



Global Investor Call

Debt Investor Presentation 1H2025

September 2025



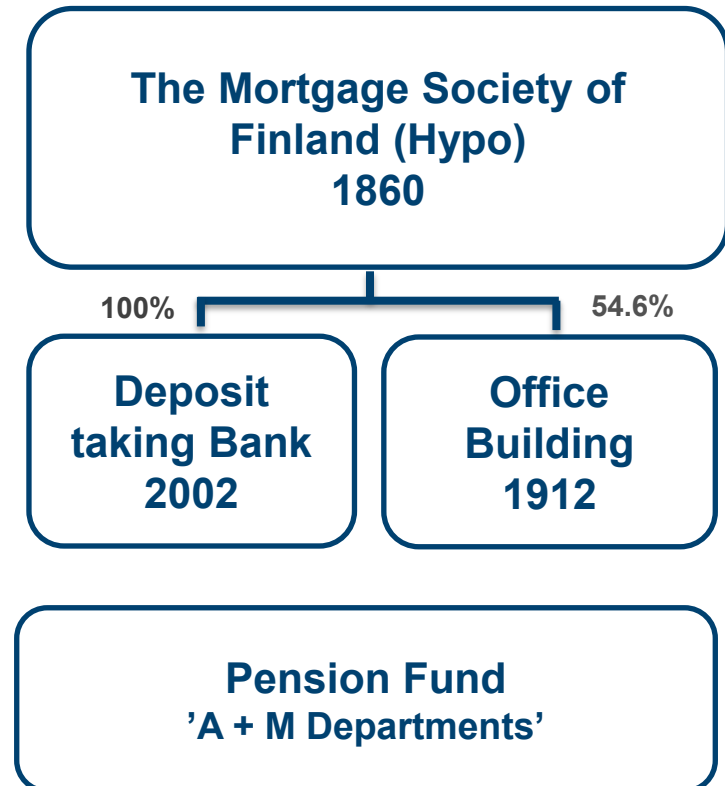


Secure Way for Better Living

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 0.39% (30.6.2025)
- Total assets EUR 3.6 billion (30.6.2025)
- 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



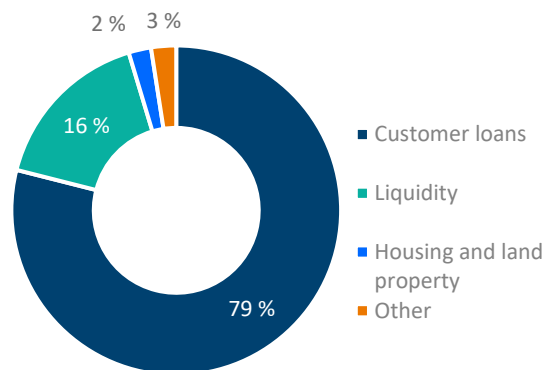
Financial Results



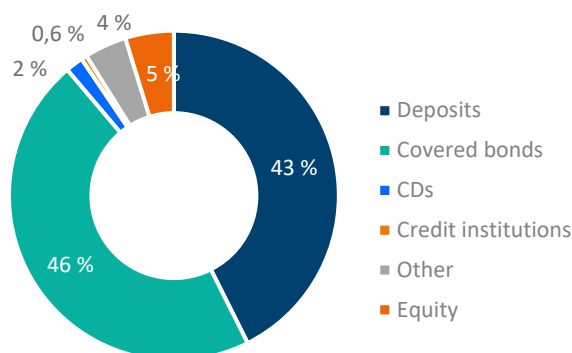
Strong Balance Sheet



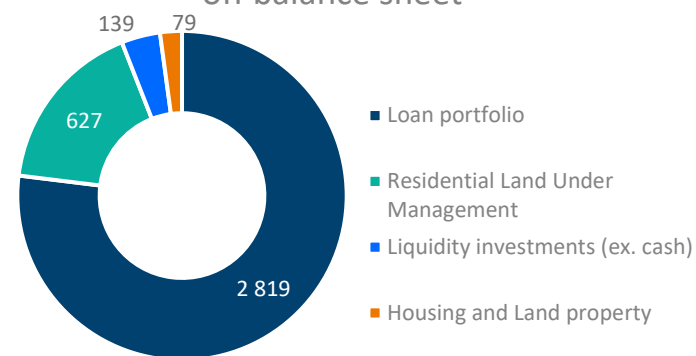
Total Assets



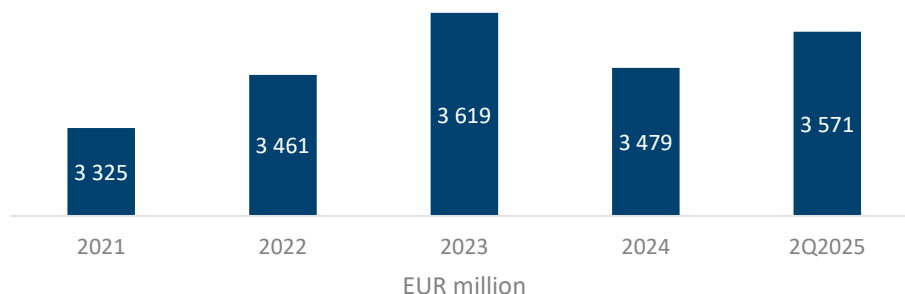
Liabilities and Equity



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



Balance Sheet Total



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Group Key Financial Figures 1H2025



GROUP'S KEY FIGURES

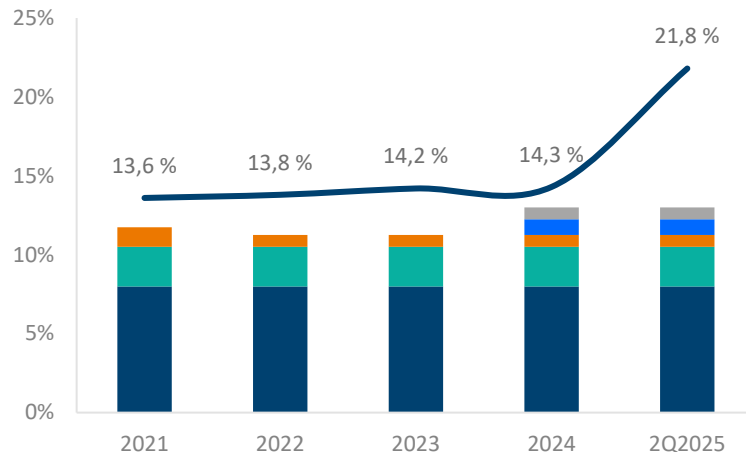
(1000 €)	1-6/2025	1-6/2024	4-6/2025	4-6/2024	1-12/2024
Net interest income	10 058	7 671	5 262	2 878	17 444
Net fee and commission income	2 935	2 934	1 827	1 786	5 655
Total other income	1 514	1 194	483	795	1 490
Total expenses	-9 315	-8 596	-4 652	-4 325	-16 581
Operating profit	5 193	3 203	2 920	1 133	8 008
Receivables from the public and public sector entities	2 819 177	2 818 787	2 819 177	2 818 787	2 791 811
Deposits	1 521 716	1 649 148	1 521 716	1 649 148	1 551 254
Balance sheet total	3 570 870	3 664 942	3 570 870	3 664 942	3 478 594
Return on equity (ROE) %	5.0	3.3	5.8	2.3	4.1
Common Equity Tier 1 (CET1) ratio %*	21.8	14.1	21.8	14.1	14.3
Cost-to-income ratio %	63.3	72.5	61.2	78.5	67.0
Non-performing assets % of the loan portfolio	0.39	0.18	0.39	0.18	0.43
LTV-ratio (Loan to Value, average) %	30.8	30.3	30.8	30.3	31.1
Loans / deposits %	185.3	170.9	185.3	170.9	180.0
Liquidity Coverage Ratio (LCR) %	232.2	328.0	232.2	328.0	183.7
Net Stable Funding Ratio (NSFR) %	110.6	115.9	110.6	115.9	115.1
Leverage Ratio (LR) %	4.4	4.0	4.4	4.0	4.3

- Net interest income increased to EUR 10.1 million (EUR 7.7 million)
- Total expenses increased to EUR 9.3 million (EUR 8.6 million)
- Group's financial position remained stable throughout the period
- Outlook: operating profit for year 2025 is expected to be at the same level as in 2024

Solid Capital Basel III Standard Approach



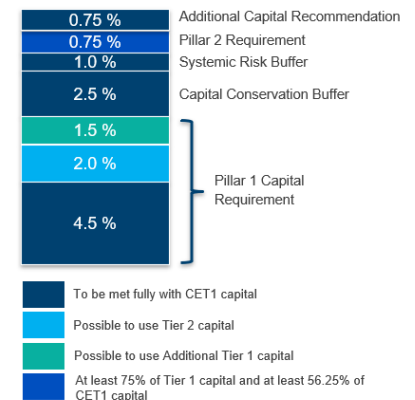
Capitalisation



- 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 21.8%, all CET1 on 30.6.2025

Pillar 1 Capital Requirement	8.00%
Capital Conservation Buffer	2.50%
Systemic Risk Buffer	1.00%
Pillar 2 Requirement	0.75%
• 1.25% from 31.12.2025 onwards	
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 8.0 million of surplus in Pension Fund
 - Inclusion into CET1 would raise the ratio to 23.1%
- Basel III standardized approach risk weights
 - Lending with residential collateral: 20% risk weight
 - Housing and land investments: 100% risk weight

Hypo's Loan Book

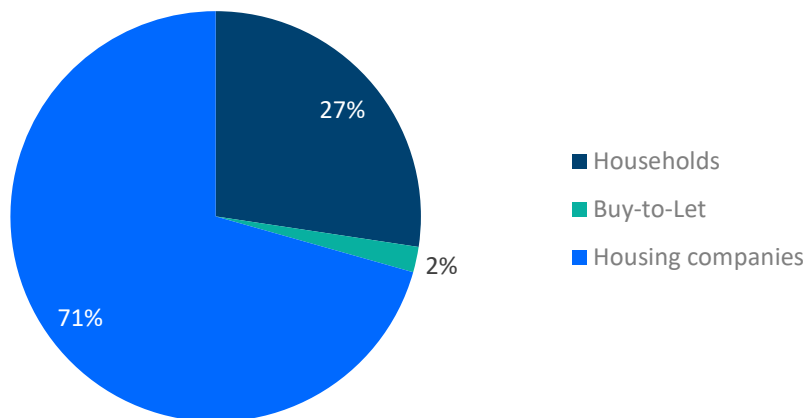


Loan Book Overview

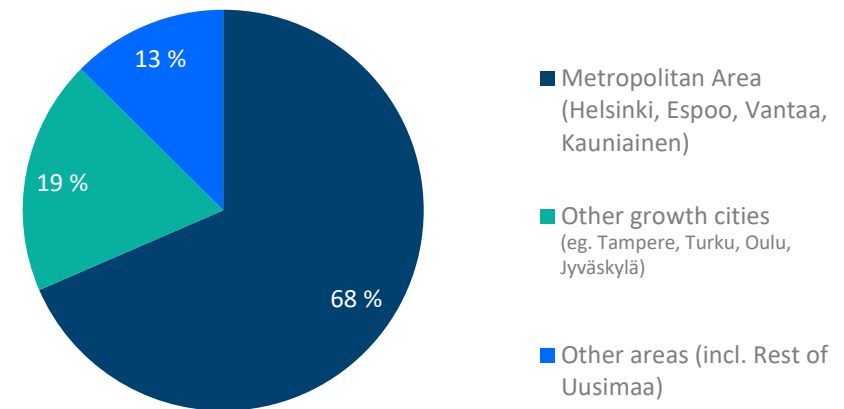


- Hypo's loan book is EUR 2,819 million
- Mortgage loans are secured by **residential property**
- Collateral requirement is set in the Finnish Act on Mortgage Societies
- Two main customer groups
 1. Housing companies: renovation loans
 2. Households: home mortgage, buy-to-let

Lending by Customer Type



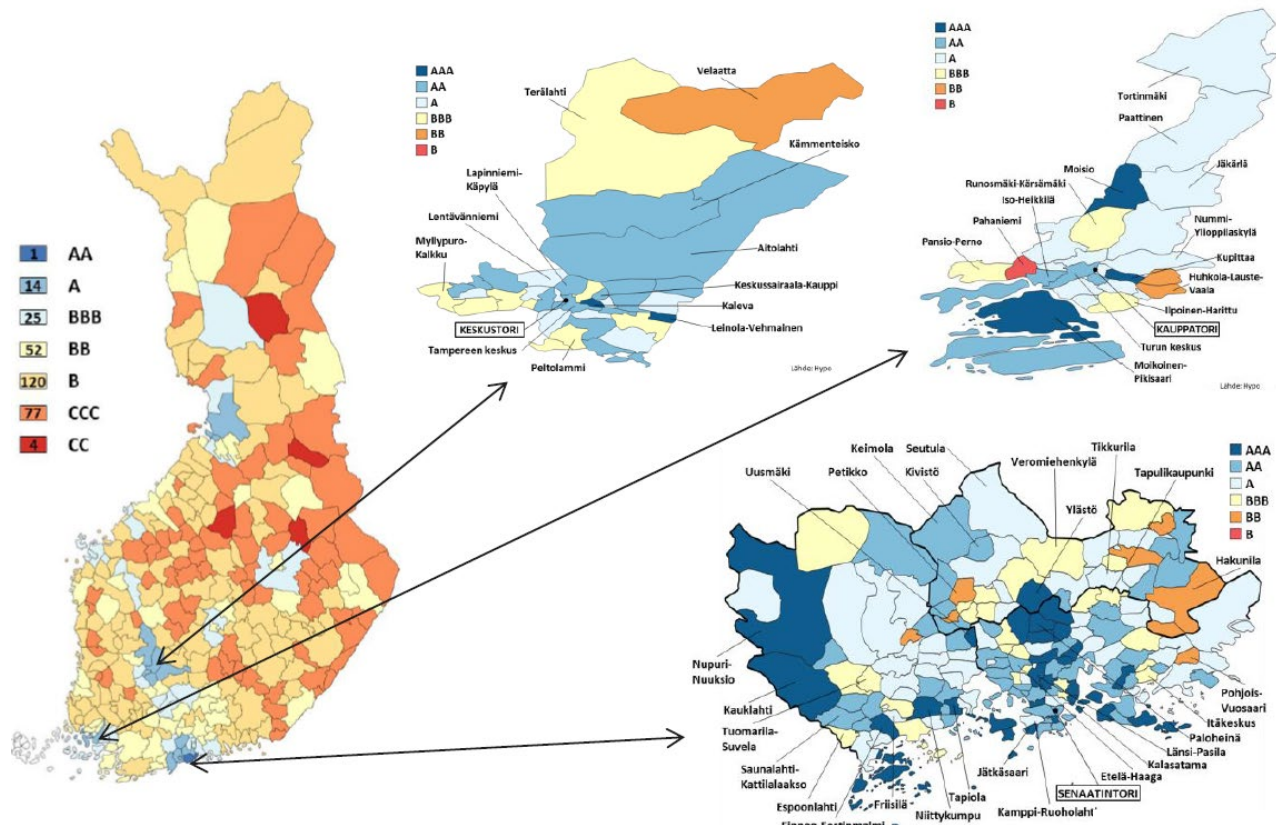
Loan Book by Customer Domicile



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
3Q2024

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Funding and Liquidity

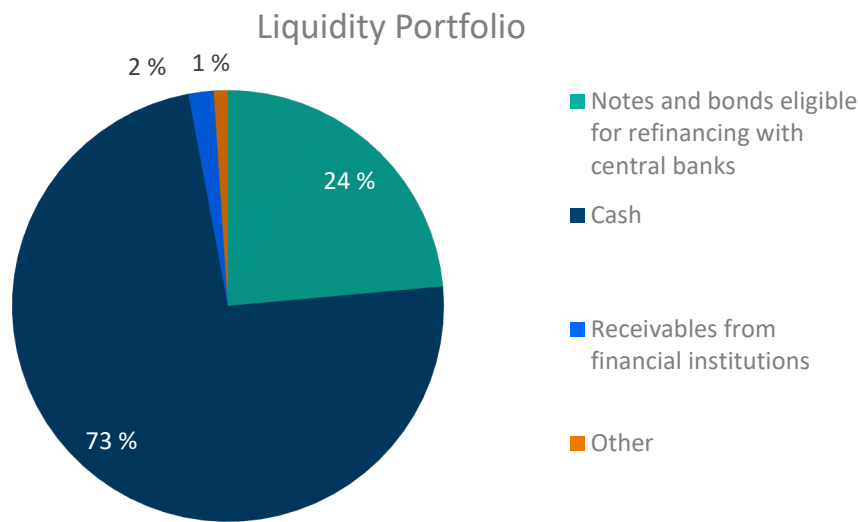


Solid Liquidity Position

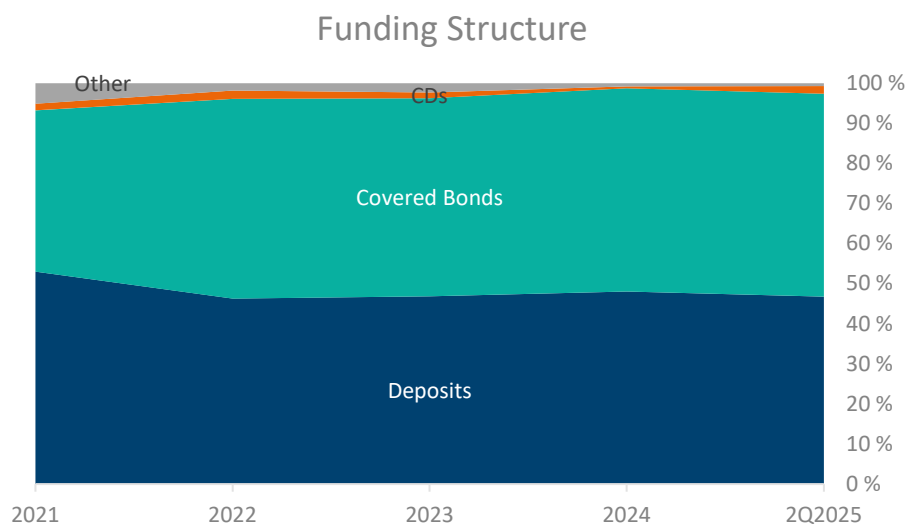
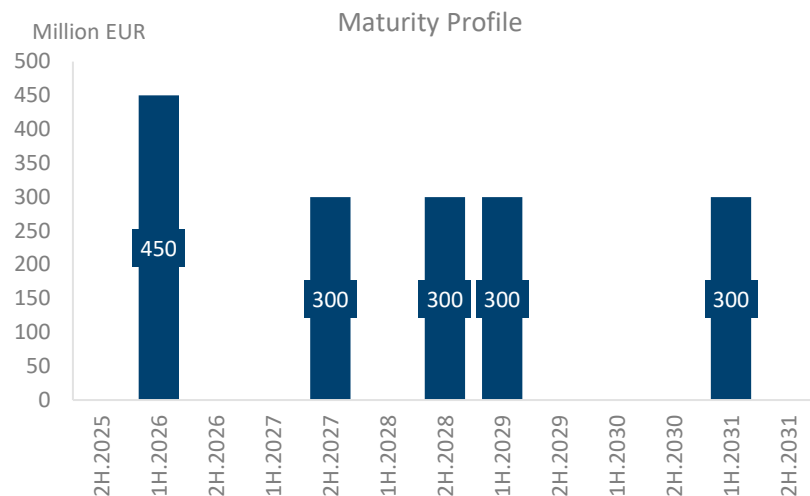


Liquidity portfolio EUR 592 million as of 30.6.2025

- Equaling 16.6% of total assets
- Conservative investment policy
 - 91.1% of debt securities invested in at least 'AA-' rated instruments
 - 95.7% of debt securities are ECB repo eligible
- Only EUR denominated exposure
- LCR 232.2% (183.7% as at ye2024)



Diversified Funding Profile



- Covered bonds ~51% of total funding
 - program was inaugurated in 2016
 - Issuer is the group parent, no separate entity
 - Issues (≥ 250 million) LCR level 2A
- Deposits ~47% of total funding
 - collected through 100% subsidiary bank "Suomen Asuntohypopankki"
- Other sources of funding
 - Domestic CD program
 - ECB's monetary policy operations
 - Bilateral agreements
- NSFR 110.6% (115.1% as at ye2024)

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Covered Bonds



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 mostly 20% (Basel IV standard method)
 - All collateral located in selected prime growth centers
- Total amount outstanding EUR 1,650 million
- Two cover pools:
 - **Pool 2** for **new issuance** under Act 151/2022 (European Covered Bond Premium)
 - Pool 1 for issues done under previous Covered Bond Act 688/2010
- Current WALTV's for **pool 2: 20.7%** and pool 1: 31.6%
- Current nominal overcollateralization for **pool 2: 28.8%** and pool 1: 28.5% (effect of Methodology update in July 2025, see next page)
 - Commitment to keep the OC, in both pools, at 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	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

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S&P covered bond methodology update lowers OC levels



- S&P published on 25 July, 2025 an updated covered bond methodology
- Changes in stressed asset sale haircuts had a large effect on both pools' required overcollateralization (OC)
 - Pool 1: old 19.49% → new OC 5.3%
 - Pool 2: old 21.43% → new OC 11.1%
 - New OC levels are implemented to pools during 3Q2025
- Hypo is committed to keeping OC in both pools, at all times, at a level commensurate with a 'AAA' rating from S&P Global Ratings

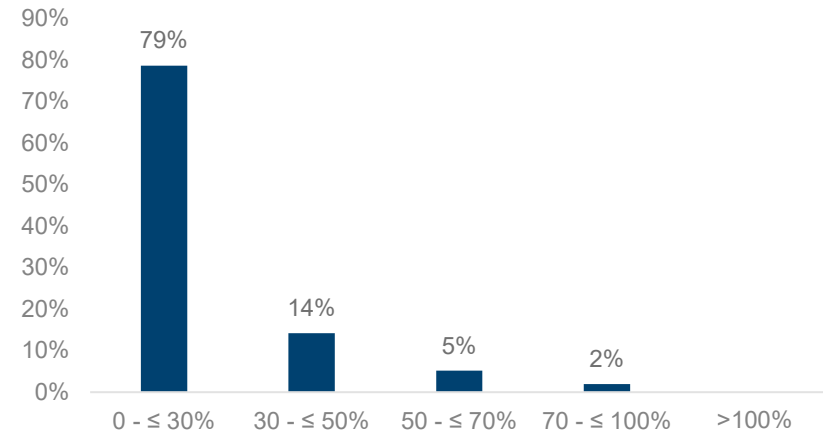
Cover Asset Pool 2 Data (1/3)



Pool Data as at 30.6.2025

Applicable law	Act 151/2022
Total Cover Pool (nominal)	EUR 1 159 115 544
Eligible Cover Pool	EUR 1 158 444 000
Average Loan Balance	EUR 250 728
Number of loans	4 623
Number of properties	3 315
Number of clients	3 596
WA seasoning (months)	74
WA remaining term (months)	203
WA LTV (indexed)	20.7%
WA LTV total (indexed)	20.7%
Interest	Variable 99% Fixed 1%
Loans in arrears (>30 days)	0.00%
OC level (nominal)	28.8%
OC level (eligible)	28.7%
Pool Type	Dynamic

LTV Distribution



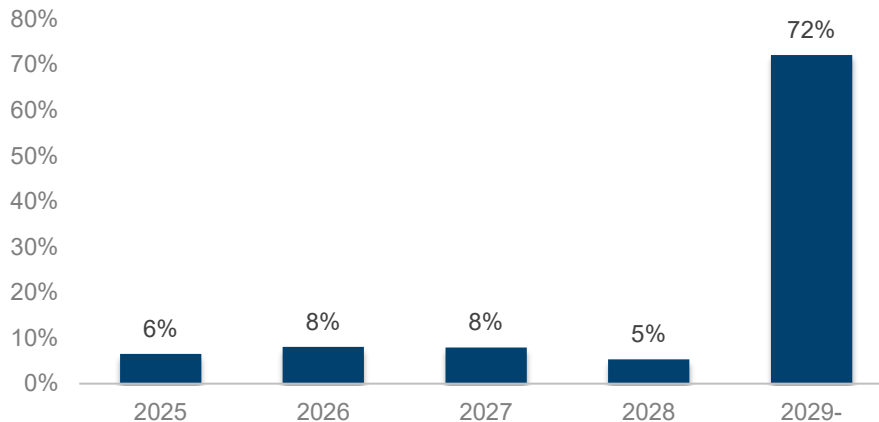
- The weighted average indexed LTV of the pool is 20.7%
- No non-performing loans in the cover pool
- No arrears
- Well-seasoned mortgage cover pool

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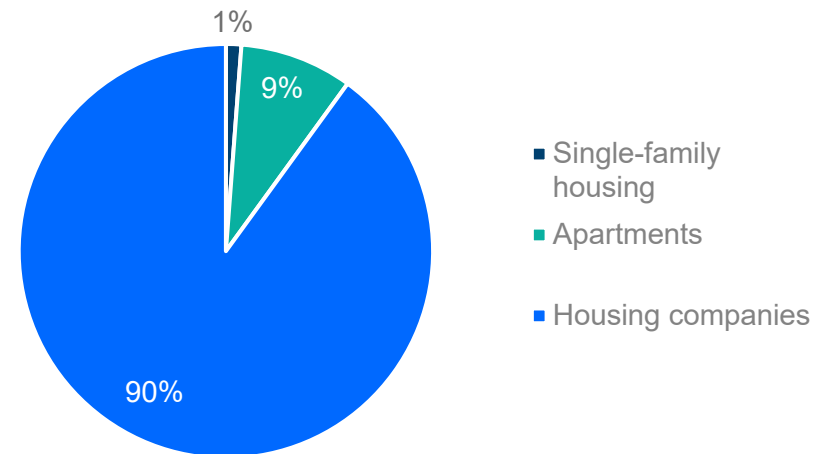
Cover Asset Pool 2 Data (2/3)



Pool Loan Maturity Profile Contractual Amortizations



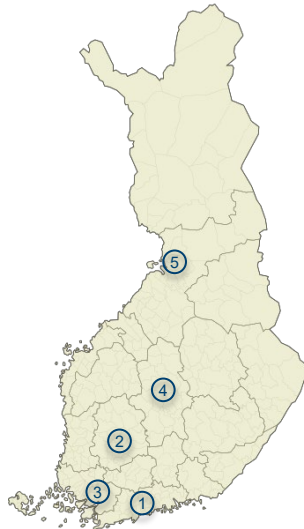
Pool Collateral Types



- Pool composition: 10% of retail mortgages and 90% 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 2 - Data (3/3)



Geographical Distribution as at 30.6.2025

	Region	Major City	Share of the Pool
1	Uusimaa	Helsinki	73%
2	Pirkanmaa	Tampere	8%
3	Varsinais-Suomi (Southwest Finland)	Turku	11%
4	Keski-Suomi (Central Finland)	Jyväskylä	3%
5	Pohjois-Pohjanmaa (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%	House price decline 10%	House price decline 20%	House price decline 30%	House price decline 40%
0- ≤ 40%	1 025	996	938	891	808
40- ≤ 70%	112	115	154	182	228
70- ≤ 100%	23	45	60	63	64
>100%		3	8	23	59
Pool total (nominal), EUR million	1,159	1,156	1,151	1,136	1,101
OC (nominal)	28.8%	28.5%	27.9%	26.2%	22.3%

- 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) once regulation so requires

Finnish Economy and Housing Market



Macroeconomic Environment

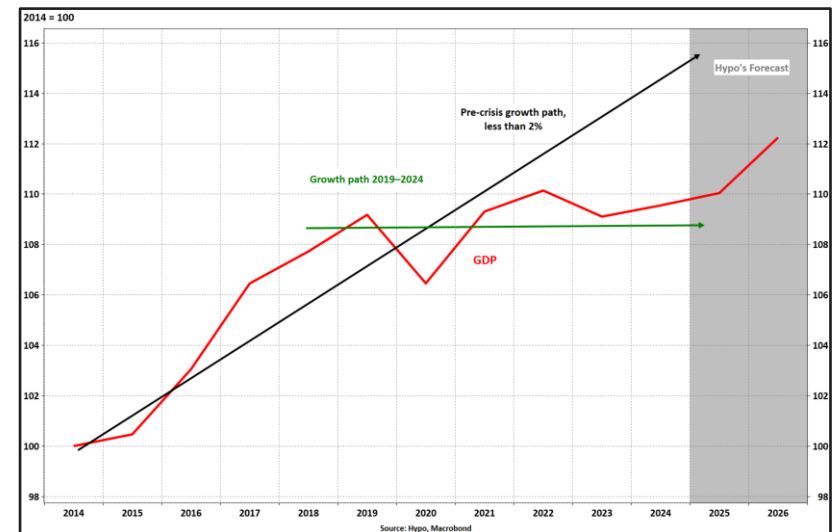


- The Finnish economy emerged from recession last year. Global crises continue to pose challenges, and the weakened growth outlook in the euro area is dampening trade. Future growth opportunities are particularly linked to investments in the green transition, while risks are associated with international trade, U.S. politics, and ongoing crises.
- Unemployment is expected to continue rising for a while this year, and the increase in bankruptcies is causing concern, but the downward trend in average interest rate faced by consumers, along with rising wages and pensions, is also providing support to the Finnish economy.
- Consumers' expectations of the Finnish economy and unemployment trends have remained relatively pessimistic, but home purchase intentions have been on a modest rise for a year. Business confidence has not collapsed, but the current year looks weak in the construction industry.
- Economic adjustment has been on the agenda of the government. The long-term outlook for weak demographic development, interest expenses, and increased defence spending are straining public finances. However, the decline in interest rates is supporting Finland's economy by gradually transmitting to the real economy this year.

Outlook for the Finnish economy in a nutshell

Economic indicators	Forecast				
	2022	2023	2024	2025	2026
GDP, % y/y	0.8	-0.9	0.4	1.0	2.0
Unemployment rate, %	6.8	7.2	8.4	8.7	8.0
Salaries, % y/y	2.4	4.3	3.1	3.0	3.0
Inflation, % y/y	7.1	6.2	1.6	0.5	2.0
Housing prices, % y/y	0.5	-6.5	-3.5	0.5	3.0
Euribor 12m, %	3.3	3.5	2.5	2.1	2.1

Moderate growth in sight

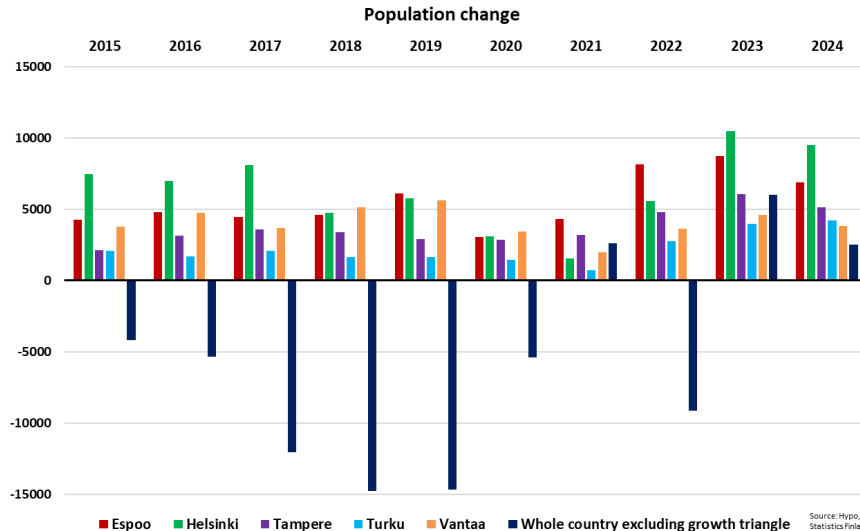


Global turmoil fuelled by conflict, trade wars, and uncertainty

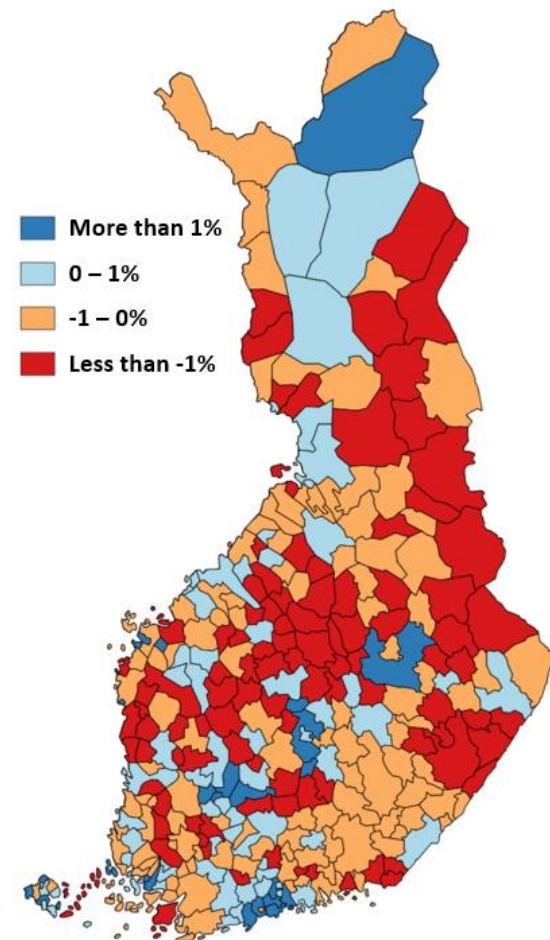
- The trade war initiated by the U.S. is cutting growth in Europe – Finland benefits from falling interest rates.
- Finland, along with the rest of Europe, is increasing its defence spending, which on the other hand supports economic growth.
- In 2024, the United States accounted for approximately 12% of Finland's exports and 7% of its imports of services and goods. The United States was Finland's second largest export destination and third largest source of imports.
- Russia's war of aggression in Ukraine has frozen into a long-term conflict, and the war in Gaza has been reflected in raw materials markets as nervousness in fear of a wider escalation.
- Russia's importance as an export market was declining even before the war. Russia's share of Finland's exports was approx. 4% before Russia's attack on Ukraine.
- Trade with Russia continued to decrease in 2024 as well; the country's share of total exports was 0.4% and 0.9% of total imports. However, the war has not brought down the Finnish economy.
- Eastern Finland's export companies and tourism suffer the most.
- Interest rates on government bonds do not indicate that the war has skyrocketed Finland's country risk in the eyes of investors.
- Finland's NATO membership took effect on April 4, 2023. Defence spending increases as a result of the war, but NATO provides security from military attack.



Urbanization continued



Population growth 2024, %



Source: Hypo, Statistics Finland

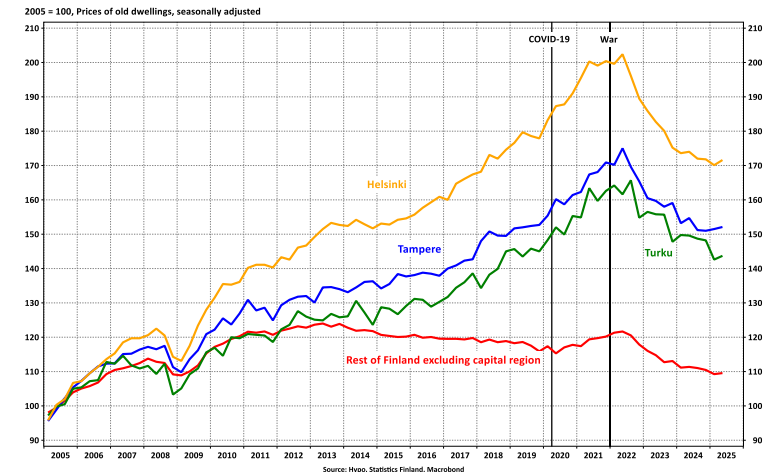
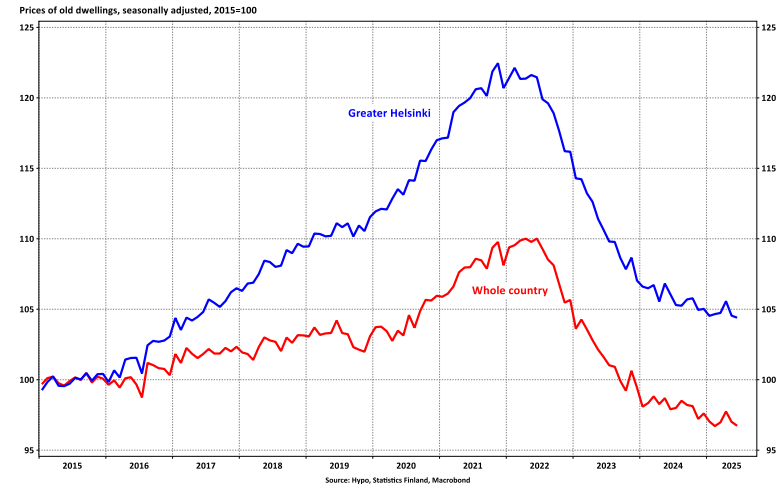
- Population growth was strongest in the largest university cities last year.
- Statistics Finland's population forecast predicts that growth will be concentrated in the growth triangle area of the Greater Helsinki region, Tampere and Turku.
- Thanks to immigration, Finland's population grew by 32,000 people last year, and by 40,000 the previous 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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Housing prices down temporarily



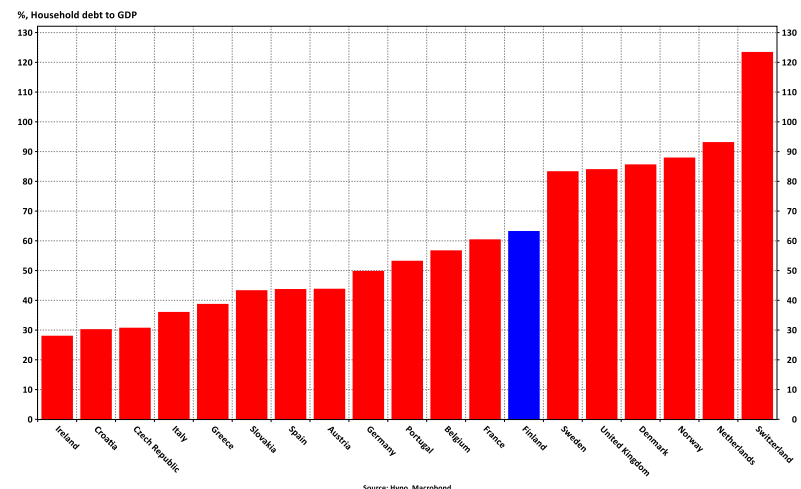
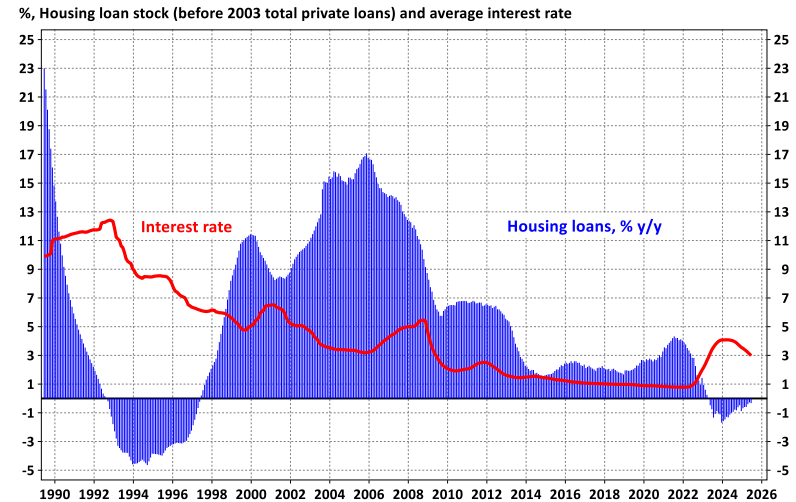
- Prices of old dwellings began to decline in the summer of 2022. Last year, prices fell by -3.5%, but the forecast for this year is a 0.5% increase followed by a 3.0% rise next year. Lower interest rates, the decrease in transfer tax rates implemented by the government and population growth in cities will reverse the course of prices during the current year. The transfer tax exemption for first-time home buyers was removed 1.1.2024, but the growth in purchasing power and the decline in the real house prices are supporting the housing market this year.
- There are still a lot of new apartments for sale now, but the trend will reverse by next year at the latest, which will support apartment prices through a lower supply.
- Funding diverges as regional differences strengthen.



Mortgage interest rates are declining



- Average interest rate on new drawdowns of housing loans was 2.73% in June. Margins on mortgages are still low in the light of history. The decrease of housing sales has been reflected in the decline in the growth rate of the housing loan stock. However, the upswing in housing sales will lead to an increase in the housing loan stock in the current year.
- Finnish households are moderately indebted and indebtedness has decreased when loans have been repaid, but new loan withdrawals have been smaller.
- Housing Finance Decisions – Government Mid-Term Review 2025
 - Loan-to-Value (LTV) increase
 - Maximum LTV raised to 95% (was 90%)
 - Extended mortgage term
 - Maximum term extended to 35 years (was 30 years)
 - Housing company loan flexibility
 - Loan share limit increased to 70%
 - Term extended to 35 years
 - Grace periods up to 2 years
 - Changes require further legislative steps. Final schedule and details still pending.



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Indicative Terms of the Planned Transaction



Issuer:	The Mortgage Society of Finland
Type of Notes:	European Covered Bond (Premium), backed by 100% prime Finnish residential mortgages, ECB repo & LCR 2a eligible, UCITS/CRR compliant
Issue rating (expected):	AAA (stable) by S&P
Amount:	EUR 300,000,000
Tenor / Maturity Date:	5 year / 18 September 2030 (soft bullet)
Coupon:	Fixed rate, annual
Redemption Amount:	100%
Documentation:	The Issuer's EUR 2,500,000,000 Programme for the Issuance of Senior Preferred Notes, Tier 2 Notes and Covered Bonds dated 02 July 2025 and as further supplemented
Law:	Finnish Law
Clearing / Listing:	Euroclear Finland / Nasdaq Helsinki (Helsinki Stock Exchange)
Denominations:	EUR 100,000 + EUR 100,000
MiFID II:	Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all Distribution Channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA or in the United Kingdom
Lead Managers:	Danske Bank (B&D), Erste Group, Nordea

Tender Offer Overview



Transaction Structure:	Tender Offer
Issuer / Offeror:	The Mortgage Society of Finland
Target Notes:	EUR 450,000,000 0.5% covered bonds due 13 March 2026 (ISIN: FI4000375092)
Purchase Spread:	+8 basis points
Amount subject to the Tender Offer:	Up to EUR 150,000,000, subject to the Issuers sole discretion
Rationale:	The Issuer intends to use the proceeds of the bond now issued to finance bank's activities, among others to fund the purchase of Notes accepted for purchase by the Issuer in the Tender Offer. The rationale of the Tender Offer in conjunction with the issuance of the New Notes is, thus, to proactively manage the debt portfolio of the Issuer.
New Issue Condition:	The acceptance of Notes for purchase pursuant to the Tender Offer is conditional on the satisfaction or waiver of the New Issue Condition, which is the successful completion of the New Notes on terms satisfactory to the Issuer (in its sole discretion)
New Issue Priority:	The Issuer may give priority to those Holders who, prior to such allocation, have validly tendered or indicated a firm intention to the Issuer or the Dealer Manager that they intend to tender their Notes for purchase pursuant to the Tender Offer
Expected Timeline of Events:	Commencement of the Tender Offer: 09 September 2025 New Issue Pricing: 10 September 2025 Expiration Deadline: 15 September 2025 at 15:00 CET / 16:00 EEST Announcement of the Results of the Tender Offer: as soon as reasonably practicable after the Pricing Time Tender & New Issue Settlement: Subject to the satisfaction (or waiver) of the New Issue Condition, expected to be 18 September 2025
Appointed Parties:	Dealer Manager: Danske Bank A/S: +45 33 64 88 51 / liabilitymanagement@danskebank.dk Tender Agent: Danske Bank A/S, Finland Branch: +358 10 513 8865 / liabilitymanagement@danskebank.dk

Read more about 1H2025 and 2024:

www.hypo.fi/en/investor-relations

Links:

[Half-year Report 1H2025](#)

[Annual Report 2024](#)

[Covered Bond Transparency Report 30.6.2025](#)

[Hypo's Investor Pages](#)





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