



THE MORTGAGE SOCIETY OF FINLAND

Half-year Report
1 January–30 June 2025

The Interim Report for the period of 1 January 2025 to 30 September 2025 will be published on 31 October 2025.

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

Hypo Group's January–June 2025

The home finance specialist Hypo Group's operations and liquidity remained stable as net interest income increased.

CEO Ari Pauna:

"Focusing on low-risk housing collateralized lending in urbanising Finland still provides stability despite the continuous uncertainty in the operating environment. Capital adequacy and liquidity remained strong as net interest income increased. 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 5.2 million (EUR 3.2 million 1–6/2024)
- Net interest income was EUR 10.1 million (EUR 7.7 million 1–6/2024)
- Net fee and commission income was EUR 2.9 million (EUR 2.9 million 1–6/2024)
- Other income was EUR 1.5 million (EUR 1.2 million 1–6/2024)
- Total costs were EUR 9.3 million (EUR 8.6 million 1–6/2024)
- Non-performing loans remained low at 0.39% 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 21.8% (14.3% on 31 December 2024)
- Liquidity Coverage Ratio (LCR) was 232.2% (183.7% on 31 December 2024)

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
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 27 June 2025 and Cover Pool 2 24 December 2024).

OPERATING ENVIRONMENT

The global economy grew moderately in the first half of the year, and US trade policy is

creating new hindrances and uncertainty in growth and international trade. However, more moderate inflation, favorable wage development, and strong employment supported global economic performance in the first half of the year. Monetary policy has so far weakened 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 tensions in the Middle East have increased. The global composite output Purchasing Managers’ Index fell in the second quarter after the announcements of new tariffs by the USA.

The European Central Bank continued its interest rate cuts in both April and June 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 long-term risk-free interest rates remained stable during the quarter. The short-term Euribor rates were on a decline, and the 12 months Euribor settled at 2.07 percent by the end of June.

The working day adjusted change of total output fell by 0.2 percent in June from the previous year’s level. In the second quarter the number of employed individuals was 14 000 lower than the previous year, while the number of unemployed increased by 27 000 from a year ago. Consumer confidence remained weak. Home purchase intentions and renovation intentions decreased in June after a cautious increase at the beginning of the year.

According to preliminary data, the prices of old dwellings in the whole country declined by 1.3% from April to June compared to the previous year. Prices in the metropolitan area decreased by 1.0% at the same time, while the

whole country excluding greater Helsinki saw a 1.6% decline. Home sales volumes increased by about 16% from April to June compared to the previous year. The number of apartments available for sale remained high in the whole country. The Finnish housing loan stock year-on-year growth rate was -0.2% at the end of June, when the average interest rate on mortgage loans was 2.99% and the average interest rate on new housing loans was 2.73%. The annual growth rate in the stock of housing corporation loans was 1.5% in June. At the end of June, the total stock of Finnish households' deposits was EUR 114.7 billion, and the average interest rate on these deposits was 0.86%. Overnight deposits accounted for EUR 69.9 billion and fixed term deposits for EUR 15.4 billion of the total deposit stock.

The number of housing starts for residential buildings decreased from April to May compared to the previous year and the economic situation in the construction industry remained very weak. The year-on-year change in consumer prices was 0.2% in June.

The downward trend in interest rates supports households' purchasing power, housing sales and loan demand in Hypo's operating areas. 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.

During the financial period, efforts were made to increase the competence of personnel through training and to strengthen the number of personnel working in the customer interface.

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.

The Finnish Financial Supervisory Authority has on 23 May 2025 set a discretionary additional capital requirement of 1.25 percent (Pillar 2 requirement) for The Mortgage Society of Finland group. The current discretionary additional capital requirement 0.75 percent remains in force until 31 December 2025.

RESULTS AND PROFITABILITY

April–June 2025

Hypo Group's operating profit was EUR 2.9 million (EUR 1.1 million for April–June 2024). Income increased to EUR 7.6 million (EUR 5.5 million) and expenses increased to EUR 4.7 million (EUR 4.3 million).

January-June 2025

Hypo Group's operating profit was EUR 5.2 million (EUR 3.2 million for January–June 2024). Income increased compared to previous year's second quarter and totaled EUR 14.5 million (EUR 11.8 million).

Net interest income increased compared to the comparison period and totaled EUR 10.1 million (EUR 7.7 million). Net fee and commission income was at the same level and totaled EUR 2.9 million (EUR 2.9 million). Net income from investment properties (housing units and residential land) amounted to EUR 1.1 million EUR (1.0 million), which was almost at the same level as the year before.

Expenses increased slightly totaling EUR 9.3 million (EUR 8.6 million).

Hypo Group's other comprehensive income of EUR 4.2 million (EUR 3.0 million) includes EUR 4.2 million (EUR 2.6 million) of profit for the year and other comprehensive income, after tax items of EUR -0.02 million (EUR 0.4 million).

PERSONNEL

On 30 June 2025, the number of permanent personnel was 72 (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 1.0% and totaled EUR 2,819.2 million (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 at a strong level and was 30.8% (31.1%) at the end of the financial period.

The amount of non-performing loans was EUR 10.9 million (EUR 12.0 million), representing 0.39% (0.43%) of the loan portfolio. The expected credit losses on balance sheet remained almost at the same level and were EUR 0.5 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 592.0 million (EUR 536.5 million on 31 December 2024), which corresponds to 16.6% (15.5%) of the total assets. The cash and cash equivalents which totaled EUR 590.0 million consisted of assets distributed widely across various counterparties, and of debt securities tradable on the secondary market. 91.1% (82.5%) of debt securities had a credit rating of at least 'AA-' or were of equivalent credit quality and 95.7% (90.8%) were ECB repo eligible. The Liquidity Coverage Ratio remained on a strong level and was 232.2% (183.7%).

The defined benefit plans surplus of EUR 8.0 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 78.6 million, representing 2.2% (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 59.1 million (EUR 48.8 million on 31 December 2024), and the value of derivative liabilities was EUR 63.6 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 1.9% and was EUR 1,521.7 million at end of the financial period (EUR 1,551.3 million on 31 December 2024). The share of deposits accounted for 46.7% (48.0%) of total funding.

The total nominal amount of covered bonds was EUR 1,650.0 million (EUR 1,720.0 million). The total nominal value of certificates of deposit was EUR 62.0 million (EUR 16.0 million).

The Group's NSFR-ratio at the end of the financial period was 110.6% (115.1%).

The total funding was EUR 3,256.2 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 169.9 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 21.8% (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 4.4% (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%, systemic risk buffer 1.0% and countercyclical buffer requirements of foreign exposures.

The Finnish Financial Supervisory Authority has on 23 May 2025 set a discretionary additional capital requirement of 1.25 percent (Pillar 2 requirement) for The Mortgage Society of Finland group. The discretionary additional capital requirement must be met in accordance with Chapter 11, Section 6 c, Subsection 1 of the Act on Credit Institutions (610/2014). The new requirement comes into force on 31 December 2025, and remains effective no later than 31 December 2028. The current discretionary additional capital requirement 0.75 percent remains in force until 31 December 2025.

The Finnish FSA has on 23 October 2023 set an indicative additional capital recommendation of 0.75% of total risk for the Mortgage Society of Finland. The indicative additional capital recommendation is to be covered with CET1 capital. The recommendation entered into force on 31 March 2024 and is in force until further notice.

The Mortgage Society of Finland is one of multiple Finnish credit institutions, for which the Finnish FSA has on 29 March 2024 set a systemic risk buffer amounting to 1.0%. The buffer requirement is applied at group level. 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 €)	30.6.2025	31.12.2024
Common Equity Tier 1 capital before deductions	169 888	165 683
Deductions from Common Equity Tier 1 capital	-14 263	-13 858
Total Common Equity Tier 1 capital (CET1)	155 626	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)	155 626	151 825
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	-	-
Total capital (TC = T1 + T2)	155 626	151 825
Total risk weighted assets	713 364	1 059 854
of which credit risk	669 082	990 587
of which market risk (foreign exchange risk)	-	-
of which operational risk	43 055	48 514
of which other risks	1 227	20 753
CET1 Capital ratio (CET1-%)	21,8	14,3
T1 Capital ratio (T1-%)	21,8	14,3
Total capital ratio (TC-%)	21,8	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 – 30 June 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. The housing market is recovering, renovation construction is increasing, inflation is low, and lower interest rates support the economy. Housing starts will still remain low, and housing prices are expected to turn upward. Differences between housing market areas and units become more important. 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's outlook for year 2025 remains unchanged.

Operating profit for year 2025 is expected 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, 8 August 2025

The Board

CONSOLIDATED INCOME STATEMENT

(1000 €)	1-6.2025	1-6.2024	4-6.2025	4-6.2024	1-12.2024
Interest income	56 831	91 910	27 568	49 105	169 456
Interest expenses	-46 773	-84 239	-22 306	-46 227	-152 012
NET INTEREST INCOME	10 058	7 671	5 262	2 878	17 444
Fee and commission income	3 044	3 027	1 881	1 837	5 852
Fee and commission expenses	-109	-93	-54	-51	-197
Net income from financial instruments at fair value	419	133	52	209	-1 344
Net income from financial instruments at FVOCI	11	79	0	79,1	261
Net income from investment properties	1 071	977	406	521	2 571
Other operating income	14	5	25	-15	2
Personnel expenses	-4 719	-4 534	-2 463	-2 267	-8 755
Administrative expenses	-2 865	-2 404	-1 406	-1 180	-4 761
Total personnel costs and administrative expenses	-7 584	-6 938	-3 869	-3 447	-13 515
Depreciation and impairment losses on tangible and intangible assets	-830	-749	-421	-363	-1 449
Other operating expenses	-763	-869	-346	-473	-1 510
Final and expected credit losses	-138	-40	-17	-42	-108
OPERATING PROFIT	5 193	3 203	2 920	1 133	8 008
Income taxes	-970	-581	-458	-217	-1 346
PROFIT FOR THE PERIOD	4 223	2 622	2 462	916	6 662

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(1000 €)	1-6.2025	1-6.2024	4-6.2025	4-6.2024	1-12.2024
Profit for the period	4 223	2 622	2 462	916	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	-1	-151	23	-125	48
	-1	-151	23	-125	48
Items that may not be included in the income statement at a later date					
Revaluation of defined benefit pension plans	-17	515	72	135	765
	-17	515	72	135	765
Other comprehensive income, after tax, total	-18	364	94	10	814
COMPREHENSIVE INCOME FOR THE PERIOD	4 205	2 986	2 556	927	7 476

CONSOLIDATED BALANCE SHEET

(1000 €)

	30.6.2025	31.12.2024	30.6.2024
ASSETS			
Cash	434 909	385 793	518 779
Debt securities eligible for refinancing with central banks	139 360	129 708	145 244
Receivables from credit institutions	11 116	8 901	14 905
Receivables from the public and public sector entities	2 819 177	2 791 811	2 818 787
Debt securities	6 223	13 066	
Shares and holdings	31	31	24
Derivative contracts	29 226	19 016	15 450
Intangible assets	9 696	10 251	10 117
Tangible assets			
Investment properties	77 779	76 703	74 638
Other tangible assets	1 038	1 913	1 952
	78 817	78 616	76 590
Other assets	41 113	40 424	63 779
Accrued income and advances paid	1 179	962	1 239
Deferred tax receivables	22	14	28
TOTAL ASSETS	3 570 870	3 478 594	3 664 942

CONSOLIDATED BALANCE SHEET

(1000 €)

	30.6.2025	31.12.2024	30.6.2024
LIABILITIES			
Liabilities to credit institutions			
To central banks		0	52 354
To credit institutions	19 998	20 000	19 999
	19 998	20 000	72 352
Liabilities to the public and public sector entities			
Deposits	1 521 716	1 551 254	1 649 148
Other liabilities	2 923	4 572	5 641
	1 524 639	1 555 826	1 654 789
Debt securities issued to the public	1 711 575	1 653 818	1 642 334
Derivative contracts	33 412	36 266	70 079
Other liabilities	98 425	34 655	51 574
Deferred expenses and advances received	2 853	2 290	2 678
Deferred tax liabilities	10 080	10 055	9 943
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	105	106	-94
Defined benefit pension plans			
Actuarial gains/ losses	6 224	6 241	5 991
Unrestricted reserves			
Other reserves	22 924	22 924	22 924
Retained earnings	92 768	87 038	87 038
Profit for the period	4 223	6 662	2 622
	169 888	165 683	161 193
TOTAL LIABILITIES AND EQUITY	3 570 870	3 478 594	3 664 942

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					2 622	2 622
Other comprehensive income, after tax						
Financial assets at FVOCI						
Change in fair value			-190			-190
Change in deferred taxes			39			39
Revaluation of defined benefit plans						
Actuarial gains / losses			644			644
Change in deferred taxes			-129			-129
Total other comprehensive income, after tax	0	0	364	0	0	364
Transactions with owners of the bank						
Distribution of profits		1 682			-1 682	0
Equity 30 June 2024	5 000	37 901	5 898	22 924	89 471	161 193
Equity 1 January 2025	5 000	37 712	6 347	22 924	93 700	165 683
Profit for the period					4 223	4 223
Other comprehensive income, after tax						
Financial assets at FVOCI						
Change in fair value			1			1
Change in deferred taxes			-2			-2
Revaluation of defined benefit plans						
Actuarial gains / losses			-21			-21
Change in deferred taxes			4			4
Total other comprehensive income, after tax	0	0	-18	0	0	-18
Transactions with owners of the bank						
Distribution of profits		933			-933	0
Equity 30 June 2025	5 000	38 645	6 329	22 924	96 991	169 888

CONSOLIDATED CASH FLOW STATEMENT

€ 1,000	1.1.-30.6.2025	1.1.-30.6.2024
Cash flow from operating activities		
Interest income and fees received	47 410	73 286
Interest and fees paid	-53 130	-79 115
Credit losses	2	2
Personnel, administrative and other operating expenses paid	-8 190	-7 432
Income taxes paid	-457	-61
Total net cash flow from operating activities	-14 364	-13 320
Operating assets increase (-) / decrease (+)		
Receivables from customers	40 700	-8 537
Operating assets increase (-) / decrease (+) total	40 700	-8 537
Operating liabilities increase (+) / decrease (-)		
Liabilities to the public and public sector organisations (deposits)	-28 660	79 486
Other operating liabilities	-584	-31
Operating liabilities increase (+) / decrease (-) total	-29 244	79 455
NET CASH FROM/USED IN OPERATING ACTIVITIES	-2 908	57 598
Cash flows from investing activities		
Income received from financial instruments measured at fair value	61	395
Expenses paid from financial instruments and measured at fair value	0	-29
Payments received from investment properties	1 898	1 510
Expenses paid from investment properties	-3 397	-8 303
Cash flows from acquisition of fixed assets	-276	-681
NET CASH FROM /USED IN INVESTING ACTIVITIES	-1 713	-7 108
Cash flows from financing activities		
Financial liabilities, new withdrawals	76 292	318 657
Financial liabilities, repayments	-18 245	-375 433
NET CASH FROM/USED IN FINANCING ACTIVITIES	58 047	-56 776
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	53 426	-6 287
Cash and cash equivalents at the beginning of the period	536 549	686 168
Cash and cash equivalents at the end of the period	589 975	679 882
CHANGE IN CASH AND CASH EQUIVALENTS	53 426	-6 287
Cash and cash equivalents in the balance sheet		
Cash and cash equivalents in the cash flow statement at the end of the financial period	589 975	679 882
Changes that do not involve payment	-1 634	-955
Balance sheet value at the end of the financial period	591 608	678 927

Adjustments have been made to the cash flow statement presented in the Interim Report 1 January-30 June 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 30.6.2024 (El)	Adjusted amount	Amount presented in the Interim Report 1 January-30 June 2024	Change
Net cash flows from/used in Operating Activities	57 598	56 174	1 424
Net cash flows from/used in Investing Activities	-7 108	-8 189	1 081
Cash flows from/used in Financing Activities	-56 776	-53 505	-3 271
Change in Cash and cash equivalents			-767

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 Half-year Report applies the same IFRS Accounting Standards as the Group's Financial Statements on 31 December 2024. The Half-year 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 Half-year Report does not contain all information nor notes that are required in the Annual Financial Statements. The Half-year Report should be read in conjunction with the Group's Financial Statements 2024 and Stock Exchange Releases published during 1 January to 30 June 2025. The figures in the tables in the Half-year 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 Half-year 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 Asuntopankki 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 Asuntopankki 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 30 June 2025. Equity instruments have not been issued nor repaid during the period from 1 January to 30 June 2025.

4. Contingent liabilities and other off-balance sheet commitments

(1000 €)	30.6.2025	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	197 138	265 940
Total	200 338	269 780

5. Fair values of financial assets and liabilities

(1000 €)			30.6.2025		31.12.2024	
Publicly quoted	Fair value determination principle	Fair value determination principle	Book value	Fair value	Book value	Fair value
Debt securities	Fair value through other comprehensive income (FVOCI)	1	54 949	54 949	45 144	45 144
Debt securities	Option to designate a financial asset at fair value	1	90 635	90 635	90 646	90 646
Total			145 583	145 583	135 790	135 790
Debt securities issued to the public	Amortised cost	1	1 650 017	1 650 017	1 637 926	1 637 926
Total			1 650 017	1 650 017	1 637 926	1 637 926
Other						
Liquid assets	Amortised cost	1	434 909	434 909	385 793	385 793
Receivables from credit institutions	Amortised cost	2	11 116	11 116	8 901	8 901
Receivables from the public and public sector entities	Amortised cost	2	2 819 177	2 819 177	2 791 811	2 791 811
Debt securities	Fair value through other comprehensive income (FVOCI)	2	-	-	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	29 226	29 226	19 016	19 016
Total			3 294 459	3 294 459	3 212 536	3 212 536
Liabilities to credit institutions	Amortised cost	2	19 998	19 998	20 000	20 000
Liabilities to the public and public sector entities	Amortised cost	2	1 524 639	1 524 639	1 555 826	1 555 826
Debt securities issued to the public	Amortised cost	1	61 558	61 558	15 893	15 893
Derivative contracts	Fair value through profit or loss (FVPL)	2	33 412	33 412	36 266	36 266
Total			1 639 608	1 639 608	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 quoted 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

	30.6.2025		31.12.2024	
(1000 €)	Book value	Expected credit loss allowance	Book value	Expected credit loss allowance
Debt instruments, FVOCI				
Level 1, performing loans, no significant increase in credit risk	54 558	15	51 593	24
Receivables from the public and public sector entities				
Level 1, performing loans, no significant increase in credit risk	2 757 197	13	2 747 590	16
Level 2, performing loans with a significant increase in credit risk	31 045	7	23 327	39
Level 3, non-performing loans	10 928	437	11 984	253
Total	2 799 170	457	2 782 901	308
Off-balance sheet commitments; granted but undrawn loans				
Level 1, performing loans, no significant increase in credit risk	197 028 662	0	225 145	0

There were no significant ECL-level transitions during the financial period. 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.

	1-6.2025	1-6.2024	4-6.2025	4-6.2024	1-12.2024
(1000 €)	Net expected credit losses with P&L impact	Net expected credit losses with P&L impact	Net expected credit losses with P&L impact	Net expected credit losses with P&L impact	Net expected credit losses with P&L impact
Debt instruments, FVOCI					
Level 1, performing loans, no significant increase in credit risk	8	-7	0	-5	-18
Receivables from the public and public sector entities					
Level 1, performing loans, no significant increase in credit risk	3	-3	0	-1	-2
Level 2, performing loans with a significant increase in credit risk	32	-4	-7	8	-35
Level 3, non-performing loans	-184	-29	-11	-45	36
Total	-149	-35	-18	-38	-2
Off-balance sheet commitments; granted but undrawn loans					
Level 1, performing loans, no significant increase in credit risk	0	0	0	0	0

8. Income distribution

Group's total income

(1000 €)	1-6.2025	1-6.2024	4-6.2025	4-6.2024	1-12.2024
Interest income	56 831	91 910	27 568	49 105	169 456
Interest expense	-46 773	-84 239	-22 306	-46 227	-152 012
Net interest income	10 058	7 671	5 262	2 878	17 444
Net fee income					
from lending operations	1 596	1 488	1 111	1 002	3 010
from land trustee services	1 297	1 402	693	761	2 533
from other operations	43	43	22	23	112
Total net fee income	2 935	2 934	1 827	1 786	5 655
Net income from treasury operations	430	212	52	288	-1 083
Net income from investment properties	1 071	977	406	521	2 427
Capital gains on investment properties	0	0	0	0	144
Other income	14	5	25	-15	2
Non-interest income	1 514	1 194	483	795	1 490
Total income	14 508	11 799	7 572	5 458	24 589

9. Information concerning asset encumbrance

30.6.2025	Book value of encumbered assets		Fair value of encumbered assets		Book value of unencumbered assets		Fair value of unencumbered assets	
(1000 €)		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
A - Assets	2 197 506	26 019	2 197 506	15 019	1 373 364	522 749	1 373 364	98 840
Equity instruments					31	-	31	-
Debt securities	15 019	15 019	15 019	15 019	130 565	98 840	130 565	98 840
Other assets, including lending	2 182 487	11 000	2 182 487		1 242 768	423 909	1 242 768	

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	-

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	1 650 017	2 152 564
Derivative contracts	37 638	44 942
Total	1 687 655	2 197 506

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 2,197.5 million, out of which of covered bonds were EUR 2,152.6 million on 30 June 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 124.3 million on 30 June 2024. EUR 333.6 million of unencumbered loans may be used as collateral for covered bonds.

31.12.2024	Book value of encumbered assets		Fair value of encumbered assets		Book value of unencumbered assets		Fair value of unencumbered assets	
(1000 €)		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		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.

Information required by Part Eight of the Capital Requirements Regulation (EU) 575/2013
Template EU KM1 - Key metrics template

(1,000 euros)		a	c	e
		30.6.2025	31.12.2024	30.6.2024
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	155 626	151 825	149 003
2	Tier 1 capital	155 626	151 825	149 003
3	Total capital	155 626	151 825	149 003
	Risk-weighted exposure amounts			
4	Total risk exposure amount	713 364	1 059 854	1 057 800
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	21,82 %	14,33 %	14,09 %
6	Tier 1 ratio (%)	21,82 %	14,33 %	14,09 %
7	Total capital ratio (%)	21,82 %	14,33 %	14,09 %
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0,75 %	0,75 %	2,50 %
EU 7e	of which: to be made up of CET1 capital (percentage points)	0,42 %	0,42 %	2,17 %
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	0,56 %	0,56 %	0,56 %
EU 7g	Total SREP own funds requirements (%)	8,75 %	8,75 %	10,50 %
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2,50 %	2,50 %	2,50 %
9	Institution specific countercyclical capital buffer (%)	0,01 %	0,02 %	0,01 %
EU 9a	Systemic risk buffer (%)	1,00 %	1,00 %	1,00 %
11	Combined buffer requirement (%)	3,51 %	3,52 %	2,51 %
EU 11a	Overall capital requirements (%)	12,26 %	12,27 %	13,01 %
12	CET1 available after meeting the total SREP own funds requirements (%)	13,07 %	5,58 %	3,59 %
	Leverage ratio			
13	Total exposure measure	3 562 490	3 536 698	3 723 011
14	Leverage ratio (%)	4,37 %	4,29 %	4,00 %
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14c	Total SREP leverage ratio requirements (%)	3,00 %	3,00 %	3,00 %
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14e	Overall leverage ratio requirement (%)	3,00 %	3,00 %	3,00 %
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	545 307	474 311	620 485
EU 16a	Cash outflows - Total weighted value	249 271	271 042	258 393
EU 16b	Cash inflows - Total weighted value	14 425	12 856	69 227
16	Total net cash outflows (adjusted value)	234 846	258 185	189
17	Liquidity coverage ratio (%)	232,20 %	183,71 %	328,01 %
	Net Stable Funding Ratio			
18	Total available stable funding	2 452 840	2 649 305	2 687 806
19	Total required stable funding	2 218 831	2 301 991	2 318 478
20	NSFR ratio (%)	110,55 %	115,09 %	115,93 %

The form does not provide lines 4a, 5a, 5b, 6a, 6b, 7a, 7b, EU 8a, 10, EU 10a, EU 14a, EU 14b, EU 14d, nor column b and d, as there is nothing to report.

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 Finnish version shall prevail.