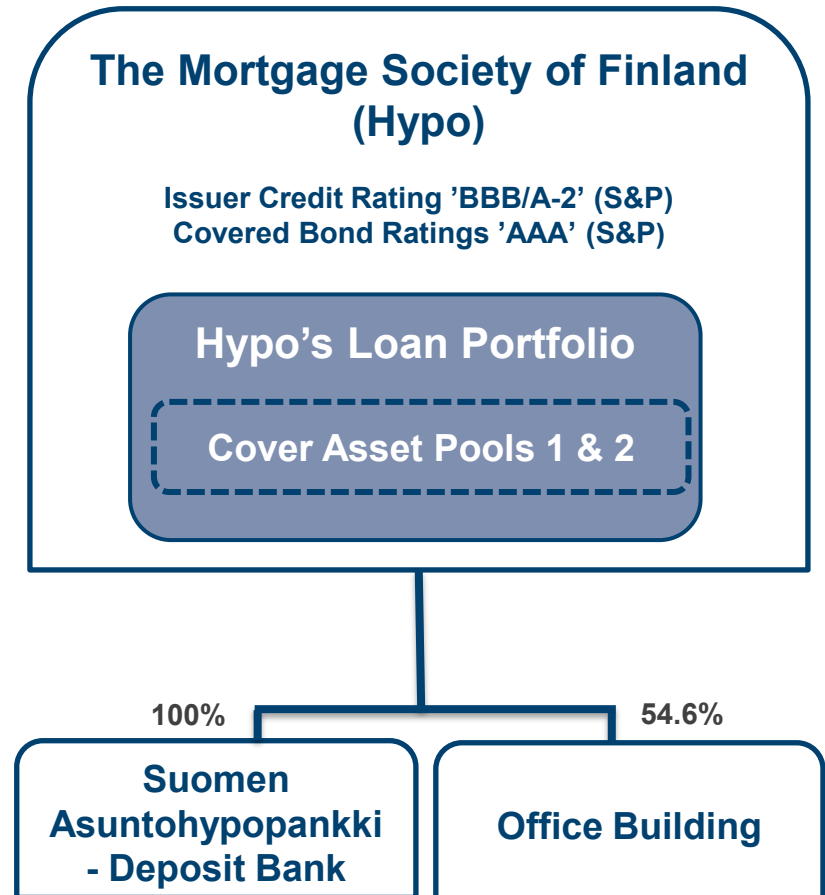
Type	ISIN	Issue Date	Maturity Date	Nominal (m€)	Coupon	Pricing
Covered – Pool 1	FI4000375092	13.3.2019	13.3.2026	300	Fixed +0.5	MS +15
Covered – Pool 1	FI4000496344	24.3.2021	24.3.2031	300	Fixed +0.01	MS +6
Covered – Pool 1	FI4000522420 (own use)	20.4.2022	20.4.2025	70	Float EUB 3M +7 bps	
Covered – 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

SECURE WAY FOR BETTER LIVING.

# 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)



## Cover Asset Pool 2

### Act 151/2022

- came into force on July 8, 2022
- all new issuance is done under this Act





# Eligibility Criteria for Cover Pool 2



<b>Origination</b>	<ul style="list-style-type: none"><li>• Issuer the Mortgage Society of Finland (Hypo)</li><li>• Only mortgage loans originated by Hypo</li></ul>
<b>Assets Categories</b>	<ul style="list-style-type: none"><li>• 100% Finnish residential assets<ul style="list-style-type: none"><li>• Retail mortgages</li><li>• Housing company residential mortgages (common debt between multiple individuals)</li></ul></li></ul>
<b>Customer Credit Quality</b>	<ul style="list-style-type: none"><li>• No arrears (&gt;30 days)</li><li>• No negative credit history</li><li>• Over 65% of the pool loans have the best internal credit class 'A'</li></ul>
<b>Collateral</b>	<ul style="list-style-type: none"><li>• Maximum LTV limit 80%</li><li>• Current Pool WALTV 21.5%</li><li>• Finnish residential collateral, located in prime growth centers</li><li>• Collateral valuations updated quarterly</li><li>• Commitment to keep OC all times at the level commensurate with S&amp;P rating 'AAA'</li></ul>
<b>Type of Properties</b>	<ul style="list-style-type: none"><li>• Primary residences</li><li>• Limited liability housing companies (multiple individuals)</li></ul>
<b>Type of Products</b>	<ul style="list-style-type: none"><li>• Principal repayment mortgages<ul style="list-style-type: none"><li>• 100% floating interest rate</li></ul></li><li>• No revolving/flexible loans</li></ul>

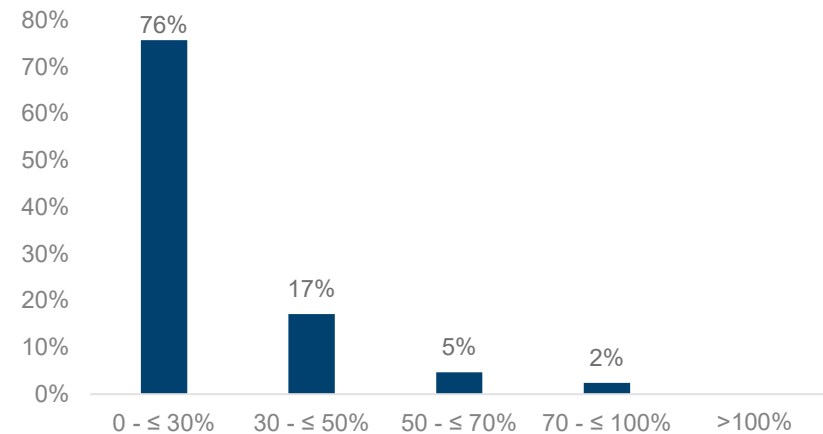
# Cover Asset Pool 2 Data (1/3)



## Pool Data as at 31.3.2025

Applicable law	Act 151/2022
Total Cover Pool (nominal)	EUR 1,140,498,062
Eligible Cover Pool	EUR 1,138,606,000
Average Loan Balance	EUR 274,885
Number of loans	4,149
Number of properties	3,181
Number of clients	3,353
WA seasoning (months)	64
WA remaining term (months)	212
WA LTV (indexed)	21.4%
WA LTV total (indexed)	21.5%
Interest	Variable 100% Fixed 0%
Loans in arrears (>30 days)	0.00%
OC level (nominal)	26.7%
OC level (eligible)	26.5%
Pool Type	Dynamic

## LTV Distribution

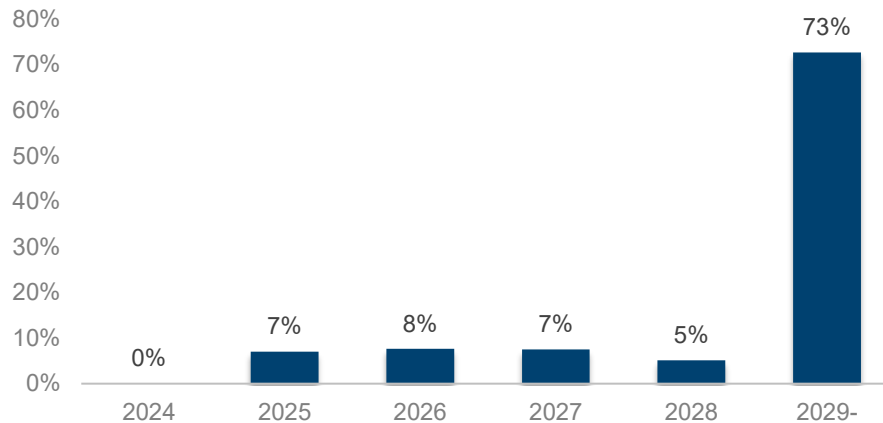


- The weighted average indexed LTV of the pool is 21.5%
- No non-performing loans in the cover pool
- No arrears
- Well-seasoned mortgage cover pool

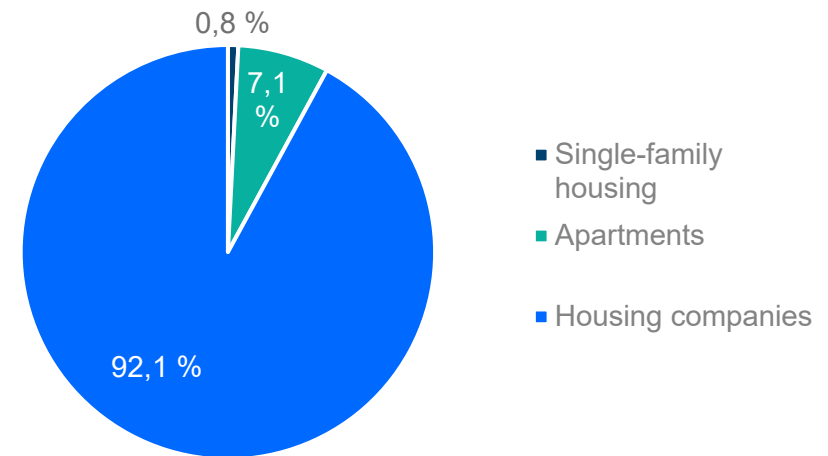
# Cover Asset Pool 2 Data (2/3)



## Pool Loan Maturity Profile Contractual Amortizations



## Pool Collateral Types



- Pool composition: 8% of retail mortgages and 92% 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

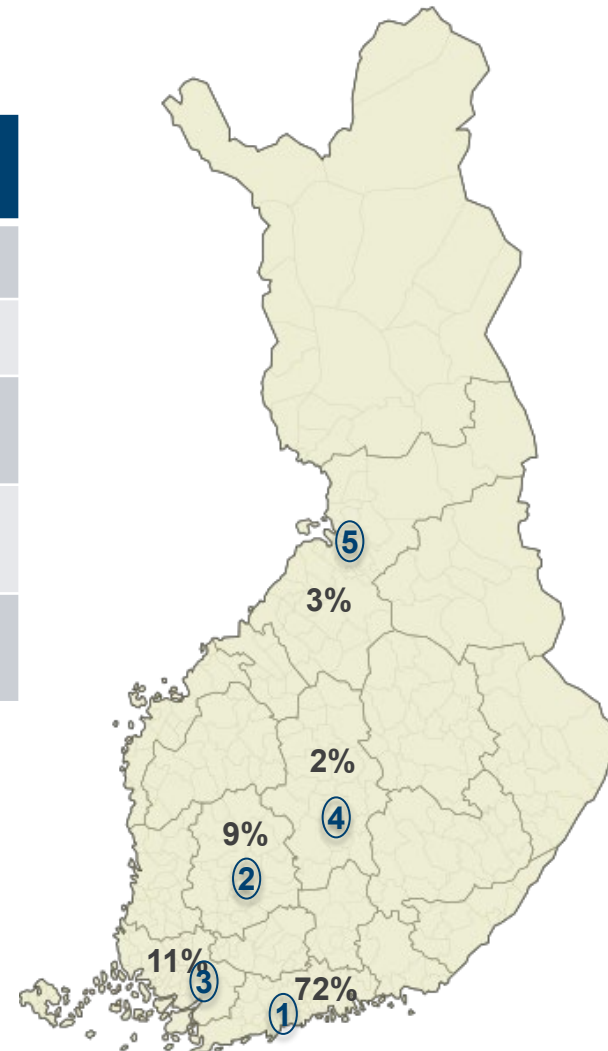
# Cover Asset Pool 2 Data (3/3)



## Geographical Distribution as at 31.3.2025

	Region	Major City	Share of the Pool
1	Uusimaa	Helsinki	72%
2	Pirkanmaa	Tampere	9%
3	Varsinais-Suomi (Southwest Finland)	Turku	11%
4	Keski-Suomi (Central Finland)	Jyväskylä	2%
5	Pohjois-Pohjanmaa (North Ostrobothnia)	Oulu	3%

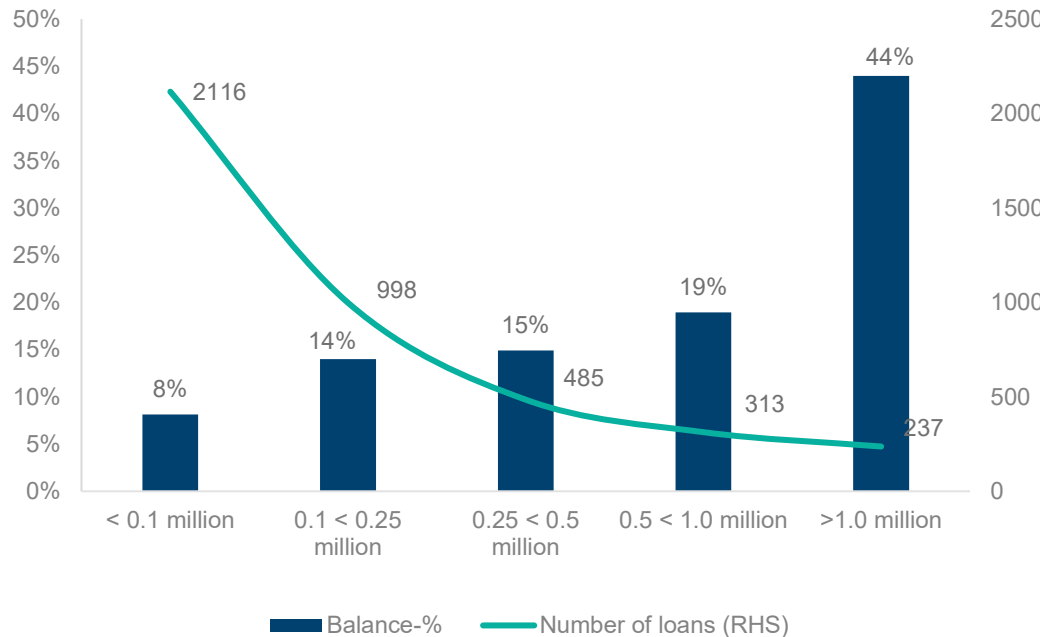
Hypo's strategic choice is to operate mostly in prime growth centers.



# Cover Pool 2 Loan Size Distribution



Loan Size Distribution:  
Share and Number of Loans



- 22% 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%	996	966	901	842	762
40- ≤ 70%	116	125	179	216	249
70- ≤100%	28	40	42	55	77
>100%		8	18	28	53
<b>Pool total (nominal), EUR million</b>	1,140	1,132	1,122	1,113	1,087
<b>OC (nominal)</b>	26.7%	28.8%	24.7%	23.6%	20.8%

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

# Cover Asset Pool 1

**Act 688/2010**

- repealed on July 8, 2022



# Eligibility Criteria for Cover Pool 1



<b>Origination</b>	<ul style="list-style-type: none"><li>• Issuer the Mortgage Society of Finland (Hypo)</li><li>• Only mortgage loans originated by Hypo</li></ul>
<b>Assets Categories</b>	<ul style="list-style-type: none"><li>• 100% Finnish residential assets<ul style="list-style-type: none"><li>• Retail mortgages</li><li>• Housing company residential mortgages (common debt between multiple individuals)</li></ul></li></ul>
<b>Customer Credit Quality</b>	<ul style="list-style-type: none"><li>• No arrears (&gt;30 days)</li><li>• No negative credit history</li><li>• Over 65% of the pool loans have the best internal credit class 'A'</li></ul>
<b>Collateral</b>	<ul style="list-style-type: none"><li>• Maximum LTV limit 70%</li><li>• Current Pool WALTV 33.6%</li><li>• Finnish residential collateral, located in prime growth centers</li><li>• Collateral valuations updated quarterly</li><li>• Commitment to keep OC all times at the level commensurate with S&amp;P rating 'AAA'</li></ul>
<b>Type of Properties</b>	<ul style="list-style-type: none"><li>• Primary residences</li><li>• Limited liability housing companies (multiple individuals)</li></ul>
<b>Type of Products</b>	<ul style="list-style-type: none"><li>• Principal repayment mortgages<ul style="list-style-type: none"><li>• 97% floating interest rate</li></ul></li><li>• No revolving/flexible loans</li></ul>



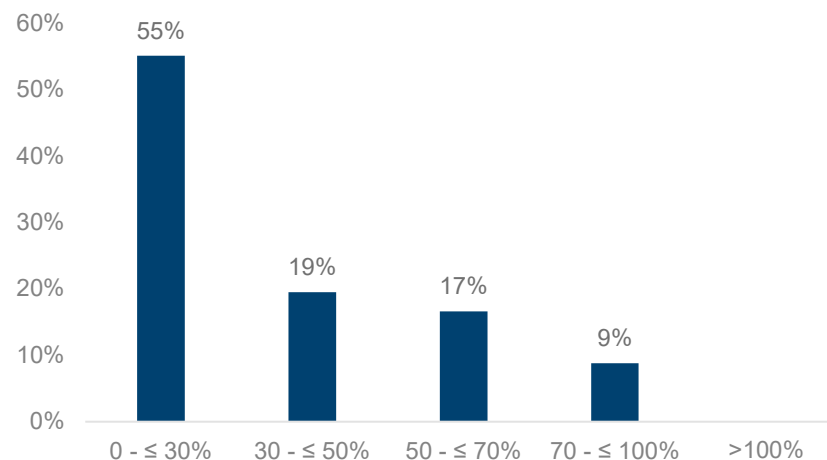
# Cover Asset Pool 1 Data (1/3)



## Pool Data as at 31.3.2025

Applicable law	Act 688/2010
Total Cover Pool (nominal)	EUR 1,033,251,659
Eligible Cover Pool	EUR 1,022,115,000
Average Loan Balance	EUR 118,583
Number of loans	5,479
Number of properties	4,728
Number of clients	5,547
WA seasoning (months)	55
WA remaining term (months)	227
WA LTV (indexed)	33.0%
WA LTV total (indexed)	33.6%
Interest	Variable 97% Fixed 3%
Loans in arrears (>30 days)	0.00%
OC level (nominal)	26.0%
OC level (eligible)	24.6%
Pool Type	Dynamic

## LTV Distribution

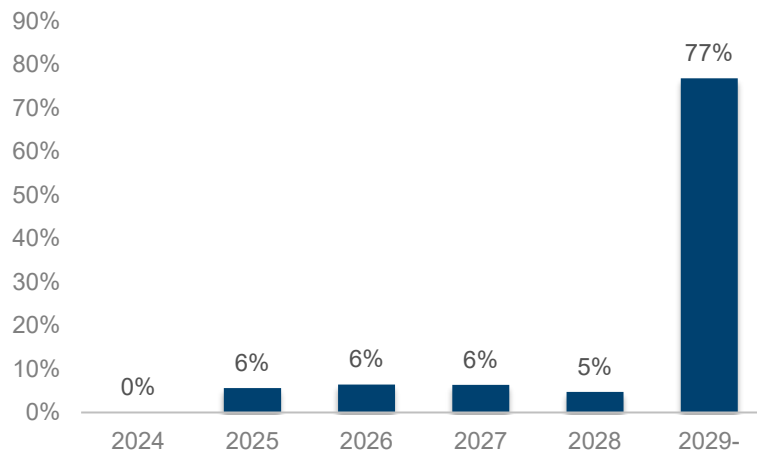


- The weighted average indexed LTV of the pool is 33.6%
- No non-performing loans in the cover pool
- No arrears
- Well-seasoned mortgage cover pool

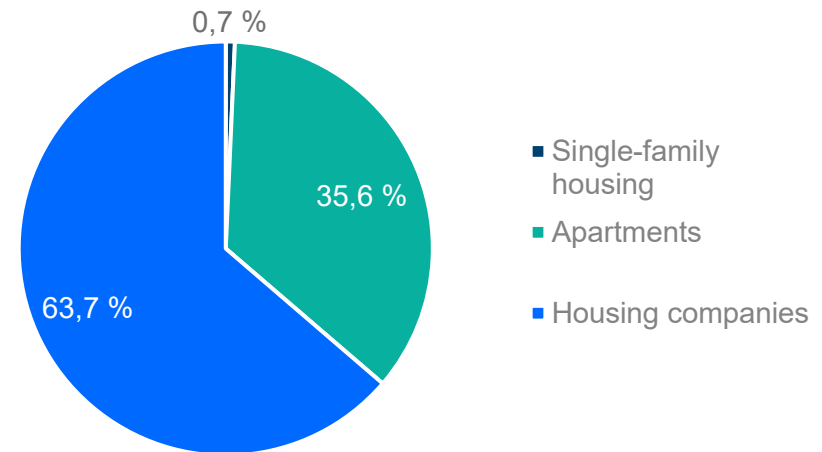
# Cover Asset Pool 1 Data (2/3)



## Pool Loan Maturity Profile Contractual Amortizations



## Pool Collateral Types



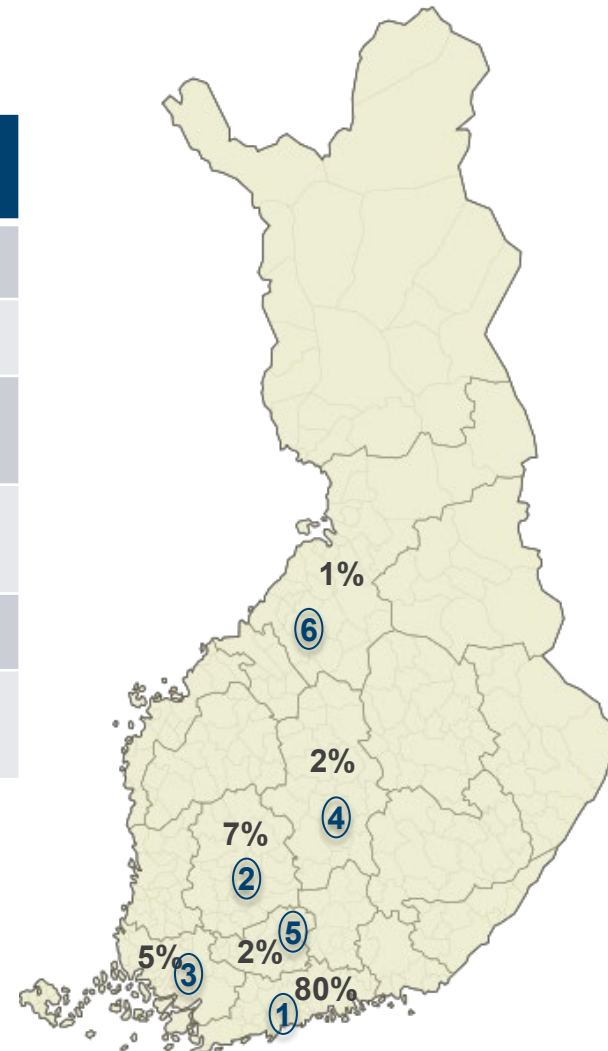
- Balanced pool composition: 36% of retail mortgages and 64% of housing company residential mortgages
- All loans with contractual repayment schedule
- Stable amortization profile
- No public sector loans in the pool
- Currently no substitute assets in the pool

# Cover Asset Pool 1 Data (3/3)



## Geographical Distribution as at 31.3.2025

	Region	Major City	Share of the Pool
1	Uusimaa	Helsinki	80%
2	Pirkanmaa	Tampere	7%
3	Varsinais-Suomi (Southwest Finland)	Turku	5%
4	Keski-Suomi (Central Finland)	Jyväskylä	2%
5	Kanta-Häme	Hämeenlinna	2%
6	Pohjois-Pohjanmaa (North Ostrobothnia)	Oulu	1%

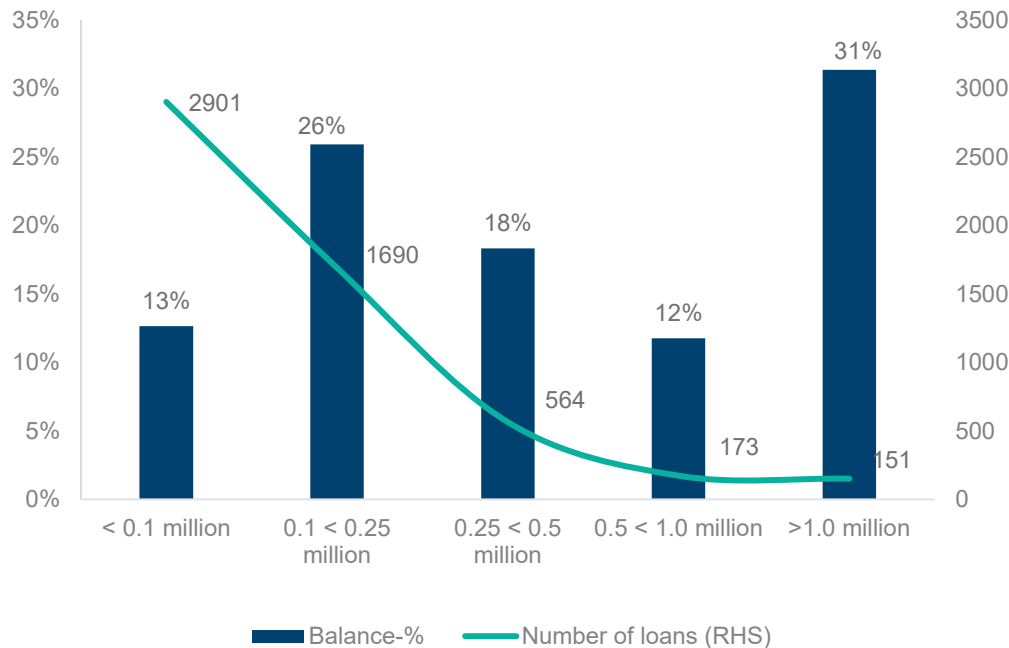


Hypo's strategic choice is to operate mostly in prime growth centers.

# Cover Pool 1 Loan Size Distribution



Loan Size Distribution:  
Share and Number of Loans



- 39% 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%	676	629	586	547	478
40- ≤ 70%	267	254	243	206	212
70- ≤100%	91	136	166	189	171
>100%		13	39	91	172
<b>Pool total (nominal), EUR million</b>	1,033	1,020	994	942	861
<b>OC (nominal)</b>	26.0%	24.4%	21.3%	14.9%	5.0%

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

# Contact

[www.hypo.fi/en/investor-relations/](http://www.hypo.fi/en/investor-relations/)

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