

The Mortgage Society of Finland



# Investor Update 4Q2025

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**HYPO**

**Secure Way for Better Living**

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# Hypo Group Overview



HYPO

- 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
- Specialized in mortgage financing
- **Residential property always as collateral**
- Strong loan book - NPLs 0.26% (31.12.2025)
- Total assets EUR 3.6 billion (31.12.2025)
- 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

**The Mortgage Society of  
Finland (Hypo)  
1860**

100%  54.6%

**Deposit  
taking Bank  
2002**

**Office  
Building  
1912**

**Pension Fund  
'A + M Departments'**

# S&P Issuer Credit Rating of Hypo: 'BBB/A-2' (stable)



## Anchor Rating for Finnish Commercial Banks

a-

1. Hypo business position	-2
<ul style="list-style-type: none"><li>• A narrow business model as a pure residential mortgage financer</li><li>• Expectation of ongoing business stability given selective business underwriting which partly offsets concentrated business profile</li></ul>	
2. Hypo capital and earnings	+2
<ul style="list-style-type: none"><li>• Very strong risk-adjusted capitalization (RAC) underpinned by its mutual status.</li><li>• Net interest margin (NIM) significantly lower than more diversified peers due to low-risk lending profile</li></ul>	
3. Hypo risk position	-1
<ul style="list-style-type: none"><li>• Strong asset quality and exceptional decades-long loan-loss track record</li><li>• Very conservative lending and underwriting standards with a focus on urban areas</li><li>• Real estate concentration in the lending book, entailing cyclical risk</li></ul>	
4. Hypo liquidity and funding	-1
<ul style="list-style-type: none"><li>• Less stable deposit base and higher share of wholesale funding than domestic peers</li><li>• Balanced maturity profile and well-matched funding profile</li></ul>	

**Hypo Credit Rating**

**BBB (stable)**

# Hypo Leading the Debate on Finnish Mortgage Market



HYPO

## Asuantomarkkinat elpyvät – "Suuri osa suomalaisista myöhästyti"

Asuantomarkkinoiden "syvin pohja" on jo ohitettu. Asiantuntijat arvioivat, menikö myös paras ostohetki.

JAA  TALLENNAA  KOMMENTIT



Asuontauppa on jo vähistynyt, ja alan asiantuntijat ennakoivat hintojen nousua. KUVA: AALTO YLIOPISTO, SEPPÖ KÄRKI / IS, ANNI SAVOLAINEN / LEHTIKUVA, ANTTI AIKO-KOIVISTO / LEHTIKUVA

Kuuntele juttu

Outi Kokko  
23.8. 8:45

## Hypo pani taas kunnat järjestykseen: Vain yksi kaupunki saa AA-luokitukseen

Hyon tuore asuntoluottoluoitus kertoo, mitkä kunnat kuuluvat parhaaseen A-ryhmään, mitkä taas putosivat heikompaan BBB-luokkaan.



"Että ennen 1990-luvun lamaa Kemijärvellä riitti tulevaisuudenkoska, alamäki." KUVA: JOUNI PORSANGER

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Talous

14.3.2025 07:14 · PÄIVITETTY: 14.3.2025 07:24

## Hypo korjasi asuntohintaennustettaan alaspäin: markkinoilla on

Kauppanehteli 27.3.2024  Suoraan asiaan

ASUMINEN

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

Hypon pääekonomistiksi nimetty Juhu Keskinen paljastaa pahimman asuantomarkkinamokansa ja kertoo, kuka pelastaa Suomen asuantomkinat.



# Financial Results

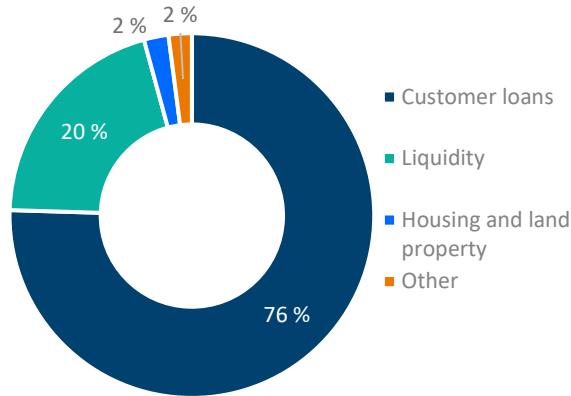


# Strong Balance Sheet

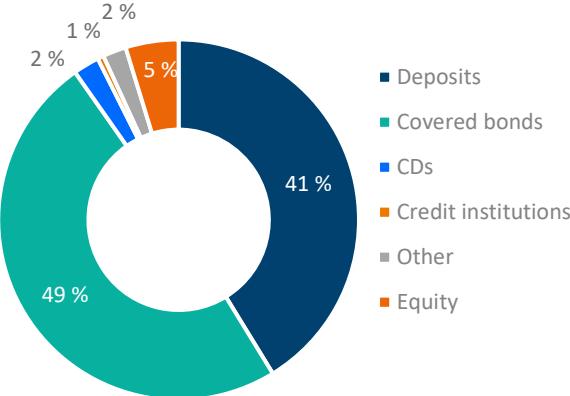


HYPO

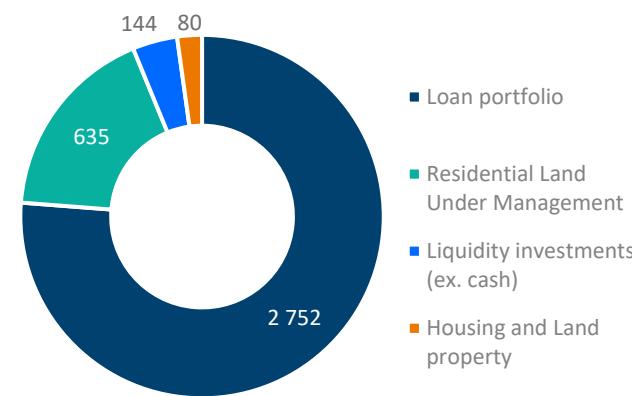
Total Assets



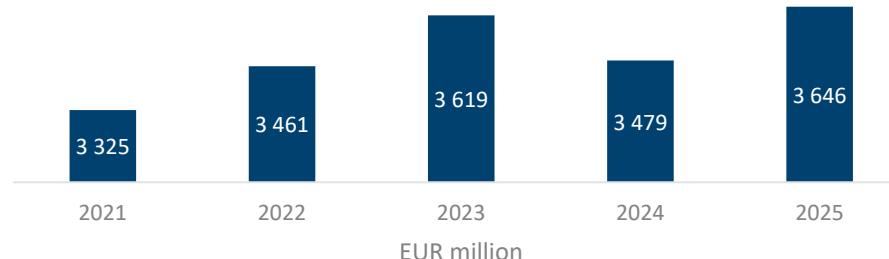
Liabilities and Equity



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

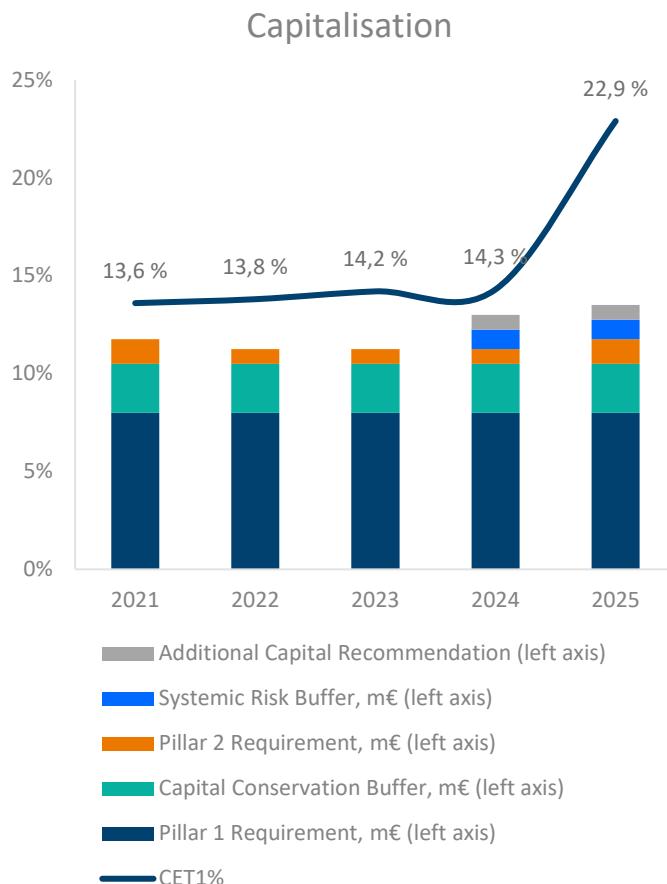


Balance Sheet Total

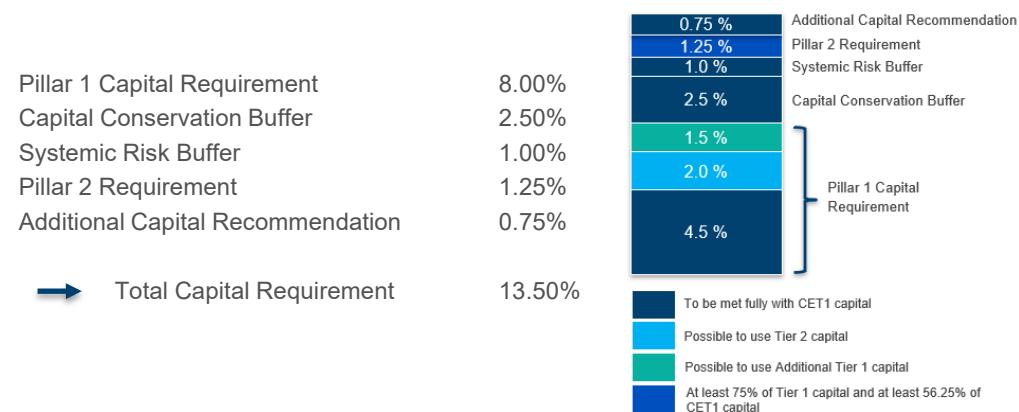


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# Solid Capital with Basel III Standardized Approach



- Mutual company: all profits are retained and added to the core capital
- S&P's Risk Adjusted Capital 18.7% (very strong) on 31.12.2024
- Total Capital Ratio 22.9%, all CET1 capital



- EUR 3.0 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 24.1%
- Basel III finalization as of 1.1.2025 lowered risk weights used in standardized approach
  - Lending with residential collateral: 20% risk weight
  - Housing and land investments: 100% risk weight

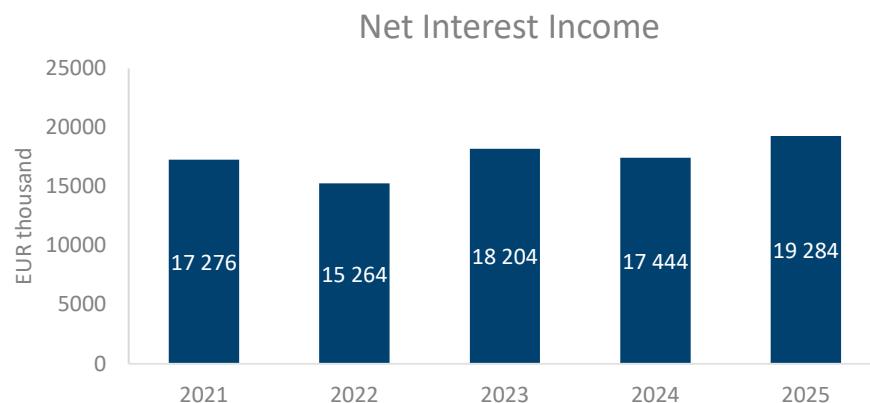
# Group Income Statement



HYPO

(EUR 1,000)	2025	2024	2023	2022
<b>Net Interest Income</b>	19,284	17,444	18,204	15,264
<b>Net Fee and Commission Income</b>	5,985	5,655	4,697	3,592
<b>Total Other Income</b>	3,623	1,490	2,106	5,766
<b>Total expenses</b>	-19,805	-16,581	-16,504	-17,543
<b>Operating Profit</b>	9,086	8,008	8,503	7,079

- In January-December 2025 Hypo Group's operating profit was EUR 9.1 million (EUR 8.0 million)
- Net interest income increased to EUR 19.3 million (EUR 17.4 million)
- Net Fee and Commission Income was EUR 6.0 million (EUR 5.7 million)
- Total other income (incl. treasury operations and housing and residential land) was EUR 3.6 million (EUR 1.5 million)
- Expenses were EUR 19.8 million (EUR 1.6 million)



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# Group Key Financial Figures

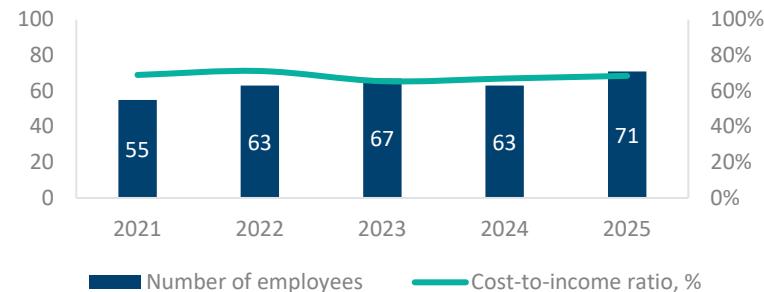


	2025	2024	2023	2022
<b>Return on Equity (ROE), %</b>	4.4	4.1	4.5	4.0
<b>Common Equity Tier 1 (CET1), %</b>	22.9	14.3	14.2	13.8
<b>Cost-to-income, %</b>	68.5	67.0	65.5	71.2
<b>Non-performing loans (NPL), %</b>	0.26	0.43	0.19	0.14
<b>Loan to value (LTV), %</b>	31.1	31.1	30.3	30.8
<b>Loans/ deposits, %</b>	183.0	180.0	178.2	187.0
<b>Receivables from the public (m€)</b>	2,752	2,792	2,786	2,754
<b>Balance sheet total (m€)</b>	3,646	3,479	3,619	3,461

- Cost-to-income ratio: 68.5% (67.0% as at ye2024)

- Group's financial position remained stable throughout the period
- CET1 ratio was 22.9% (14.3% as at ye2024) and equity EUR 173.2 million (165.7 million as at ye2024)
  - Basel III finalization came into force January 1, 2025
- Strong credit profile with both very low NPLs and LTV's

Cost-to-Income Ratio and Number of Permanent Employees



# Hypo's Loan Book

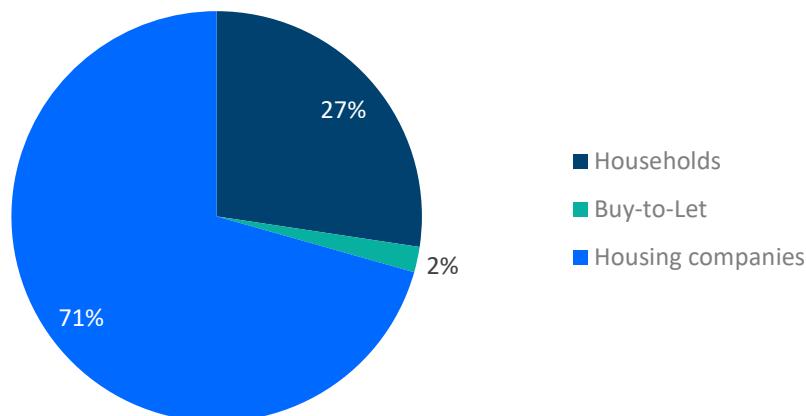


# Loan Book Overview

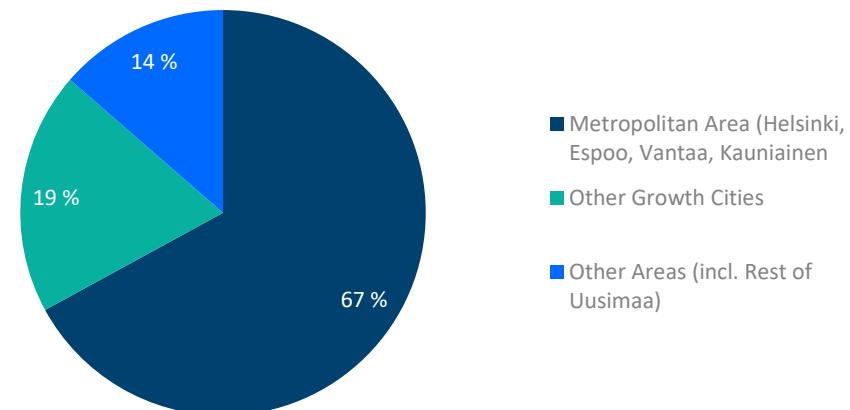


- Hypo's loan book is EUR 2,752 million
- Mortgage loans are secured by **residential property**
- Collateral requirement is set in the Finnish Act on Mortgage Societies
- Two main customer groups
  1. Housing companies: renovation loans
  2. Households: home mortgage, buy-to-let

Lending by Customer Type

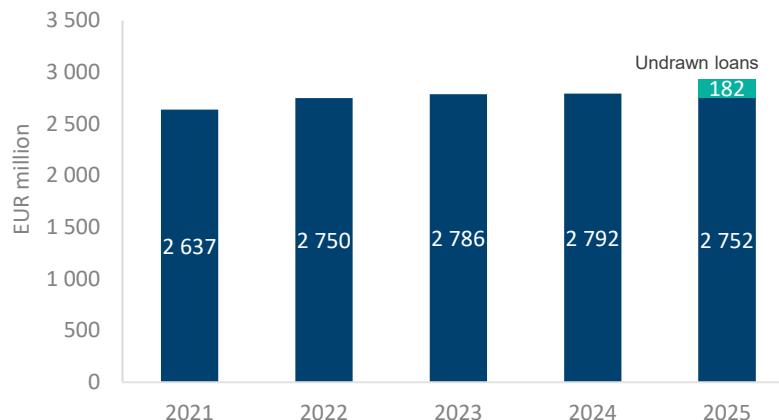


Loan Book by Customer Domicile

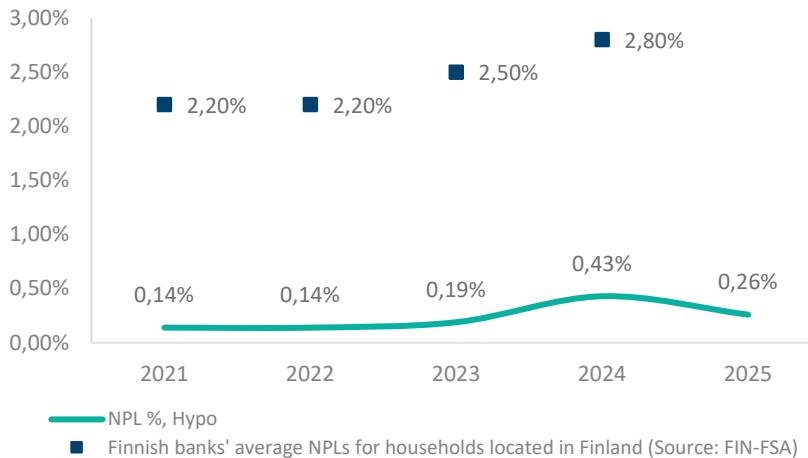


# Loan Book Quality Excellent

Hypo Loan Book Total



Non-performing Loans

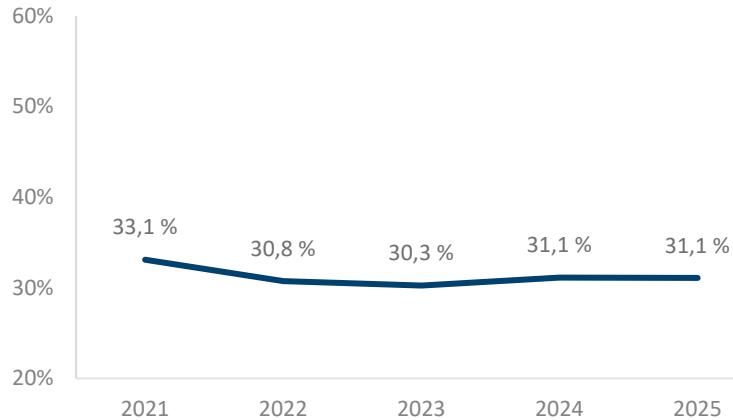


- At the end of the financial period, the loan portfolio totaled EUR 2,752 million
- Currently EUR 182 million undrawn loans
- Non-performing loans decreased to 0.26% of total loans
- The quality of the loan book is well above the Finnish banks' average NPLs for households located in Finland

# Loan Book Securely Collateralised

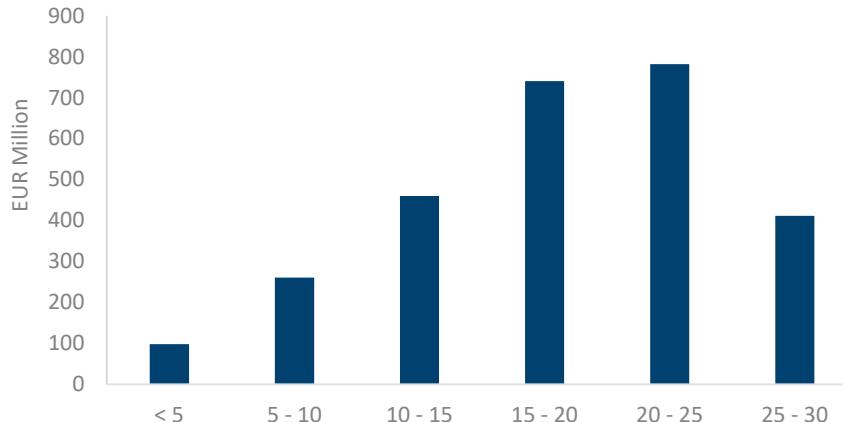


Hypo Loan Book Average LTV



- 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 31.1%

Loan Book by Remaining Maturity (years)

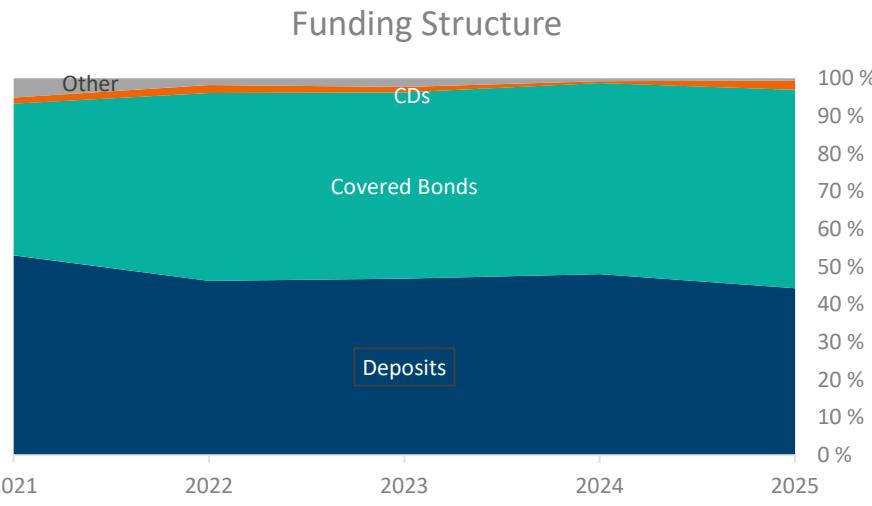
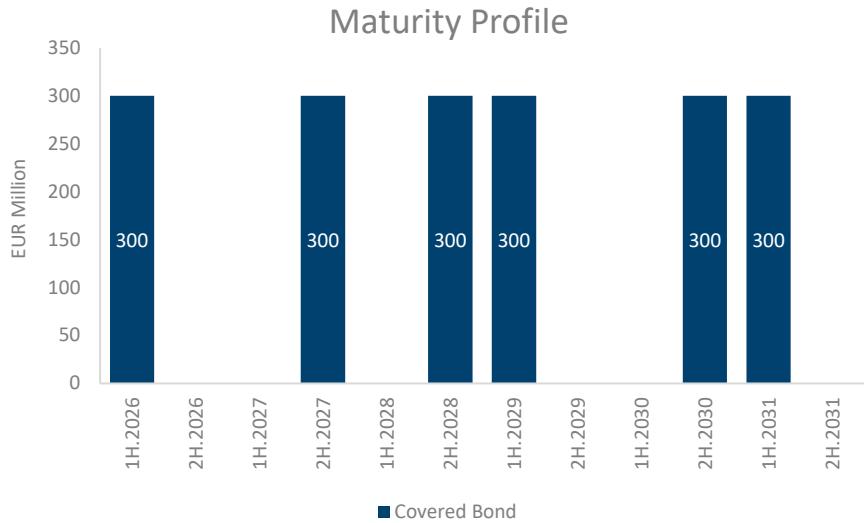


- Approx. 99% of the loans are amortizing and 1% bullets
- The weighted average maturity of a loan at the time of withdrawal is 23.4 years
- Financed properties are mainly located in the densely populated Helsinki Metropolitan Area

# Funding and Liquidity



# Diversified Funding Profile



- Covered bonds ~53% of total funding
  - Program was inaugurated in 2016
  - Issuer is the group parent, no separate entity
  - Hypo is a member of ECBC
- Deposits ~44% of total funding
  - collected through 100% subsidiary bank "Suomen Asuntopankki"
- Other funding sources
  - Domestic CD program
  - ECB's monetary policy operations
  - Bilateral loans
- NSFR 110.2% (115.1% as at ye2024)

# Covered Bonds

Bloomberg ticker: SUOHYP Corp



HYPO

- Covered bonds rated 'AAA' (stable) by S&P
- Issues ( $\geq$  250 million) LCR level 2A and ECB repo eligible
- Cover pools consist 100% of Finnish residential property
  - Regulatory risk weight of pool assets mostly 20% (Basel III standardized approach)
  - All collateral located in selected prime growth centers
- Total amount outstanding EUR 1,800 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: 21.2%** and pool1: 32.9%
- Current nominal overcollateralization for **pool 2: 18.0%** and pool 1: 16.3%
  - 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 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
Covered – Pool 2	FI4000592142	18.9.2025	18.9.2030	300	Fixed +2.625	MS +39

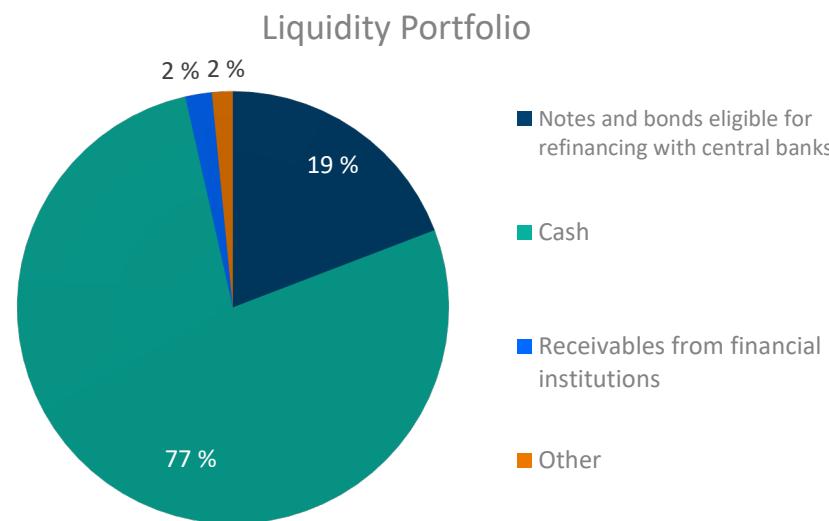
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# Solid Liquidity Position



Liquidity portfolio EUR 751.2 million as of 31.12.2025

- Equaling 20.6% of total assets
- Conservative investment policy
  - 72.0% of debt securities invested in at least 'AA-' rated instruments
  - 92.5% of debt securities are ECB repo eligible
- Only EUR denominated exposure
- LCR 277.4% (183.7% as at ye2024)



# Outlook



# Future Outlook in brief



**HYPO**

- Finland's economic growth remains subdued amid global uncertainty, labour market is still cool and foreign trade stagnates, but the economic outlook will improve during 2026
- 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
- Operating profit for year 2026 is expected to be at the same level as operating profit for 2025
  - The outlook contains considerable uncertainties arising from economic and interest rate developments, the war in Ukraine, the Middle East peace process, tensions in the Arctic region and the unstable global situation



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