THE MORTGAGE SOCIETY OF FINLAND

Interim report
1 January–31 March 2025

The Interim Report for the period of 1 January 2025 to 30 June 2025 will be published on 8 August 2025.

Hypo Group's Interim Report can be accessed at https://www.hypo.fi/en/hypo-financial-information/

Hypo Group's January–March 2025

The home finance specialist Hypo Group's operations and liquidity remained stable while capital adequacy strengthened.

CEO Ari Pauna:

"Focusing on low-risk housing collateralized lending in urbanising Finland still provides stability despite the continuous uncertainty in the operating environment. Net interest income and liquidity remained strong as capital adequacy strengthened with the entry into force of the CRR3 regulation which decreased the amount of risk-weighted assets. Non-performing loans and impairment losses remained at low level. During uncertain times, the services of a specialist organization are in demand. There is a strong demand for home financing from us, and we respond to the demand comprehensively supported by completely renewed banking technology."*

- Operating profit was EUR 2.3 million (EUR 2.1 million 1–3/2024)
- Net interest income was EUR 4.8 million (EUR 4.8 million 1–3/2024)
- Net fee and commission income increased to EUR 1.1 million (EUR 1.1 million 1–3/2024)
- Other income was EUR 1.0 million (EUR 0.4 million 1–03/2024)
- Total costs were EUR 4.7 million (EUR 4.3 million 1–03/2024)
- Non-performing loans remained low at 0.44% of loan book (0.43% 31 December 2024)
- Expected credit losses were 0.02% of the loan book (0.01% 31 December 2024)
- Common Equity Tier 1 (CET1) ratio, calculated with the standardized approach and the basic indicator approach, was 21.5% (14.3% on 31 December 2024)
- Liquidity Coverage Ratio (LCR) was 142.5% (183.7% on 31 December 2024)

GROUP'S KEY FIGURES (1000 €)	**1-3/2025**	**1-3/2024**	**1-12/2024**
Net interest income	4 796	4 793	17 444
Net fee and commission income	1 109	1 148	5 655
Total other income	1 031	399	1 490
Total expenses	-4 663	-4 271	-16 581
Operating profit	2 273	2 069	8 008
Receivables from the public and public sector entities	2,796,183	2,794,638	2,791,811
Deposits	1,548,049	1,703,531	1,551,254
Balance sheet total	3,483,355	3,724,570	3,478,594
Return on equity (ROE) %	4.2	4.3	4.1
Common Equity Tier 1 (CET1) ratio %*	21.5	14.6	14.3
Cost-to-income ratio %	65.5	67.4	67.0
Non-performing assets % of the loan portfolio	0.44	0.20	0.43
LTV-ratio (Loan to Value, average) %	30.8	30.3	31.1
Loans / deposits %	180.6	163.5	180.0
Liquidity Coverage Ratio (LCR) %	142.5	305.5	183.7
Net Stable Funding Ratio (NSFR) %	109.9	110.2	115.1
Leverage Ratio (LR) %	4.5	3.9	4.3

Calculation of key figures and definitions are set out below.

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HYPO GROUP

The Mortgage Society of Finland Group (hereafter “Hypo Group” or “the Group”) is the only expert organization specialized in home financing in Finland. Hypo Group grants mortgages as well as renovation loans and consumer loans, both secured by residential property collateral, for first-time and other homebuyers.

Our customer promise – a *secure way for better living* – guides all our operations. Over 22 thousand customers in growth centers have already taken us up on our promise.

The Mortgage Society of Finland, the parent company of the Group, has its domicile and administrative headquarters in Helsinki. The street address of the Mortgage Society of Finland is Yrjönkatu 9 A, 00120 Helsinki and the mail address is P.O.Box 509, 00101 Helsinki. The Mortgage Society of Finland is a mutual company governed by its member customers.

Suomen Asuntohypopankki Oy offers its customers deposit products and residential land trustee services. Suomen Asuntohypopankki Oy is a member of the Deposit Guarantee Fund and a deposit bank wholly owned by the Mortgage Society of Finland.

S&P Global Ratings has assigned ‘BBB/A-2’ issuer credit ratings with stable outlook to the Mortgage Society of Finland (4 October 2024).

Rating for the covered bonds of the Mortgage Society of Finland is ‘AAA’ with stable outlook (S&P Global Ratings Cover pool 1 4 June 2024 and Cover Pool 2 24 December 2024).

OPERATING ENVIRONMENT

The global economy grew fairly steadily during the first quarter of the year, although the US trade policy is creating new slowdowns in growth and international trade this year. However, more moderate inflation, favorable wage developments, and strong employment supported global economic performance in the early months. Tight monetary policy has continued to dampen growth, as declining interest rates only affect the real economy with a delay. Global crises and tensions have increased uncertainty, as Russia’s war of aggression in Ukraine continues and the situation in the Middle East remains uncertain. The global composite output Purchasing Managers’ Index rose in March, prior to the announcements of new tariffs.

The Governing Council of the ECB continued its interest rate cuts in both January and March by 0.25 percentage points. The asset purchase programme portfolio is declining at a measured and predictable pace and the principal payments from maturing securities will no longer be reinvested. The Governing Council discontinued reinvestments under the pandemic emergency purchase programme at the end of 2024. The long-term risk-free interest rates rose during the quarter. The short-term Euribor rates were on a decline, and the 12 months Euribor settled at 2.31 percent by the end of March.

The working day adjusted change of total output grew by 1.2 percent in March from the previous year’s level. In March the number of employed individuals was 13 000 lower than the previous year, while the number of unemployed increased by 31 000 from a year ago. Consumer confidence remained weak. Home purchase intentions and renovation intentions were on a cautious rise in the early part of the year.

According to preliminary data, the prices of old dwellings in the whole country declined by 1.3% from January to March compared to the previous year. Prices in the metropolitan area decreased by 1.3% at the same time, while the whole country excluding greater Helsinki also saw a 1.3% decline. Home sales volumes increased by about 31% from January to March compared to the previous year. A year earlier, sales were weaker than usual due to changes in the transfer tax. The number of new apartments available for sale remained high in the whole country.

The Finnish housing loan stock year-on-year growth rate was -0.5% at the end of March, when the average interest rate on mortgage loans was 3.31% and the average interest rate on new housing loans was 3.06%. The annual growth rate in the stock of housing corporation loans was 3.0% in March. At the end of March, the total stock of Finnish households' deposits was EUR 112.1 billion, and the average interest rate on these deposits was 1.06%. Overnight deposits accounted for EUR 68.4 billion and fixed term deposits for EUR 14.9 billion of the total deposit stock. At the end of March, the total stock of Finnish company sector's deposits was EUR 44.6 billion and the average interest rate on these deposits was 1.06%. Overnight deposits accounted for EUR 40.3 billion and fixed term deposits for EUR 3.5 billion of the total deposit stock.

The number of housing starts for residential buildings increased from January to March compared to the previous year, but the economic situation in the construction industry remained very weak. The year-on-year change in consumer prices was 0.5% in March.

The downward trend in interest rates supports households' purchasing power, housing sales and loan demand in Hypo's operating areas this year. The need for repairs to residential buildings continues to grow, which supports the demand for housing companies' renovation loans and the growth of the loan stock in Finland. The growth of cities and new construction also create good conditions for the growth of closed plot funds managed by Hypo.

KEY EVENTS

During the year 2025, Hypo Group focuses on strengthening its core businesses and profitability.

The Mortgage Society of Finland's Board of Directors established an Audit Committee on March 24, 2025, chaired by the Chairman of the Board.

The streamlining of sustainability regulation has progressed at the EU level with the adoption of the so-called "Stop-the-Clock" Directive. The Finnish government has submitted a proposal aimed at implementing the regulatory changes related to sustainability reporting at the national level. Hypo Group is monitoring and assessing the impacts of these changes on the scope and content of the planned sustainability reporting. Hypo considers it likely that there will be a two-year extension to the timeline for sustainability reporting obligations, which would enable Hypo Group to begin sustainability reporting for the financial year starting on 1 January 2027.

Hypo Group adopted the changes to the EU Capital Requirements Regulation (CRR3) that came into force on 1 January 2025. The reform significantly improved Hypo Group's capital adequacy ratios.

RESULTS AND PROFITABILITY

January–March 2025

Hypo Group’s operating profit was EUR 2.3 million (EUR 2.1 million for January–March 2024).

Income increased compared to previous year’s first quarter and totaled EUR 6.9 million (EUR 6.3 million). Net interest income was at the same level and totaled EUR 4.8 million (EUR 4.8 million). Net fee and commission income was at the same level and totaled EUR 1.1 million (EUR 1.1 million). Net income from investment properties (housing units and residential land) amounted to EUR 0.6 million EUR 0.5 million) being almost at the same level than year before.

Expenses remained almost on the same level than year before and were EUR 4.7 million (EUR 4.3 million).

Hypo Group’s other comprehensive income of EUR 1.6 million (EUR 2.1 million) includes EUR 1.8 million (EUR 1.7 million) of profit for the year and other comprehensive income, after tax items of EUR -0.1 million (EUR 0.4 million).

PERSONNEL

On 31 March 2025, the number of permanent personnel was 64 (63 on 31 December 2024). These figures do not include the CEO and the vice CEO.

ASSETS AND LIABILITIES

Lending

During the financial period, the loan portfolio increased by 0.2% and totaled EUR 2,796.2 million 31 March 2025 (EUR 2,791.8 million on 31 December 2024).

Hypo Group has an entirely residential property-secured loan portfolio.

The weighted average Loan-to-Value ratio of the loan portfolio remained on a strong level and was 30.8% (31.1%) at the end of the financial period.

The amount of non-performing loans was EUR 12.2 million (EUR 12.0 million), representing 0.44% (0.43%) of the loan portfolio. The expected credit losses on balance sheet remained almost on the same level and were EUR 0.4 million (EUR 0.3 million).

Liquid assets and other receivables

At the end of the financial period, cash and cash equivalents in accordance with the cash flow statement, combined with current account and other binding credit facilities, totaled EUR 536.8 million (EUR 536.5 million on 31 December 2024), which corresponds to 15.4% (15.5%) of the total assets. The cash and cash equivalents which totaled EUR 536.0 million consisted of assets distributed widely across various counterparties, and of debt securities tradable on the secondary market. 91.4% (82.5%) of debt securities had a credit rating of at least ‘AA-‘ or were of equivalent credit quality and 95.8% (90.8%) were ECB repo eligible. The Liquidity Coverage Ratio remained on a strong level and was 142.5% (183.7%).

The defined benefit plans surplus of EUR 7.9 million (EUR 8.0 million) from the Mortgage Society of Finland’s pension fund has been recognized in the Group’s other assets.

Hypo Group offers rental apartments and residential land for its customers. The total number of properties increased from EUR 78.4 million to EUR 79.4 million, representing 2.3% (2.3%) of the total balance. Hypo Group’s properties are located in selected growth centers, mainly in the Helsinki

Metropolitan Area. The difference between the fair value and the book value of the properties totaled EUR 3.7 million (EUR 3.7 million).

Derivative contracts

The balance sheet values of derivative assets and margin call receivables were EUR 49.2 million (EUR 48.8 million on 31 December 2024), and the value of derivative liabilities was EUR 55.9 million (EUR 55.6 million). The amount of derivative liabilities consists of the values of hedging derivatives for covered bonds and collateral arrangements for derivatives.

Deposits and other funding

The total amount of deposits decreased by 0.2% and was EUR 1,548.0 million at end of the financial period (EUR 1,551.3 million on 31 December 2024). The share of deposits accounted for 47.9% (48.0%) of total funding.

The total nominal amount of covered bonds was EUR 1,720.0 million (EUR 1,720.0 million). The total nominal value of certificates of deposit was EUR 16.0 million (EUR 16.0 million).

The Group’s NSFR-ratio at the end of the financial period was 109.9% (115.1%).

The total funding was EUR 3,230.0 million at the end of the financial period (EUR 3,230.0 million).

CAPITAL ADEQUACY AND RISK MANAGEMENT

At the end of the financial period, Hypo Group’s equity amounted to EUR 167.3 million (EUR 165.7 million on 31 December 2024). The changes in equity during the financial period are presented in the Group’s statement of changes in equity attached to this report.

The Group’s Common Equity Tier 1 capital (CET1) in relation to risk-weighted assets on 31 March 2025 was 21.5% (14.3%, according to CRR2 Regulation). The amendments of the EU Capital Requirements Regulation (CSS3) that entered into force on 1 January 2025 improved Hypo Group’s capital indicators. As a result of the reform, Hypo's total risk-weighted assets decreased significantly. The change to the Capital Requirements Regulation changed the calculation of the total credit risk exposure, so that the loan-to-value ratio (LTV) has a stronger impact on the total credit risk exposure than before. As Hypo focuses on low-risk secured housing financing and the average LTV is 30.8%, the change in the calculation model significantly improved Hypo's capital adequacy.

Profit for the financial period is included in the CET1 capital, with the permission from the Finnish Financial Supervisory Authority (The Finnish FSA). In measuring credit risk, the standardized approach is used. The Group’s own funds are quantitatively and qualitatively on an adequate level in relation to the Group’s current and future business. At the end of the financial period, the Group’s Leverage Ratio was 4.5% (4.3%).

The Group’s total capital requirement at the end of the financial period was 13.0%, consisting of minimum capital requirement 8.0%, capital conservation buffer requirement 2.5%, discretionary capital add-on 0.75%, indicative capital add-on 0.75%, a systematic risk buffer 1.0% and countercyclical buffer requirements of foreign exposures.

The discretionary additional capital requirement (Pillar 2 requirement) for the Mortgage Society of Finland Group remains in force until further notice, however not longer than 31 December 2025.

The indicative additional capital recommendation should be covered with CET1 capital. The recommendation entered into force on 31 March 2024 and is in force until further notice.

The Finnish Financial Supervision Authority has on 29 March 2024 decided to set a systematic risk buffer amounting to 1.0% for the Mortgage Society of Finland Group. The decision entered into force on 1 April 2024 and is in force until further notice.

There have been no significant changes in the risk levels during the financial period. More detailed information on risk management practices and on capital adequacy is published with the Annual Financial Statements.

The information required by EU's Capital Requirements Regulation (EU) 575/2013 Part eight (i.e. Pillar 3 information) is published yearly for the most part. The key metrics are published semi-annually. The Mortgage Society of Finland is classified as a small and non-complex institution.

SUMMARY OF CAPITAL ADEQUACY

(1000 €)	**31.3.2025**	**31.12.2024**
Common Equity Tier 1 capital before deductions	167 332	165 683
Deductions from Common Equity Tier 1 capital	-14 315	-13 858
Total Common Equity Tier 1 capital (CET1)	**153 017**	**151 825**
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Total Additional Tier 1 capital (AT1)	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**153 017**	**151 825**
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	**-**	**-**
Total capital (TC = T1 + T2)	**153 017**	**151 825**
Total risk weighted assets	**711 997**	**1 059 854**
of which credit risk	667 109	990 587
of which market risk (foreign exchange risk)	-	-
of which operational risk	37 946	48 514
of which other risks	6 941	20 753
CET1 Capital ratio (CET1-%)	**21,5**	**14,3**
T1 Capital ratio (T1-%)	**21,5**	**14,3**
Total capital ratio (TC-%)	**21,5**	**14,3**
Minimum capital	**5 000**	**5 000**

KEY EVENTS SINCE THE END OF THE FINANCIAL PERIOD

Since the end of the financial period of 1 January – 31 March 2025, no significant changes have occurred in the outlook or financial standing of the Mortgage Society of Finland or its Group.

FUTURE OUTLOOK

Finland's economic growth is weak amid global uncertainty, labor market is still cool and foreign trade stagnates but the outlook for the economy improves towards the end of the year. The construction sector is in a weak phase, construction investments are lower than before, and risks related to real estate funds are elevated. Decreasing inflation and improving wages support consumers' purchasing power. Rising tariffs may, in turn, weaken consumers' purchasing power. The housing market and renovation construction are recovering, inflation is low and interest rates continue to fall.

Housing starts will still remain low, and housing prices are expected to turn upward. Differences between housing market areas and units become more important and urbanization continues supported by the supply of housing, which increases 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. The Group expects net interest income, net fee and commission income, capital adequacy and liquidity to remain on a stable level.

The Mortgage Society of Finland 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 in the Middle East and the unstable global situation.

Helsinki, 9 May 2025

The Board

CONSOLIDATED INCOME STATEMENT

(1000 €)	**1-3.2025**	**1-3.2024**	**1-12.2024**
Interest income	29 263	42 805	169 456
Interest expenses	-24 467	-38 012	-152 012
NET INTEREST INCOME	4 796	4 793	17 444
Fee and commission income	1 163	1 190	5 852
Fee and commission expenses	-55	-42	-197
Net income from financial instruments at fair value	367	-76	-1 344
Net income from financial instruments at FVOCI	11	0	261
Net income from investment properties	664	456	2 571
Other operating income	-12	19	2
Personnel expenses	-2 256	-2 267	-8 755
Administrative expenses	-1 459	-1 224	-4 761
Total personnel costs and administrative expenses	-3 715	-3 491	-13 515
Depreciation and impairment losses on tangible and intangible assets	-410	-385	-1 449
Other operating expenses	-417	-396	-1 510
Final and expected credit losses	-122	2	-108
OPERATING PROFIT	2 273	2 069	8 008
Income taxes	-512	-364	-1 346
PROFIT FOR THE PERIOD	**1 761**	**1 705**	**6 662**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(1000 €)	**1-3.2025**	**1-3.2024**	**1-12.2024**
Profit for the period	1 761	1 705	6 662
Other comprehensive income, after tax			
Items that may in the future be recognized through profit or loss			
Change in fair value reserve			
Financial assets at FVOCI	-23	-26	48
	-23	-26	48
Items that may not be included in the income statement at a later date			
Revaluation of defined benefit pension plans	-89	380	765
	-89	380	765
Other comprehensive income, after tax, total	-112	354	814
COMPREHENSIVE INCOME FOR THE PERIOD	**1 649**	**2 059**	**7 476**

CONSOLIDATED BALANCE SHEET

(1000 €)	31.3.2025	31.12.2024	31.3.2024
ASSETS			
Cash	372 935	385 793	592 078
Debt securities eligible for refinancing with central banks	143 692	129 708	172 234
Receivables from credit institutions	13 088	8 901	11 203
Receivables from the public and public sector entities	2 796 183	2 791 811	2 794 638
Debt securities	6 264	13 066	0
Shares and holdings	31	31	24
Derivative contracts	20 658	19 016	13 769
Intangible assets	9 954	10 251	9 999
Tangible assets			
Investment properties	78 558	76 703	57 115
Other tangible assets	1 041	1 913	931
	79 600	78 616	58 046
Other assets	40 099	40 424	71 691
Accrued income and advances paid	839	962	876
Deferred tax receivables	13	14	13
TOTAL ASSETS	**3 483 355**	**3 478 594**	**3 724 570**

CONSOLIDATED BALANCE SHEET

(1000 €)	31.3.2025	31.12.2024	31.3.2024
LIABILITIES			
Liabilities to credit institutions			
To central banks	0	0	51 855
To credit institutions	20 215	20 000	20 287
	20 215	20 000	72 142
Liabilities to the public and public sector entities			
Deposits	1 548 049	1 551 254	1 703 531
Other liabilities	4 408	4 572	5 865
	1 552 457	1 555 826	1 709 395
Debt securities issued to the public	1 657 406	1 653 818	1 679 263
Derivative contracts	34 749	36 266	71 991
Other liabilities	38 440	34 655	19 047
Deferred expenses and advances received	2 718	2 290	2 544
Deferred tax liabilities	10 038	10 055	9 921
EQUITY			
Basic capital	5 000	5 000	5 000
Other restricted reserves			
Reserve fund	38 645	37 712	37 712
Fair value reserve			
From valuation at fair value	82	106	31
Defined benefit pension plans			
Acturial gains/ losses	6 153	6 241	5 856
Unrestricted reserves			
Other reserves	22 924	22 924	22 924
Retained earnings	92 768	87 038	87 038
Profit for the period	1 761	6 662	1 705
	167 332	165 683	160 266
TOTAL LIABILITIES AND EQUITY	**3 483 355**	**3 478 594**	**3 724 570**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(1000 €)	Basic capital	Reserve fund	Fair value reserve	Other reserves	Retained earnings	Total
Equity 1 January 2024	5 000	36 219	5 534	22 924	88 531	158 207
Profit for the period					1 705	1 705
Other comprehensive income, after tax						
Financial assets at FVOCI						
Change in fair value			-33			-33
Change in deferred taxes			7			7
Revaluation of defined benefit plans						
Actuarial gains / losses			475			475
Change in deferred taxes			-95			-95
Total other comprehensive income, after tax	0	0	354	0	0	354
Transactions with owners of the bank						
Distribution of profits		1 493			-1 493	0
Equity 31 March 2024	**5 000**	**37 712**	**5 888**	**22 924**	**88 744**	**160 266**
Equity 1 January 2025	5 000	37 712	6 347	22 924	93 700	165 683
Profit for the period					1 761	1 761
Other comprehensive income, after tax						
Financial assets at FVOCI						
Change in fair value			-38			-38
Amount transferred to the income statement			11			11
Change in deferred taxes			4			4
Revaluation of defined benefit plans						
Actuarial gains / losses			-111			-111
Change in deferred taxes			22			22
Total other comprehensive income, after tax	0	0	-112	0	0	-112
Transactions with owners of the bank						
Distribution of profits		933			-933	0
Equity 31 March 2025	**5 000**	**38 645**	**6 235**	**22 924**	**94 529**	**167 332**

CONSOLIDATED CASH FLOW STATEMENT

€ 1,000	1.1.-31.3.2025	1.1.-31.3.2024
Cash flow from operating activities		
Interest income and fees received	17 965	29 142
Interest and fees paid	-21 878	-31 443
Credit losses	1	1
Personnel, administrative and other operating expenses paid	-4 178	-3 575
Income taxes paid	-136	263
Total net cash flow from operating activities	**-8 225**	**-5 612**
Operating assets increase (-) / decrease (+)		
Receivables from customers	11 405	1 792
Operating assets increase (-) / decrease (+) total	**11 405**	**1 792**
Operating liabilities increase (+) / decrease (-)		
Liabilities to the public and public sector organisations (deposits)	-3 680	135 570
Other operating liabilities	-857	-750
Operating liabilities increase (+) / decrease (-) total	**-4 537**	**134 820**
NET CASH FROM/USED IN OPERATING ACTIVITIES	**-1 358**	**131 001**
Cash flows from investing activities		
Income received from financial instruments measured at fair value	11	232
Expenses paid from financial instruments and measured at fair value	0	-29
Payments received from investment properties	884	507
Expenses paid from investment properties	-3 618	-256
Cash flows from acquisition of fixed assets	-106	-157
NET CASH FROM /USED IN INVESTING ACTIVITIES	**-2 828**	**297**
Cash flows from financing activities		
Financial liabilities, new withdrawals	9 524	2
Financial liabilities, repayments	-7 048	-30 040
NET CASH FROM/USED IN FINANCING ACTIVITIES	**2 476**	**-30 038**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-1 710**	**101 261**
Cash and cash equivalents at the beginning of the period	536 549	686 168
Cash and cash equivalents at the end of the period	534 839	787 429
CHANGE IN CASH AND CASH EQUIVALENTS	**-1 710**	**101 261**
Cash and cash equivalents in the balance sheet		
Cash and cash equivalents in the cash flow statement at the end of the financial period	534 839	787 429
Changes that do not involve payment	-1 140	-1 944
Balance sheet value at the end of the financial period	535 979	785 485

Adjustments have been made to the cash flow statement presented in the Interim Report 1 January-31 March 2024. Cash flows have been reorganized to provide a clearer representation of the subcategories in the cash flow statement: operating activities, investing activities, and financing activities. The structure of line items in the cash flow statement has been refined, and adjustments have been made to the euro amounts of cash flows. The euro amounts of the adjustments are as follows:

Adjustments made to the Cash flow statement 31.3.2024 (EUR 1,000)	Adjusted amount	Amount presented in the Interim Report 1 January-31 March 2024	Change
Net cash flows from/used in Operating Activities	131 001	114 516	16 485
Net cash flows from/used in Investing Activities	297	-631	928
Cash flows from/used in Financing Activities	-30 038	-12 846	-17 192
Change in Cash and cash equivalents			222

The nature and reasons for the adjustments:

Net cash flows from/used in Operating Activities
Cash flows from derivative margin calls have been reclassified into the group 'Cash Flows from Financing Activities.' The cash flows from interest received and paid related to financial instruments have been adjusted.

Net Cash Flows from/used in Investing Activities
The line item grouping of cash flows from investment properties has been simplified. Binding agreements for the acquisition of investment properties are presented in cash flows when the purchase price is paid. Realized cash amounts from derivatives hedging cash reserves have been grouped under 'Cash Flows from Investing Activities.' The cash flow amounts have been adjusted.

Cash Flows from/used in Financing Activities
Cash flows from derivatives hedging financing agreements have been grouped together with cash flows from financing agreements. Additionally, cash flows from derivative margin call arrangements have been reclassified into the item 'Cash Flows from Financing Activities'. Transactions related to contracts under hedge accounting have been adjusted to a cash flow basis.

NOTES

1. Key accounting policies

This Interim Report applies the same IFRS Accounting Standards as the Group's Financial Statements on 31 December 2024. The Interim Report has been prepared in accordance with the IAS 34 standard (Interim Financial Reporting) approved in the EU. No other new standards or interpretations with material effect on Hypo Group's financial position, profit or equity, entered into force in the financial period beginning 1 January 2025.

The Interim Report does not contain all information or notes that are required in the Annual Financial Statements. The Interim Report should be read in conjunction with the Group's Financial Statements 2024 and Stock Exchange Releases published during 1 January to 31 March 2025. The figures in the tables in the Interim Report are presented in thousands of euros. Comparatives for the income statement items are based on the corresponding figures in 2024. Unless otherwise specified, figures from 31 December 2024 are used as comparatives for balance-sheet and other cross-sectional items.

Parent company of the Group, the Mortgage Society of Finland has its domicile and administrative headquarters in Helsinki. The street address of the Mortgage Society of Finland is Yrjönkatu 9 A, 00120 Helsinki and the mail address is P.O.Box 509, 00101 Helsinki. Hypo is a mutual company governed by its member customers.

The Interim Report has not been audited.

Hypo Group's business operations constitute a single segment, retail banking.

Hypo Group's consolidated Financial Statements cover the Mortgage Society of Finland as well as the deposit bank Suomen Asuntohypopankki Oy, of which the Mortgage Society of Finland owns 100 percent, and Bostadsaktiebolaget Taos, of which the Group companies own 54.6 percent. The Financial Statements of Asuntohypopankki have been consolidated using the acquisition cost method. Ownership in Bostadsaktiebolaget Taos is accounted for using IFRS 11 Joint Arrangements -standard. Assets, liabilities, revenue and expenses of the joint operations are recognized in relation to Hypo Group's interest in the joint operation. Inter-company transactions and balances between the Group companies are eliminated.

2. New standards and interpretations

During the 2025 financial year, no new IFRS standards, interpretations or amendments have entered into force that would have had a material impact on the group's financial statements.

On 1 January 2027, the IFRS 18 standard will have an impact on the financial statements, above all on the presentation of the income statement, which will be applied retroactively to comparative data.

Other future new standards or standard amendments published by the IASB are not expected to have a material effect on the consolidated financial statements.

3. Issuances and repayments of debt securities and equity instruments

Issuances, repayments and repurchases of debt securities appear on cash flow statement for the period from 1 January to 31 March 2025. Equity instruments have not been issued nor repaid during the period from 1 January to 31 March 2025.

4. Contingent liabilities and other off-balance sheet commitments

(1000 €)	31.3.2025	31.12.2024
Commitments given on behalf of a customer for the benefit of a third party		
Guarantees and other liabilities	3 200	3 840
Irrevocable commitments given on behalf of a customer		
Granted but unclaimed loans	206 194	221 305
Total	209 394	225 145

5. Fair values of financial assets and liabilities

(1000 €)			31.3.2025		31.12.2024	
Publicly quated		Fair value determination principle	Book value	Fair value	Book value	Fair value
Debt securities	Fair value through other comprehensive income (FVOCI)	1	40 116	40 116	45 144	45 144
Debt securities	Option to designate a financial asset at fair value	1	109 840	109 840	90 646	90 646
Total			149 956	149 956	135 790	135 790
Debt securities issued to the public	Amortised cost	1	1 641 473	1 641 473	1 637 926	1 637 926
Total			1 641 473	1 641 473	1 637 926	1 637 926
Other						
Liquid assets	Amortised cost	1	372 935	372 935	385 793	385 793
Receivables from credit institutions	Amortised cost	2	13 088	13 088	8 901	8 901
Receivables from the public and public sector entities	Amortised cost	2	2 796 183	2 796 183	2 791 811	2 791 811
Debt securities	Fair value through other comprehensive income (FVOCI)	2	0	0	6 984	6 984
Shares and holdings	Fair value through other comprehensive income (FVOCI)	2	31	31	31	31
Derivative contracts	Fair value through profit or loss (FVPL)	2	20 658	20 658	19 016	19 016
Total			3 202 895	3 202 895	3 212 536	3 212 536
Liabilities to credit institutions	Amortised cost	2	20 215	20 215	20 000	20 000
Liabilities to the public and public sector entities	Amortised cost	2	1 552 457	1 552 457	1 555 826	1 555 826
Debt securities issued to the public	Amortised cost	1	15 933	15 933	15 893	15 893
Derivative contracts	Fair value through profit or loss (FVPL)	2	34 749	34 749	36 266	36 266
Total			1 623 355	1 623 355	1 627 985	1 627 985

Level 3 financial assets do not carry any unrealized gains or losses.
Book values and fair values of financial instruments contain accrued interest. Derivative contracts consist of interest rate and currency swaps with various counterparties for hedging purposes. Liabilities to financial institutions mainly consist of unsecured long-term promissory note loans with floating interest rates with various counterparties. Liabilities to the public and public sector entities consist of deposits from the public and long-term financing contracts concluded with certain counterparties. The fair values of debt securities (financial assets) are presented based on public quotes from active markets or on other than quated verifiable prices. The fair values of derivatives are calculated by discounting the future cash flows of the contracts using the market interest rates of the closing date.
There have been no transfers between the stages (1,2,3).

The fair value determination principles are as follows:
1: Quoted prices in active markets
2: Verifiable price, other than quoted
3. Unverifiable market price

6. Related party information

Hypo Group’s related parties include its subsidiary, members of the Board of Directors and the Supervisory Board, CEO and vice CEO, members of the Management Group and close family members of the aforementioned as well as related party entities. In addition, The Mortgage Society of Finland’s pension fund and joint operations are included in related parties. Those related party transactions that have not been eliminated in the consolidated financial statements are presented.

There have been no material changes in the related party transactions since 31 December 2024.

7. IFRS 9 expected credit losses by stage

(1000 €)	31.3.2025 Book value	31.3.2025 Expected credit loss allowance	31.12.2024 Book value	31.12.2024 Expected credit loss allowance
Debt instruments, FVOCI				
Level 1, performing loans, no significant increase in credit risk	39 733	15	51 593	24
Receivables from the public and public sector entities				
Level 1, performing loans, no significant increase in credit risk	2 740 295	13	2 747 590	16
Level 2, performing loans with a significant increase in credit risk	23 960	0	23 327	39
Level 3, non-performing loans	12 179	427	11 984	253
Total	**2 776 434**	**439**	**2 782 901**	**308**
Off-balance sheet commitments; granted but undrawn loans and other commitments				
Level 1, performing loans, no significant increase in credit risk	209 394	0	225 145	0

During the financial period, loans of two individual customers total 4.2MEUR moved from level 2 to level 3. In addition to these, there were no significant ECL-level transitions and new loans were originated to level one. The Forward Looking Factor (FLF) of the ECL model remained at level 1 during the financial period.
The level of FLF is evaluated monthly.
The book value contains contract principal amounts but not accrued interests.

(1000 €)	1–3.2025 Net expected credit losses with P&L impact	1-3.2024 Net expected credit losses with P&L impact	1-12.2024 Net expected credit losses with P&L impact
Debt instruments, FVOCI			
Level 1, performing loans, no significant increase in credit risk	8	-2	-18
Receivables from the public and public sector entities			
Level 1, performing loans, no significant increase in credit risk	3	-2	-2
Level 2, performing loans with a significant increase in credit risk	39	-12	-35
Level 3, non-performing loans	-174	16	36
Total	**-131**	**3**	**-2**
Off-balance sheet commitments; granted but undrawn loans and other commitments			
Level 1, performing loans, no significant increase in credit risk	0	-1	0

8. Income distribution

Group's total income
(1000 €)

	1–3.2025	1-3.2024	1-12.2024
Interest income	29 263	42 805	169 456
Interest expense	-24 467	-38 012	-152 012
Net interest income	4 796	4 793	17 444
Net fee income			
from lending operations	484	486	3 010
from land trustee services	603	641	2 533
from other operations	21	21	112
Total net fee income	1 109	1 148	5 655
Net income from treasury operations	378	-76	-1 083
Net income from investment properties	664	456	2 427
Capital gains on investment properties	0	0	144
Other income	-12	19	2
Non-interest income	1 031	399	1 490
Total income	6 936	6 340	24 589

9. Information concerning asset encumbrance

31.3.2025 (1000 €)	Book value of encumbered assets	of which notionally elligible EHQLA and HQLA	Fair value of encumbered assets	of which notionally elligible EHQLA and HQLA	Book value of unencumbered assets	of which EHQLA and HQLA	Fair value of unencumbered assets	of which EHQLA and HQLA
A - Assets	2 243 636	26 036	2 243 636	20 029	1 239 720	465 361	1 239 720	98 433
Equity instruments	-	-	-		31	-	31	
Debt securities	20 029	20 029	20 029	20 029	129 927	98 433	129 927	98 433
Other assets, including lending	2 223 606	6 007	2 223 606		1 109 762	366 928	1 109 762	

B - Collateral received	Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance
Own covered bonds and asset-backed securities issued and not yet pledged	70 000

C - Encumbered assets and associated liabilities	Liabilities associated with encumbered assets	Encumbered assets
Book value of selected financial liabilities	-	-
Debt securities issued to the public	1 641 473	2 195 109
Derivative contracts	28 749	48 527
Total	1 670 222	2 243 636

D - Information on the importance of encumbrance
The amount of assets reported under items A and C above does not include excess collateral except for covered bonds. Group's encumbered assets consist of debt securities, cover asset pool and cash collateral for derivative contracts that are tradable on the secondary market and eligible as ECB collateral and that have been pledged against a loan from the central bank.

Encumbered assets totaled EUR 2,243.6 million, out of which of covered bonds were EUR 2,195.1 million on 31 March 2025. Unencumbered debt securities that are tradable on the secondary market and eligible as ECB collateral and that can be used as collateral in monetary policy operations totaled EUR 123.7 million on 31 March 2025. EUR 333.6 million of unencumbered loans may be used as collateral for covered bonds.

31.12.2024 (1000 €)	Book value of encumbered assets	of which notionally elligible EHQLA and HQLA	Fair value of encumbered assets	of which notionally elligible EHQLA and HQLA	Book value of unencumbered assets	of which EHQLA and HQLA	Fair value of unencumbered assets	of which EHQLA and HQLA
A - Assets	2 218 617	19 743	2 218 617	19 743	1 259 977	481 287	1 259 977	95 494
Equity instruments	-	-	-		31	-	31	
Debt securities	19 743	19 743	19 743	19 743	123 031	95 494	123 031	95 494
Other assets, including lending	2 198 874	-	2 198 874		1 136 914	385 793	1 136 914	

B - Collateral received	Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance
Own covered bonds and asset-backed securities issued and not yet pledged	70 000

C - Encumbered assets and associated liabilities	Liabilities associated with encumbered assets	Encumbered assets
Book value of selected financial liabilities	-	-
Debt securities issued to the public	1 637 926	2 169 139
Derivative contracts	33 089	49 478
Total	1 671 014	2 218 617

D - Information on the importance of encumbrance
The amount of assets reported under items A and C above does not include excess collateral except for covered bonds. Group's encumbered assets consist of debt securities, cover asset pool and cash collateral for derivative contracts that are tradable on the secondary market and eligible as ECB collateral and that have been pledged against a loan from the central bank.

Encumbered assets totaled EUR 2,218.6 million, out of which of covered bonds were EUR 2,169.1 million on 31 December 2024. Unencumbered debt securities that are tradable on the secondary market and eligible as ECB collateral and that can be used as collateral in monetary policy operations totaled EUR 109.8 million on 31 December 2024. EUR 434.7 million of unencumbered loans may be used as collateral for covered bonds.

Sources:
Loans and deposits; Bank of Finland
Housing prices; Statistics Finland

Key indicators and alternative performance measures are reported together with indicators defined and named in the IFRS standards in order to give useful additional information on the business operations. Key indicators and alternative performance measures describe the economic profit, financial standing or cash flows from business operations, but are other than the indicators defined and named in the IFRS standards. The indicators defined in the Capital Requirements Regulation (EU 575/2013) CRR, describe the risk-absorbing capacity of a credit institution.

Definitions of Alternative Performance Measures:

Operating profit/profit before appropriations and taxes, million €

Interest income + income from equity investments + fee income + net income from financial assets at fair value through other comprehensive income + net income from financial instruments at FVPL + income from investment properties + other operating income – (personnel expenses + administrative expenses + depreciation and impairment losses on tangible and intangible assets + other operating expenses+ impairment losses on loans and other commitments)

Return on equity (ROE) %

$$\frac{\text{Operating profit - income taxes}}{\text{Equity + accumulated appropriations less deferred tax liabilities (average total at the beginning and end of the period)}} \times 100$$

Cost-to-income ratio %

$$\frac{\text{Personnel expenses + administrative expenses + depreciation and impairment losses on tangible and intangible assets + other operating expenses}}{\text{Net interest income + income from equity investments + net fee and commission income + net income from financial instruments at FVPL + net income from available-for-sale financial assets + net income from investment properties + other operating income}} \times 100$$

LTV-ratio (Loan to Value, average) %

$$\frac{\text{Receivables from the public and public sector entities}}{\text{Fair value of collateral received against the receivables from the public and public sector entities}} \times 100$$

Loan-to-value ratio is calculated by dividing the outstanding loan balance with the fair value of the total amount of the collaterals allocated to the loan. Only housing and residential property collaterals are taken into account. The average LTV ratio is the weighted average of individual loan-to-value ratios.

Expected credit losses %

$$\frac{\text{Expected credit losses from loans to the public in P\&L}}{\text{Lending to the public at the end of the period}} \times 100$$

Loans/deposits %

$$\frac{\text{Receivables from the public and public sector entities}}{\text{Deposits}} \times 100$$

Deposits out of total funding %

$$\frac{\text{Deposits}}{\text{Total funding}} \times 100$$

Total funding includes liabilities to credit institutions, liabilities to the public and public sector entities, debt securities issued to the public as well as subordinated liabilities.

Non-performing assets, % of the loan portfolio

$$\frac{\text{Receivables from the public and public sector entities deemed unlikely to be paid + receivables past due and unpaid over 90 days}}{\text{Receivables from the public and public sector entities}} \times 100$$

Definitions of Key Financial Indicators set out in EU's Capital Requirements Regulation:

LCR-ratio, %

$$\frac{\text{Liquid assets}}{\text{Outflow of liquidity – Inflow of liquidity (within 30 days)}} \times 100$$

NSFR-ratio, %

$$\frac{\text{Available stable funding}}{\text{Required stable funding}} \times 100$$

Leverage Ratio, %

$$\frac{\text{Equity + accumulated appropriations less deferred tax liabilities}}{\text{Balance sheet total}} \times 100$$

Common Equity Tier 1 (CET1) ratio %

$$\frac{\text{Common Equity Tier 1, CET1}}{\text{Total risk}} \times 100$$

The capital requirement for total risk is calculated using the standard method. The capital requirement for operational risk is calculated using the basic method.

Risk-absorbing key figures are presented in accordance with the EU's Capital Requirements Regulation (EU 575/2013).

Description of Alternative Performance Measures:

Operating profit, profit before appropriations and taxes is an indicator of profitability in the financial statement describing the net revenues from business operations after taking into account expenses, expected credit losses/impairment losses and depreciations.

Return on equity % (ROE) measures profitability of business operations by revealing how much profit is generated in relation to the equity accrued over a financial period. The Mortgage Society of Finland is a mutual company and thus it does not pay dividends.

Cost-to-income ratio % describes business performance by comparing total costs to total income. The less input is used to accumulate revenue, the better the efficiency.

LTV-ratio (Loan to Value, average) % compares the outstanding balance of credit owed by a customer to the fair value of the collaterals provided by the customer. The ratio reflects a credit institution's lending in relation to its collateral position.

Loans / deposits % describes the relation of lending to deposit funding. A ratio exceeding 100 per cent indicates that in addition to deposit funding, wholesale funding and equity are used as funding sources.

Deposits out of total funding % indicator describes the structure of funding.

Number of personnel describes the personnel resources available.

Expected credit losses % compares expected credit losses in P&L from the loan portfolio to the loan portfolio in total. The smaller the ratio the less credit losses are expected in the future.

Non-performing assets, % of the loan portfolio describes the health of the loan portfolio by relating the amount of non-performing loans to the total loan portfolio.

This is an unofficial English language translation of the original Finnish language release (Financial Statements Release) and it has not been approved by any competent authority. Should there be any discrepancies between the Finnish language and the English language versions, the