

Hypo Investor Update 1Q2025

Debt Investor Presentation



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HYPO

Secure Way for Better Living

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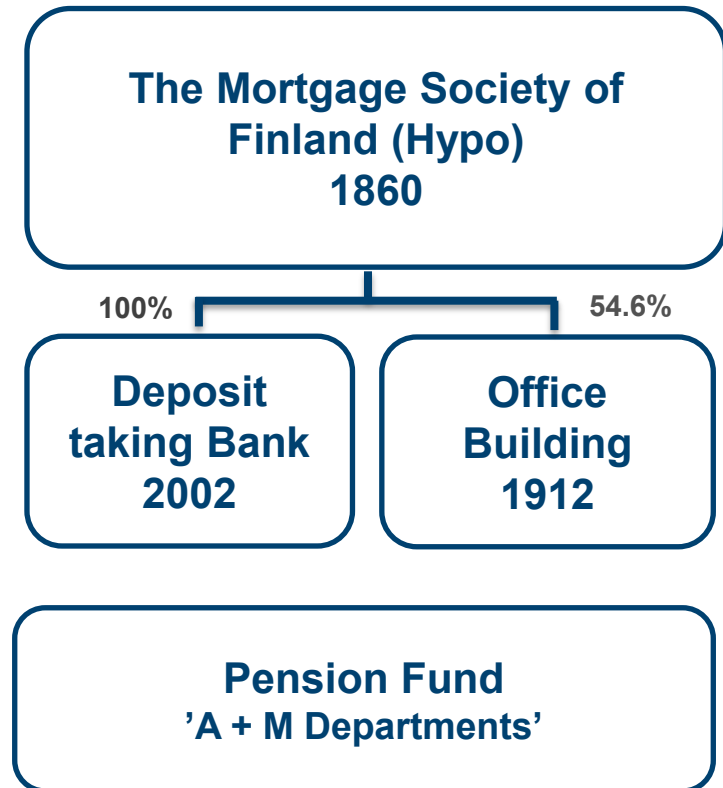
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Hypo Group Overview



- 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)

Hypo Leading the Debate on Finnish Mortgage Market



Hypon Ari Pauna täräyttää ja puhuu pakosta: "Pankkien ja kuntien määristä ainakin nolla pois"

15.4.2021 04:30 [PANKIT](#) [FINANSSI](#) [TILINPÄÄTÖS](#)



Taloyhtiöiden maineen pilaaminen harmittaa asuntorahoitusmiestä

Hypoteekkiyhtiön Ari Pauna on pöytäkirjoissa viime vuosien lopulta ollut kova asuntorahoitusmiestä. Hän on ollut taloyhtiöiden ja pankkien välillä, ja Pauna on ollut taloyhtiöiden keskeisessä roolissa asuntorahoituksen osana ja osana asuntorahoituksen osana.



Talous

14.3.2025 07:14 · Päivitetty: 14.3.2025 07:24

Tilasto korjasi ohintaennustettaan väin: markkinoilla on a huolia

Kaupparehti 27.3.2024 Suoraan asiaan

ASUMINEN

Tällaisia alueita kannattaa nyt vilkuilla, jos toiveissa on asunnon arvon nousu, sanoo Hypon Juho Keskinen

Hypon pääekonomistiksi nimitetty Juho Keskinen paljastaa pahimman asuntomarkkinamokansa ja kertoo, kuka pelastaa Suomen asuntomarkkinat.

Hypo odottaa asuntojen hintojen kääntyvän nousuun loppuvuodesta

"Kasvu käynnistyy vanhoista osakeasunnoista, kun uusien asuntojen syväjää sulaa hitaammin."



Kerrostalon sisäpiha Helsingin Kampissa kuvattuna toukokuussa 2023. Kuva: Terhi Liimu / Yle

STT 12.3. 2:07

Hypo pani taas kunnat järjestyk Vain yksi kaupunki saa AA-luok

Hypon tuore asuntoluottoluokitus kertoo, mitkä kuuluvat parhaaseen A-ryhmään, mitkä taas put heikompaan BBB-luokkaan.



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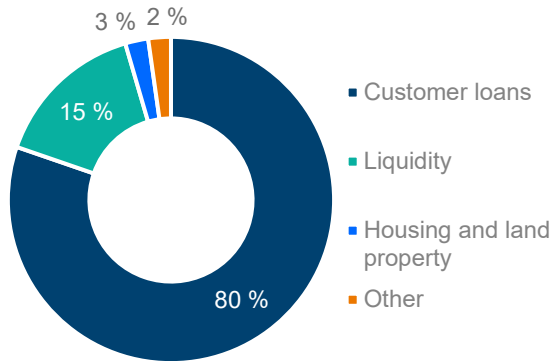
Financial Results



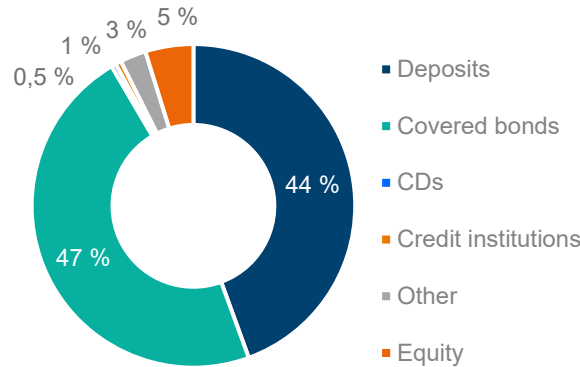
Strong Balance Sheet



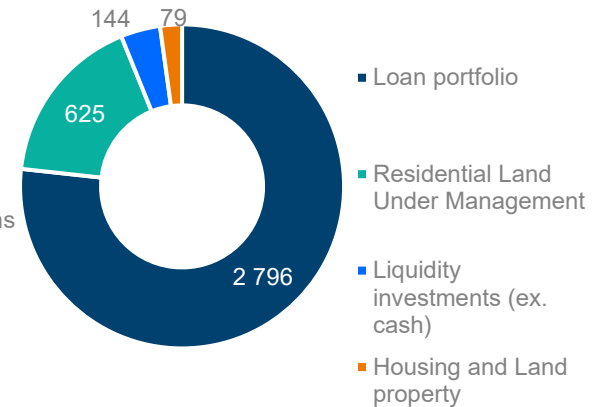
Total Assets



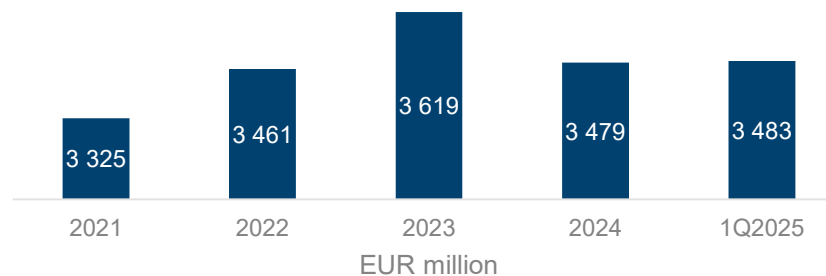
Liabilities and Equity



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



Balance Sheet Total

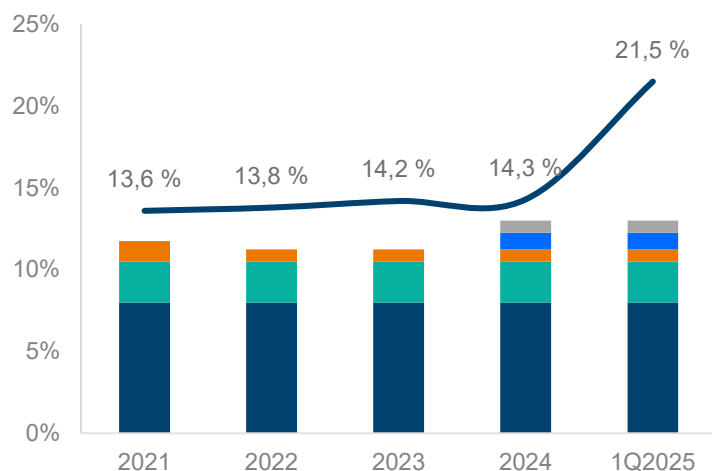


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Solid Capital Basel IV Standard Approach



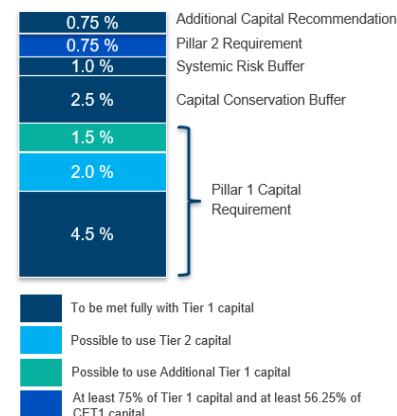
Capitalisation



- Additional Capital Recommendation (left axis)
- Systemic Risk Buffer, m€ (left axis)
- Pillar 2 Requirement, m€ (left axis)
- Capital Conservation Buffer, m€ (left axis)
- Pillar 1 Requirement, m€ (left axis)
- CET1%

- Mutual company: all profits are retained and added to the core capital
- S&P's Risk Adjusted Capital 18.7% on 31.12.2024
- Total Capital Ratio 21.5%, all CET1 on 31.3.2025

Pillar 1 Capital Requirement	8.00%
Capital Conservation Buffer	2.50%
Systemic Risk Buffer	1.00%
Pillar 2 Requirement	0.75%
Additional Capital Recommendation	0.75%
→ Total Capital Requirement	13.00%



- EUR 3.7 million of hidden reserves in housing property (not marked-to-market) and EUR 7.9 million of surplus in Pension Fund
 - Inclusion into CET1 would raise the ratio to 22.8%
- Basel IV standardized approach risk weights
 - Lending with residential collateral: 20% risk weight
 - Housing and land investments: 100% risk weight

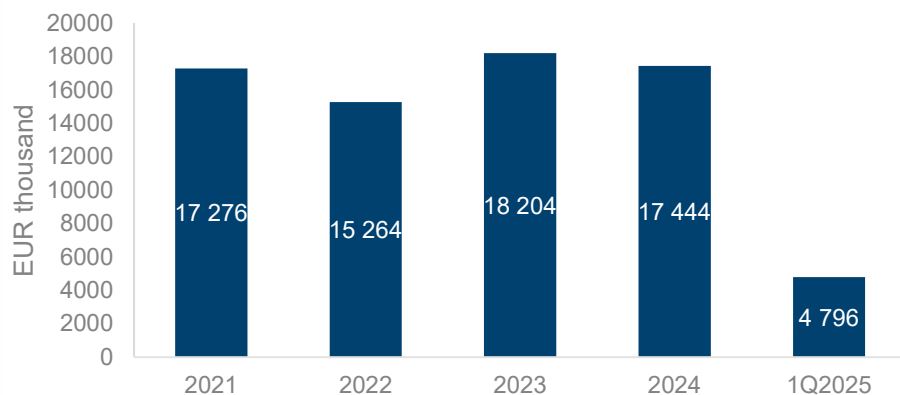
Group Income Statement



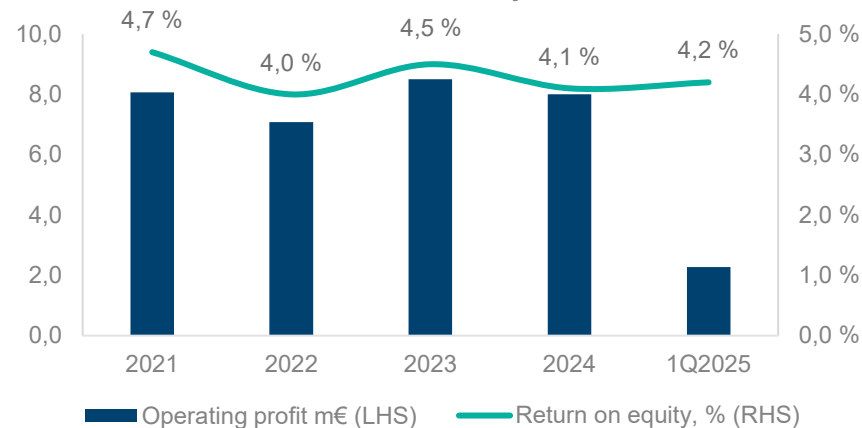
(EUR 1,000)	1-3/2025	1-3/2024	2024	2023
Net Interest Income	4,796	4,793	17,444	18,204
Net Fee and Commission Income	1,109	1,148	5,655	4,697
Total Other Income	1,031	399	1,490	2,106
Total expenses	-4,663	-4,271	-16,581	-16,504
Operating Profit	2,273	2,069	8,008	8,503

- In January-March 2025 Hypo Group's operating profit was EUR 2.3 million (EUR 2.1 million)
- Net interest income was at the same level as last year, EUR 4.8 million (EUR 4.8 million)
- Net Fee and Commission Income totaled EUR 1.1 million (EUR 1.1 million)
- Total other income (incl. treasury operations and housing and residential land) amounted to EUR 1.0 million (EUR 0.4 million)
- Expenses remained almost on the same level as last year at EUR 4.7 million (EUR 4.3 million)

Net Interest Income



Profitability



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Group Key Financial Figures

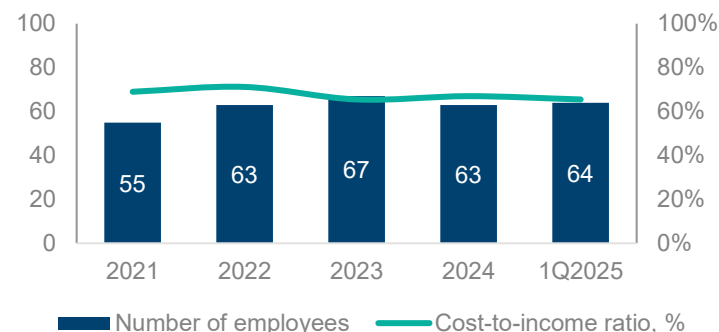


	1-3/2025	1-3/2024	2024	2023
Return on Equity (ROE), %	4.2	4.3	4.1	4.5
Common Equity Tier 1 (CET1), %	21.5	14.6	14.3	14.2
Cost-to-income, %	65.5	67.4	67.0	65.5
Non-performing loans (NPL), %	0.44	0.20	0.43	0.19
Loan to value (LTV), %	30.8	30.3	31.1	30.3
Loans/ deposits, %	180.6	163.5	180.0	178.2
Receivables from the public (m€)	2,796	2,795	2,792	2,786
Balance sheet total (m€)	3,483	3,725	3,479	3,619

- Cost-to-income ratio was 65.5% (67.0% as at ye2024)

- Total assets were EUR 3.5 billion and receivables from the public EUR 2.8 billion
- CET1 ratio was 21.5% (14.3% as at ye2024) and equity amounted to EUR 167.3 million (165.7 million as at ye2024)
 - Basel IV came into force January 1, 2025
- Group's financial position remained stable throughout the period
- Strong credit profile with both very low NPLs and LTV's

Cost-to-Income Ratio (%) and Number of Permanent Employees



Hypo's Loan Book

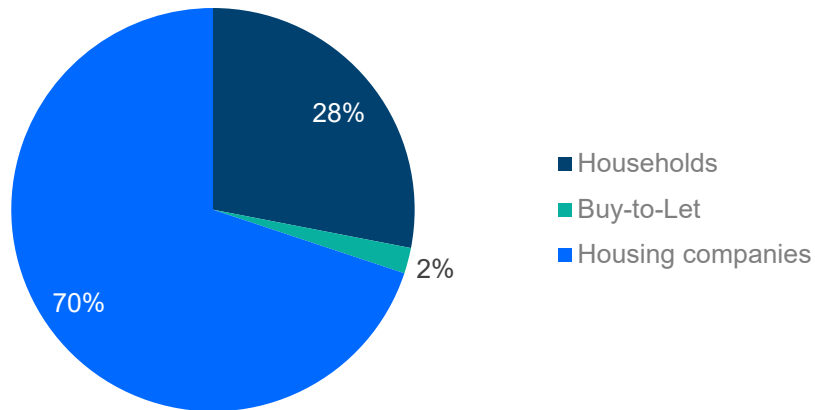


Loan Book Overview

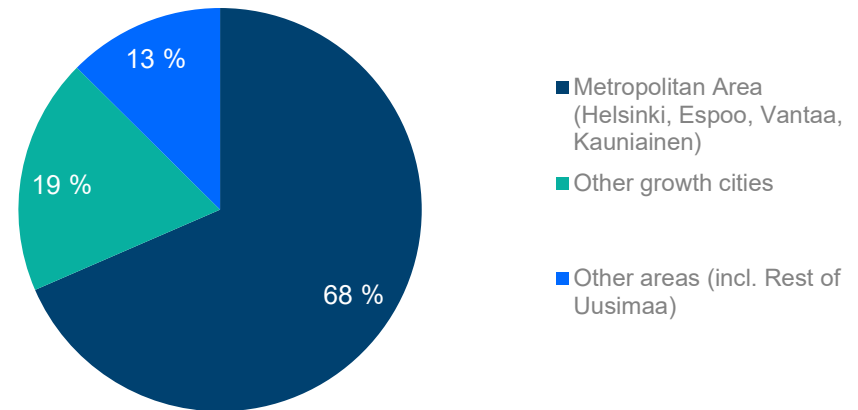


- Hypo's loan book is EUR 2,796 million
- Mortgage loans are secured by residential property
- Collateral requirement is set in the Finnish Act on Mortgage Societies
- Two main customer groups
 1. Housing companies: renovation loans
 2. Households: home mortgage, buy-to-let

Lending by Customer Type

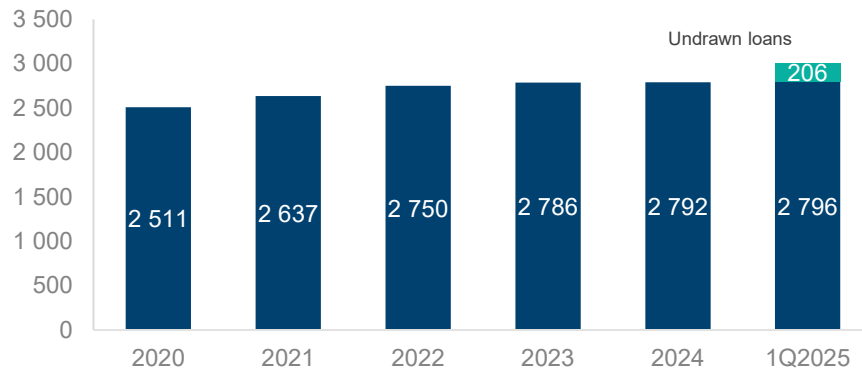


Loan Book by Customer Domicile

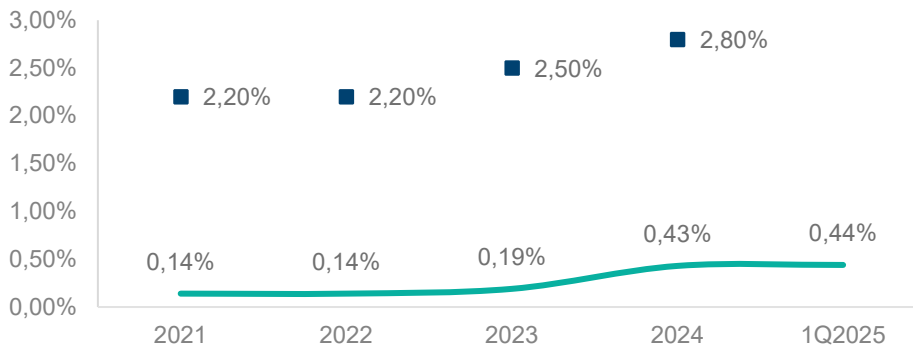


Loan Book Quality Excellent

Hypo Loan Book Total, m€



Non-performing Loans (%)



— NPL %, Hypo

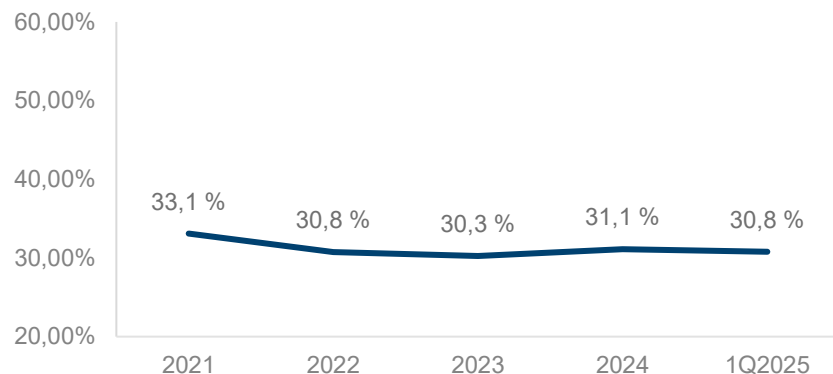
■ Finnish banks' average NPLs for households located in Finland (Source: FIN-FSA)

- During the financial period, the loan portfolio increased by 0.2% and totaled EUR 2,796 million
- Currently EUR 206 million undrawn loans
- All lending is against residential collateral
- Only EUR denominated lending
- All collateral is located in Finland
- Strategic concentration in the Helsinki Metropolitan Area and other specified growth areas
- Non-performing loans remained low at 0.44% of total loans
- The quality of the loan book is well above the Finnish banks' average NPLs for households located in Finland

Loan Book Securely Collateralised

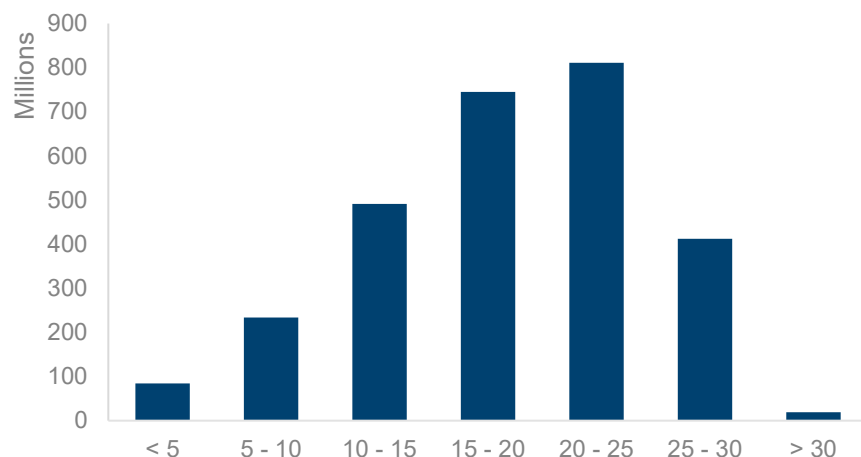


Hypo Loan Book Average LTV



- Low LTV combined with conservative collateral valuation makes Hypo's loan book very strong even in times of stress
- Hypo's loan portfolio is entirely secured by residential property
- The average LTV (loan-to-value) is stable at 30.8%
- Around 98% of the loans are amortizing and 2% bullets
- >90% of loan book has an LTV of max 55% and is therefore risk weighted at 20%
- The weighted average maturity of a loan at the time of withdrawal is 23.5 years
- Financed properties are mainly located in the densely populated Helsinki Metropolitan Area

Loan Book by Remaining Maturity (years)

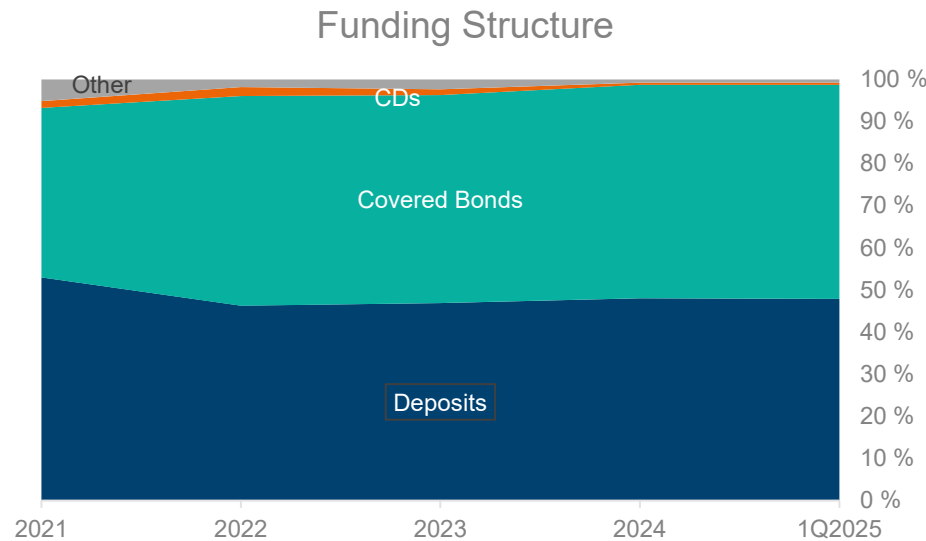
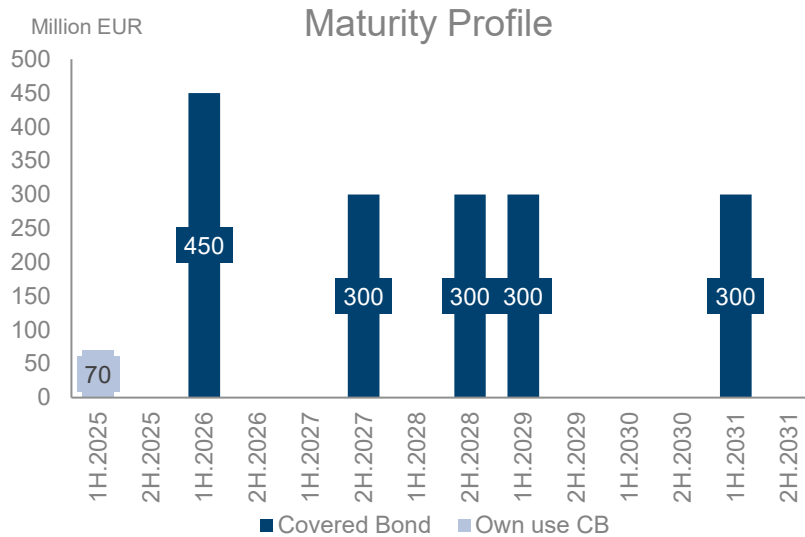


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Funding and Liquidity



Diversified Funding Profile



- Covered bond program was inaugurated in 2016
 - Issuer is the group parent, no separate entity
 - Larger issues (≥ 250 million) LCR level 2A eligible
- All Hypo's bonds are
 - Listed on the NASDAQ OMX Helsinki Oy trading list
 - Issued under Finnish legislation and Domestic programmes
- Deposit funding collected through 100% subsidiary bank "Suomen Asuntohypopankki"
- Other funding sources
 - Domestic Certificate of Deposit programme
 - ECB repo counterparty
 - Bilateral loans
- NSFR 109.9% (115.1% as at ye2024)
- Deposits through the Asuntohypopankki subsidiary form currently ~48% of total funding
- Covered bonds currently ~51% of total funding
- Domestic CD program supports short term funding needs

Covered Bonds



- 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

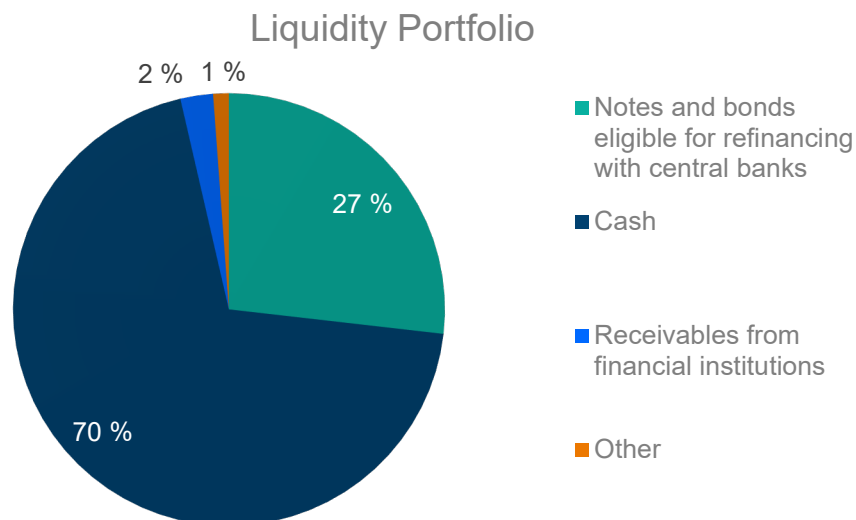
Type	ISIN	Issue Date	Maturity Date	Nominal (m€)	Coupon	Pricing
Covered – Pool 1	FI4000375092	13.3.2019	13.3.2026	300	Fixed +0.5	MS +15
Covered – Pool 1	FI4000496344	24.3.2021	24.3.2031	300	Fixed +0.01	MS +6
Covered – Pool 1	FI4000522420 (own use)	20.4.2022	20.4.2025	70	Float EUB 3M +7 bps	
Covered –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

Solid Liquidity Position



Liquidity portfolio EUR 536 million as of 31.3.2025

- Equaling 15.4% of total assets
- Conservative investment policy
 - 91.4% of debt securities invested in at least 'AA-' rated instruments
 - 95.8% of debt securities are ECB repo eligible
- Only EUR denominated exposure
- Hypo's domestic MTN and CD programmes support liquidity
- LCR 142.5% (183.7% as at ye2024)



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Outlook



Future Outlook in brief



- Finland's economic growth is weak amid global uncertainty, but the outlook for the economy improves towards the end of the year
- The housing market is recovering and renovation construction is increasing
- Differences between housing market areas and units become more important
- Urbanization continues
 - These increase housing sales and the demand for mortgages and housing company loans, especially in Hypo's most important operating areas
- Hypo Group focuses on strengthening its core business and profitability
- Hypo Group expects its operating profit for year 2025 to be at the same level as operating profit for 2024.
 - The outlook contains considerable uncertainties due to development in economy and interest rates as well as uncertainties related to the wars in Ukraine and Middle East and the unstable global situation.



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