POP Mortgage Bank Plc

HALF-YEAR FINANCIAL REPORT

1 January – 30 June 2025

POP Bank
POP Mortgage Bank Plc

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POP Mortgage Bank Plc Half-Year Financial Report for 1 January – 30 June 2025 is a translation of the original Finnish version "POP Asuntoluottopankki Oyj puolivuosikatsaus 1.1.–30.6.2025". In case of discrepancies, the Finnish version shall prevail.

BOARD OF DIRECTORS' REVIEW

The POP Mortgage Bank Plc (hereinafter 'POP Mortgage Bank') is a member credit institution within amalgamation of the POP Banks. POP Mortgage Bank is responsible for acquiring external funding for the amalgamation in cooperation with Bonum Bank Plc. POP Mortgage Bank is also responsible for issuing secured bonds from its 1.5 billion euros covered bond program and forwarding the acquired funding to member credit institutions belonging to the amalgamation of POP Banks.

POP Mortgage Bank's operations are based on the intermediary loan model. Thus, the mortgage-backed loan portfolio provided as collateral for bonds to be issued is not recognised on POP Mortgage Bank's balance sheet. Instead, it remains on each member credit institution's balance sheet.

POP Mortgage Bank recorded a profit of EUR 0.8 (0.3) million for the reporting period and balance sheet totalled EUR 806.7 (798.3) million at the end of the reporting period. Intermediary loans granted to banks belonging to the amalgamation of POP Banks totalled EUR 750.0 (750.0) million.

The Annual General Meeting of POP Mortgage Bank was held on March 14, 2025. The meeting addressed the statutory matters. Juha Niemelä, Marja Pajulahti, and Ilkka Lähteenmäki were elected to the Board of Directors. Juha Niemelä has served as Chair of the Board. The Board appointed Jukka Ruotinen as Deputy CEO of POP Mortgage Bank, effective April 25, 2025.

POP BANK GROUP AND AMALGAMATION OF POP BANKS

POP Bank Group is a Finnish financial group that offers retail banking services to private customers and small and medium sized companies. POP Banks are cooperative banks owned by their member customers. POP Bank's vision is to be a bank with a solid financial standing that provides personalised digital services, achieves the highest level of customer satisfaction and grows its market share profitably.

Structure of the POP Bank Group

POP Bank Group consists of POP Banks, POP Bank Centre coop and their controlled entities. POP Banks are member credit institutions of POP Bank Centre coop. POP Bank Centre coop and its member credit institutions are mutually liable for their debts and liabilities according to the Act on the Amalgamation of Deposit Banks. POP Banks, POP Bank Centre coop and their controlled service companies constitute the amalgamation of POP Banks.

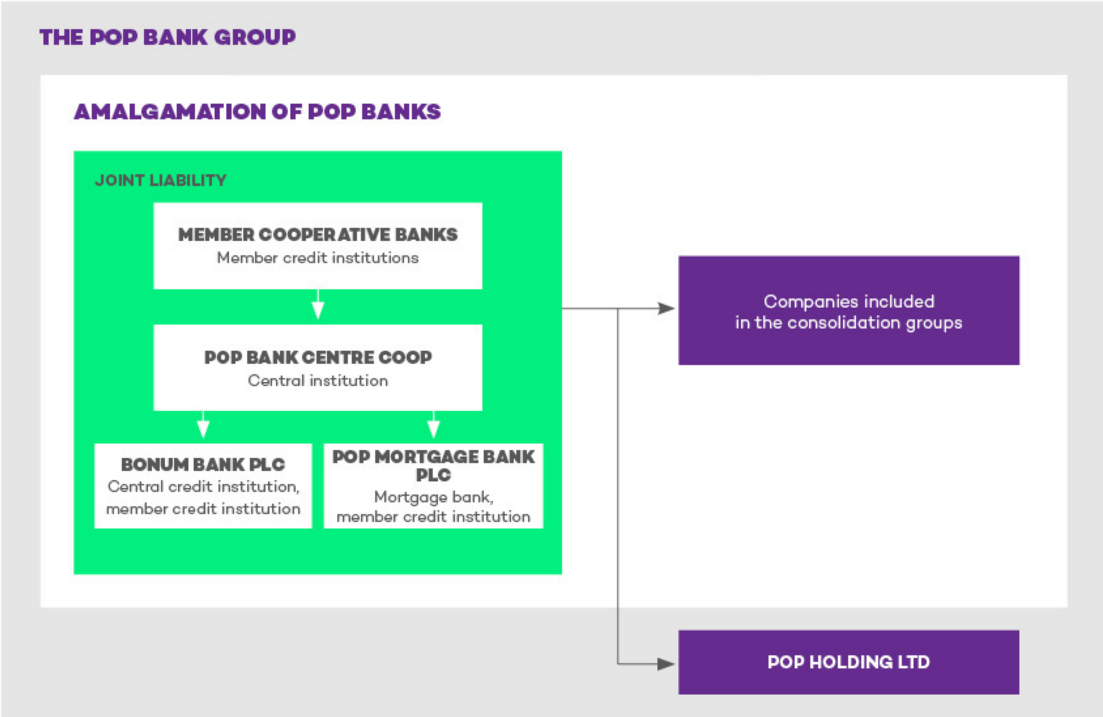
POP Bank Centre coop is the central institution of the amalgamation of POP Banks and is responsible for steering and supervising the POP Bank Group. POP Bank Centre coop has two subsidiaries, Bonum Bank Plc and POP Mortgage Bank Plc, which are also its member credit institutions.

Bonum Bank Plc serves as the central credit institution of the POP Banks and acquires external funding for the Group by issuing unsecured bonds. Bonum Bank Plc is also responsible for the POP Banks' card business and the Group's payment transactions and centralised services, in addition to granting credit to retail customers. POP Mortgage Bank Plc is responsible for the Group's mortgage-backed funding, which it acquires by issuing covered bonds.

POP Bank Group also includes POP Holding Ltd owned by POP Banks and POP Bank Centre Coop. POP Holding Ltd owns 30 per cent of Finnish P&C Insurance Ltd that belongs to Local Tapiola Group and uses the auxiliary business name of POP Insurance. POP Holding Ltd is not a member of the amalgamation of POP Banks and is not included in the scope of joint liability.

The chart on the following page presents the structure of the POP Bank Group and the entities included in the amalgamation and scope of joint liability.

POP BANK GROUP STRUCTURE



OPERATING ENVIRONMENT

The year 2025 has witnessed extraordinary developments in global trade. In spring 2025, the United States imposed substantial import tariffs with short implementation timelines, and later amended them. These developments triggered volatility in share prices globally, and the unpredictability of tariff policies led to downward adjustments in economic forecasts.

The unpredictability of tariff changes has been particularly harmful to companies engaged in trade with the United States. The need to reorganise logistics flows and make investments to circumvent tariffs requires a stable operating environment, so the measures taken by the United States are considered to be slowing global economic growth.

The economic downturn in Finland continued in the first half of the year. Due to its uncertainty, the global situation provided little support to Finland's export industry, and activity in domestic investment and construction remained at low levels. Consistent with the previous year, the number of bankruptcies was exceptionally high in the first half of the year, and unemployment continued to rise.

Household sentiment remained cautious, which was reflected in the moderate level of consumption. Consumers continued to postpone major purchases. This was particularly evident in housing sales volumes, which remained below the long-term average, and in housing price levels. However, household finances developed favourably as purchasing power improved, supported by moderate income growth and low inflation.

Interest rates continued to decrease steadily during the first half of the year, as the European Central Bank made several decisions to reduce its key interest rates. It is expected that lower interest levels will gradually stimulate both housing sales and corporate investment activity. In Finland, the continued accumulation of public sector debt and the necessity of defence investments driven by geopolitical uncertainty are limiting the possibilities of fiscal stimulus.

It is noteworthy that wood prices remained at a high level in agriculture and forestry. Agricultural input costs have decreased to an extent, and the decline in interest rates is also supporting the operating conditions of the agriculture and forestry sectors.

KEY FIGURES AND RATIOS

	30 Jun 2025	30 Jun 2024	31 Dec 2024
Cost-to-income ratio, %	36%	55%	59%
ROA, %	0.2%	0.1%	0.1%
ROE, %	8.9%	4.0%	3.6%
Capital adequacy ratio (TC) %	329.2%	328.3%	212.7%
Equity ratio, %	2.3%	3.3%	2.2%

The calculation formulas for key ratios are presented in the POP Mortgage Banks' Board of Directors' Report and Financial Statements 31 December 2024. When calculating ROA and ROE, the profit for the review period has been changed to match full year level.

PERFORMANCE AND BALANCE SHEET

PERFORMANCE

POP Mortgage Bank recorded a profit of EUR 0.8 (0.3) million for the review period.

POP Mortgage Bank's net interest income was EUR 1.2 (0.8) million. Interest income EUR 13.1 (12.0) million was entirely generated from interest earnings on receivables from credit institutions. Interest expenses consisted of EUR 11.5 (8.0) million in bonds issued and EUR 0.2 (3.2) million in derivative contracts.

POP Mortgage Bank's operating expenses totalled EUR 0.5 (0.4) million. Personnel expenses includes fees paid to the members of the Board of Directors. Other operating expenses EUR 0.4 (0.4) million includes EUR 0.1 (0.1) million in ICT expenses and EUR 0.1 (0.3) million in purchased services, as well as regulatory and other consulting fees. Purchased services include management services purchased from Bonum Bank Plc and POP Bank Centre coop, among other services. Depreciation and impairment include the amortisation of intangible assets.

BALANCE SHEET AND FINANCIAL POSITION

POP Mortgage Bank's balance sheet totalled EUR 806.7 million at the end of the review period (798.3 at the beginning of the review period).

Loans and receivables from credit institutions includes EUR 35.3 (29.7) million in deposits made in Bonum Bank and EUR 750.0 (750.0) million in intermediary loans granted to banks belonging to the amalgamation of POP Banks.

The bonds issued, at EUR 757.8 (756.1) million, includes secured bonds with a nominal value of EUR 750.0 (750.0) million, and the change in the fair value of the underlying asset in hedge accounting. No new bonds were issued during the review period.

POP Mortgage Bank's equity was EUR 18.3 (17.5) million at the end of the review period.

CREDIT RATING

POP Mortgage Bank's loan program and issued bonds have received an 'AAA' credit rating with a stable outlook. This rating was confirmed by S&P Global Rating in September 2024.

RISK AND CAPITAL ADEQUACY MANAGEMENT AND RISK POSITION

PRINCIPLES AND ORGANISATION OF RISK MANAGEMENT

The POP Bank Group's strategy outlines the Group's risk appetite. Business activities are carried out at a moderate risk level so that the risks can be managed in full. The purpose of risk management is to ensure the risk levels are proportionate to the risk-bearing capacity and capital adequacy position of the bank and the amalgamation. Risk management processes must be able to identify all significant risks of the business operations and assess, measure and monitor these regularly.

As the central institution, POP Bank Centre coop supervises the sufficiency and functioning of the risk management systems at the level of the member credit institutions and the amalgamation and is liable for the Group's risk and capital adequacy management in accordance with section 17 of the Amalgamation Act. The central institution of the amalgamation issues binding instructions concerning risk and capital adequacy management, corporate governance and internal control to the member credit institutions to secure their solvency and capital adequacy. Furthermore, common business controlling thresholds have been established for the member institutions to ensure that the risks taken by an individual member institution are within acceptable limits.

POP Mortgage Bank's risk management goal is to ensure that the bank complies with laws, decrees, instructions and regulations issued by the authorities, their own rules and the internal binding guidelines issued by the central institution of the amalgamation in its activities.

The purpose of capital adequacy management is to ensure the sufficient amount, type and efficient use of the capital of the POP Mortgage Bank. Capital is held to cover the material risks arising from the amalgamation's business strategy and plan and to secure the uninterrupted operation of the amalgamation in case of unexpected losses. The goal is pursued through a documented and systematic capital adequacy management process which is integrally linked to the amalgamation's and member credit institutions' strategy process and business planning and management. POP Mortgage Bank is responsible for member banks long-term funding by issuing secured bonds. Issuing is based on the funding needs of the amalgamation as an entity due to which POP Mortgage Bank's control process of the capital adequacy is closely connected to the strategy process of the amalgamation as well as the planning and managing of the business operations.

The amalgamation's risk management and capital adequacy management are described in more detail in Note 4 to the POP Bank Group's financial statements 31 December 2024. Furthermore, information concerning risks (Pillar III) specified in the EU Capital Requirements Regulation is presented in a separate amalgamation of POP Banks' Capital Adequacy report 30 June 2025.

CREDIT RISKS

POP Mortgage Bank's credit risk will consist of intermediary loans granted to the member banks of the amalgamation of POP Banks.

POP Mortgage Bank engages in mortgage bank operations under an intermediary loan model established by the Act on Mortgage Banks and Covered Bonds (151/2022). Thus, the bank may issue secured bonds and use the acquired funds to offer intermediary loans to the member banks of the amalgamation.

Under the intermediary loan model, the mortgage-backed loans provided as collateral for secured bonds remain on the member banks' balance sheets and are not recognised on POP Mortgage Bank's balance sheet. The risks associated with the mortgage-backed loans provided as collateral are not transferred to POP Mortgage Bank. The bonds are recognised as collateral for the secured bonds issued. The intermediary loans granted to member banks are presented under Receivables from credit institutions on the balance sheet.

LIQUIDITY RISKS

Bonum Bank Plc, the central credit institution of the amalgamation, is responsible for liquidity management. Liquidity risks are managed by maintaining a liquidity reserve consisting of LCR-eligible (Liquidity Coverage Ratio) liquid assets, assets eligible as collateral for central bank funding, and short-term bank receivables. Based on an authorisation granted by the Financial Supervisory Authority, the member credit institutions of the amalgamation have been exempted from the LCR and NSFR (Net Stable Funding Ratio) requirements by the decision of the central institution. The LCR and NSFR requirements are calculated at the level of the amalgamation of POP Banks.

POP Bank Group's liquidity position remained strong during the financial period. The liquidity requirement (LCR) for the amalgamation of POP Banks was 312.1 (315.1 at the beginning of the review period) per cent on 30 June 2025, with the regulatory minimum level being 100 per cent. The amalgamation's NSFR was 134.6 (136.9) per cent on 30 June 2025, with the regulatory minimum level being 100 per cent.

MARKET RISKS

POP Mortgage Bank's most significant market risk is the interest rate risk associated with the banking book. The interest rate risk refers to the impact of changes in interest levels on the market value of balance sheet and off-balance-sheet items, or on net interest income. The banking book consists of intermediary loans granted to the amalgamation's member banks and market-based financing.

POP Mortgage Bank does not engage in trading activities. The possible use of derivatives is limited to hedging interest rate risk in the banking book.

POP Mortgage Bank monitors the interest rate risk by using the present value method and the dynamic income risk model. The present value method measures how changes in interest rates affect the constructed market value of the balance sheet. In the present value method, the market value of the balance sheet is calculated as the present value of the expected cash flows of individual balance sheet items. Interest rate sensitivity indicators are used to monitor the market value changes caused by changes in the interest rates and credit spreads of investment items in different interest rate scenarios. The income risk model predicts future net interest income and its changes in various market rate scenarios within a time frame of five years. The amount of interest rate risk taken is assessed with the effect of diverse interest rate shocks on the net interest income and net present value.

OPERATIONAL RISKS

The objective of the management of operational risks is to identify essential operational risks in business operations and minimise their materialisation and impacts. The objective is pursued by means of comprehensive operating instructions and internal control measures, such as by segregating preparation, decision-making, implementation and control from one another.

POP Mortgage Bank carries out an annual self-assessment of operational risks based on the risks assessments it performs, in which the monitoring of operational risk incidents is utilised. The risk assessment also aims to evaluate the risks related to POP Mortgage Bank most significant outsourced operations. Some of the potential losses caused by operational risks are hedged through insurance. Risks caused by malfunctions in information systems are prepared for through continuity planning.

CRISIS RESOLUTION PLAN

In accordance with the bank resolution act (1194/2014), the Financial Stability Authority has on 25 March 2025 set a minimum requirement of own funds and eligible liabilities (MREL-requirement) for POP Mortgage Bank. The MREL requirement for POP Mortgage Bank is 16.0 per cent of total risk-weighted assets (TREA) or 6.0 per cent of the leverage ratio exposures (LRE). The MREL requirement has been fulfilled with own funds.

CAPITAL ADEQUACY MANAGEMENT

At the end of the review period POP Mortgage Bank's capital adequacy was at a good level. Starting from 1 January 2025 POP Mortgage Bank has applied the renewed Capital Requirements Regulation (CRR III). This change has had a positive effect on the bank's capital adequacy position. The Bank's capital ratio and the core capital adequacy ratio was 329.2 per cent on 30 June 2025 (212.7 at the beginning of the review period). The Bank's own funds totalled EUR 17.2 (16.6) million consisting entirely of CET1 capital adequacy.

POP Mortgage Bank's own funds are comprised of share capital, retained earnings and other non-restricted reserves, less the deductible items in accordance with the CRR. Member credit institutions of the amalgamation have been exempted from the own funds requirements for intragroup items and large exposures limits for exposures between the central credit institution and the member credit institutions based on a permission granted by the FIN-FSA.

POP Mortgage Bank's leverage ratio on 30 June 2025 was 276.5 (235.5) per cent. The minimum level of regulation is 3 per cent.

The statutory minimum is 8 per cent for the capital adequacy ratio and 4.5 per cent for CET1 capital. In addition to the minimum capital adequacy ratio, POP Mortgage Bank is subject to the fixed additional capital requirement, which is 2.5 per cent in accordance with the Act on Credit Institutions, and to the variable country-specific additional capital requirements for foreign exposures.

Summary of Capital Adequacy

(EUR 1,000)	30 Jun 2025	31 Dec 2024
Own funds		
Common Equity Tier 1 capital before deductions	17,481	16,855
Deductions from Common Equity Tier 1 capital	-250	-304
Total Common Equity Tier 1 capital (CET1)	**17,231**	**16,551**
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1)	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**17,231**	**16,551**
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	**-**	**-**
Total capital (TC = T1 + T2)	**17,231**	**16,551**
Total risk weighted assets	**5,234**	**7,780**
of which credit risk	1,762	1,465
of which credit valuation adjustment risk (CVA)	1,519	4,554
of which market risk (exchange rate risk)	-	-
of which operational risk	1,953	1,761
Fixed capital conservation buffer according to Act on Credit institutions (2.5%)	**131**	**195**
Countercyclical capital buffer	**-**	**-**
CET1 Capital ratio (%)	**329.2%**	**212.7%**
T1 Capital ratio (%)	**329.2%**	**212.7%**
Total capital ratio (%)	**329.2%**	**212.7%**
Capital requirement		
Total capital	17,231	16,551
Capital requirement*	550	817
Capital buffer	16,681	15,734
Leverage ratio		
Tier 1 capital (T1)	17,231	16,551
Leverage ratio exposure	6,231	7,034
Leverage ratio, %	276.5%	235.3%

*The capital requirement comprises the minimum requirement of 8%, the capital conservation buffer of 2.5% and the country-specific countercyclical capital requirements of foreign exposures.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

POP Mortgage Bank's core business is expected to generate positive results and the capital adequacy is expected to stay strong.

EVENTS AFTER THE REVIEW PERIOD

Board of Directors of POP Mortgage Bank is not aware of events after the closing date that would have a material impact on the information presented in the financial statements.

TABLES (IFRS)

INCOME STATEMENT

(EUR 1,000)	Note	1 Jan–30 Jun 2025	1 Jan–30 Jun 2024
Interest income		13,053	11,994
Interest expenses		-11,898	-11,214
Income statement	**3**	**1,155**	**780**
Net income from hedge accounting	4	90	-15
Total operating income		**1,244**	**765**
Personnel expenses	5	-10	-9
Other operating expenses	6	-377	-354
Depreciation	7	-58	-58
Total operating expenses		**-445**	**-421**
Profit before taxes		**800**	**344**
Income taxes	8	-	-
Result for the period		**800**	**344**

POP Mortgage Bank has no items to be presented in the statement of other comprehensive income.

BALANCE SHEET

(EUR 1,000)	Note	30 Jun 2025	31 Dec 2024
Assets			
Loans and receivables from credit institutions	4, 5, 6	785,255	779,737
Derivatives	4, 5, 7, 9	8,839	7,872
Intangible assets		223	281
Other assets		12,416	10,363
Total assets		**806,733**	**798,254**
Liabilities			
Liabilities to credit institutions	4	18,160	13,440
Derivatives	4, 5, 7, 9	-	587
Debt securities issued to the public	4, 5, 8	757,802	756,069
Other liabilities		12,491	10,677
Total liabilities		**788,453**	**780,773**
Equity capital			
Share capital		10,000	10,000
Reserves		9,000	9,000
Retained earnings		-720	-1,519
Total equity capital		**18,280**	**17,481**
Total liabilities and equity capital		**806,733**	**798,254**

STATEMENT OF CHANGES IN EQUITY CAPITAL

(EUR 1,000)	Share capital	Reserve for invested non-restricted equity	Retained earnings	Total equity
Balance at 1 Jan 2025	**10,000**	**9,000**	**-1,519**	**17,481**
Profit for the financial year	-	-	800	**800**
Profit for the financial year	**-**	**-**	**800**	**800**
Balance at 30 Jun 2025	**10,000**	**9,000**	**-720**	**18,280**

(EUR 1,000)	Share capital	Reserve for invested non-restricted equity	Retained earnings	Total equity
Balance at 1 Jan 2024	**10,000**	**9,000**	**-2,145**	**16,855**
Profit for the financial year	-	-	344	**344**
Profit for the financial year	**-**	**-**	**344**	**344**
Balance at 30 Jun 2024	**10,000**	**9,000**	**-1,801**	**17,199**

CASH FLOW STATEMENT

(EUR 1,000)	Note	1 Jan–30 Jun 2025	1 Jan–30 Jun 2024
Cash flow from operating activities			
Profit for the financial year		800	344
Adjustments to profit for the financial year		237	252
Increase (-) or decrease (+) in operating assets		**-2,053**	**2,771**
Loans and receivables from credit institutions	4,5,6	-	-300
Other assets		-2,053	3,071
Increase (+) or decrease (-) in operating liabilities		**6,535**	**-10,700**
Liabilities to credit institutions	4	4,720	-7,330
Other liabilities		1,815	-3,370
Total cash flow from operating activities		**5,518**	**-7,334**
Change in cash and cash equivalents			
Cash and cash equivalents at period-start		29,737	13,080
Cash and cash equivalents at the end of the period		35,255	5,746
Net change in cash and cash equivalents		**5,518**	**-7,334**
Cash and cash equivalents			
Receivables from credit institutions payable on demand	6	35,255	5,746
Total		**35,255**	**5,746**

Additional information of the Cash Flow Statement

Interest received		11,139	14,839
Interest paid		10,196	14,535

Adjustments to result for the financial year

Changes in fair value		-90	17
Depreciation		58	58
Other		269	176

POP Mortgage Bank had no items to present in the cash flow from investing and financing activities during the review period.

NOTES

NOTE 1 ACCOUNTING POLICIES

POP Mortgage Bank Plc's (hereinafter POP Mortgage Bank) financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations (IFRIC).

The half-year financial report for 1 January – 30 June 2025 has been prepared in accordance with IAS 34 Interim Financial Reporting and the accounting policies presented in POP Mortgage Bank's IFRS financial statements 31 December 2024.

The figures disclosed in the half-year financial report are unaudited. The reported figures are in thousand euros, unless otherwise stated. The figures in the calculations and tables are rounded, whereby the sum total of individual figures may deviate from the sum total presented. The operating currency of POP Mortgage Bank is euro.

Copy of POP Mortgage Bank's half-year financial report is available from its office at Hevosenkenkä 3, FI-02600 Espoo, and online at www.poppankki.fi.

Changes in accounting policies

The IFRS standards, standard amendments, or interpretations that came into effect on 1 January 2025 do not have a material impact on the POP Mortgage Bank's half-year financial report.

Accounting policies requiring management judgement

The preparation of the half-year financial report involves management making future estimates and assumptions that affect the amounts of reported items and the information provided in the notes. The key management judgements are particularly related to the fair values and the impairment of financial assets. Management's estimates and assumptions are based on the best view at the reporting date, which may differ somewhat from the final outcomes. The accounting principles requiring management's judgement are presented in the IFRS financial statements of the POP Mortgage Bank as at 31 December 2024.

In the calculation of expected credit losses, management has judged that the probability of default for internal items within the amalgamation of POP Banks is considered to be zero, based on the structure of the amalgamation and risk management principles. The most significant internal item within the amalgamation to which this principle is applied is the intermediary loans granted to POP Banks, which are presented in Note 6 Loans and receivables from credit institutions.

NOTE 2 INTEREST INCOME AND EXPENSES

(EUR 1,000)	1 Jan–30 Jun 2025	1 Jan–30 Jun 2024
Interest income		
Loans and receivables from credit institutions	13,053	11,994
Total interest income	**13,053**	**11,994**
Interest expenses		
Liabilities to credit institutions	-190	-77
Debt securities issued to the public	-11,533	-7,954
Hedging derivatives of liabilities	-174	-3,182
Total interest expenses	**-11,898**	**-11,214**
Net interest income	**1,155**	**780**

NOTE 3 NET INCOME FROM HEDGE ACCOUNTING

(EUR 1,000)	1 Jan–30 Jun 2025	1 Jan–30 Jun 2024
Change in hedging instruments' fair value	1,554	-6,160
Change in hedged items' fair value	-1,464	6,145
Net income from hedge accounting	**90**	**-15**

NOTE 4 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets 30 Jun 2025

(EUR 1,000)	At amortised cost	Hedging derivatives	Total carrying amount
Loans and receivables from credit institutions	785,255	-	**785,255**
Derivative contracts	-	8,839	**8,839**
Financial assets total	**785,255**	**8,839**	**794,094**
Other assets			**12,640**
Total assets			**806,733**

Financial assets 31 Dec 2024

(EUR 1,000)	At amortised cost	Hedging derivatives	Total carrying amount
Loans and receivables from credit institutions	779,737	-	**779,737**
Derivative contracts	-	7,872	**7,872**
Financial assets total	**779,737**	**7,872**	**787,609**
Other assets			**10,645**
Total assets			**798,254**

Financial liabilities 30 Jun 2025

(EUR 1,000)	At amortised cost	Hedging derivatives	Total carrying amount
Liabilities to credit institutions	18,160	-	**18,160**
Derivative contracts	-	-	**-**
Debt securities issued to the public*	757,802	-	**757,802**
Financial liabilities total	**775,962**	**-**	**775,962**
Other liabilities			**12,491**
Total liabilities			**788,453**

*Debt securities issued to the public include hedge adjustments of EUR 9,197 thousand. The hedged items included in the balance sheet items are presented in more detail in Note 7.

Financial liabilities 31 Dec 2024

(EUR 1,000)	At amortised cost	Hedging derivatives	Total carrying amount
Liabilities to credit institutions	13,440	-	**13,440**
Derivative contracts	-	587	**587**
Debt securities issued to the public*	756,069	-	**756,069**
Financial liabilities total	**769,509**	**587**	**770,096**
Other liabilities			**10,677**
Total liabilities			**780,773**

*Debt securities issued to the public include hedge adjustments of EUR 7,734 thousand. The hedged items included in the balance sheet items are presented in more detail in Note 7.

NOTE 5 FAIR VALUES AND VALUATION TECHNIQUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

	30 Jun 2025		31 Dec 2024	
(EUR 1,000)	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables from credit institutions	785,255	803,369	779,737	801,317
Derivatives	8,839	8,839	7,872	7,872
Total	**794,094**	**812,207**	**787,609**	**809,189**

Financial liabilities

	30 Jun 2025		31 Dec 2024	
(EUR 1,000)	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities to credit institutions	18,160	18,160	13,440	13,440
Derivatives	-	-	587	587
Debt securities issued to the public	757,802	760,213	756,069	767,622
Total	**775,962**	**778,373**	**770,096**	**781,648**

Fair value hierarchy levels of items recurrently recognised at fair value

Financial assets measured at fair value 30 Jun 2025

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Derivatives	-	8,839	-	8,839	8,839
Total	**-**	**8,839**	**-**	**8,839**	**8,839**

Financial assets measured at fair value 31 Dec 2024

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Derivatives	-	7,872	-	7,872	7,872
Total	**-**	**7,872**	**-**	**7,872**	**7,872**

Financial liabilities measured at fair value 30 Jun 2025

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Derivatives	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

Financial liabilities measured at fair value 31 Dec 2024

(EUR 1,000)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Derivatives	-	587	-	587	587
Total	**-**	**587**	**-**	**587**	**587**

Fair value determination of financial assets and financial liabilities

Financial assets and liabilities are recognised in balance sheet at fair value or amortised cost. Classification and valuation of financial instruments are described in more detail in Note 1 Accounting policies in POP Mortgage Bank's financial statements 31 December 2024.

Fair value hierarchies

Level 1 includes financial instruments that are measured on the basis of quotations obtained from liquid markets. A market is considered as liquid if quotations are regularly available. This group included all securities with publicly quoted prices.

Level 2 includes financial instruments measures using generally approved measurement techniques or models which are based on assumptions made on the basis of observable market prices. For example, the fair value of a financial instrument allocated to Level 2 may be based on the value derived from the market quotation of components of an instrument. This group includes interest derivatives and other instruments that are not traded in liquid markets.

Level 3 includes financial instruments and other assets that are not measured using market quotations or values determined on the basis of observable market prices using measurement techniques or models. The assumptions applied in the measurement techniques often involve insecurity. The fair value of assets allocated to Level 3 is often based on price information obtained from a third party.

Transfers between fair value hierarchy levels

Transfers between hierarchy levels are considered to have taken place on the date of the occurrence of the event that caused the transfer or the date when the circumstances changed. There were no transfers between levels during the reporting period.

NOTE 6 LOANS AND RECEIVABLES FROM CREDIT INSTITUTIONS

(EUR 1,000)	30 Jun 2025	31 Dec 2024
Deposits		
Repayable on demand	35,255	29,737
Intermediary loans	750,000	750,000
Total	**785,255**	**779,737**

NOTE 7 DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

POP Mortgage bank hedges its interest rate risk against fair value changes primarily using interest rate swaps. With interest rate swaps, the interest rates of variable-rate intermediate loans and fixed-rate issued bonds are swapped to the same interest basis. As a result of the hedging, changes in market interest rates have a minimal impact on net interest income.

Hedge accounting is applied to fair value hedging. During the period, there were no new issuances, and consequently, no changes in hedge relationships.

Derivatives and hedged items covered by hedge accounting

Hedging interest rate derivatives

	Fair value 30 Jun 2025		Fair value 31 Dec 2024	
(EUR 1,000)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Derivatives				
Fair value hedging	8,839	-	7,872	587
Derivatives total	**8,839**	**-**	**7,872**	**587**

Effects of hedge accounting on financial position and result

Fair value hedge

	Interest rate risk 30 Jun 2025		Interest rate risk 31 Dec 2024	
(EUR 1,000)	**Carrying amount of hedged liabilities**	**of which accumulated amount of fair value hedge adjustment**	**Carrying amount of hedged liabilities**	**of which accumulated amount of fair value hedge adjustment**
Micro hedge				
Hedged debt securities issued to the public	759,197	9,197	757,734	7,734
Liabilities	**759,197**	**9,197**	**757,734**	**7,734**

The nominal value of the fixed-rate bond subject to fair value hedging was EUR 750,000 (750,000) thousand, which is included under "debt securities issued to the public". The nominal values of derivative instruments correspond to the nominal values of the objects to be hedged.

Profits and losses from hedge accounting and hedge ineffectiveness

	Interest rate risk	
	Fair value hedging	
(EUR 1,000)	**1 Jan–30 Jun 2025**	**1 Jan–30 Jun 2024**
Change in the fair value of the derivative contract	1,554	-6,160
Change in the fair value of the hedged item	-1,464	6,145
Hedge ineffectiveness recognized in the income statement	**90**	**-15**

Maturity profile of the nominal amount of hedging interest rate risk

30 Jun 2025	Nominal value / Remaining maturity			
(EUR 1,000)	Less than 1 year	1-5 years	More than 5 years	Total
Instruments hedging interest rate risk	250,000	500,000	-	**750,000**

31 Dec 2024	Nominal value / Remaining maturity			
(EUR 1,000)	Less than 1 year	1-5 years	More than 5 years	Total
Instruments hedging interest rate risk	250,000	500,000	-	**750,000**

The maturity of the hedged items fully matches the maturity of the hedging instruments.

NOTE 8 DEBT SECURITIES ISSUED TO THE PUBLIC

(EUR 1,000)	30 Jun 2025	31 Dec 2024
Covered bonds	748,604	748,336
Change in fair value due to hedge accounting	9,197	7,734
Total debt securities issued to the public	**757,802**	**756,069**

Debt securities issued to the public

Bond	Issue date	Due date	Interest	Nominal (EUR 1,000)	Currency
POPA 22092025	22 Sep 2022	22 Sep 2025	2.625% / fixed	250,000	EUR
POPA 26042028	26 Apr 2023	26 Apr 2028	3.625% / fixed	250,000	EUR
POPA15102029	15 Oct 2024	15 Oct 2029	2.875% / fixed	250,000	EUR

Amounts recognised in statement of cash flows

(EUR 1,000)	30 Jun 2025	31 Dec 2024
Balance 1 Jan	**756,069**	**503,259**
Debt securities issued, increase	-	249,048
Total changes in cash flow	**-**	**249,048**
Valuation	1,732	3,762
Balance at the end of period	**757,802**	**756,069**

NOTE 9 OFFSETTING

Offsetting of financial assets and liabilities

The table below presents items that, in certain circumstances, can be settled on a net basis, even though they are presented on a gross basis in the balance sheet. The netting arrangement is based on a mutually enforceable general netting agreement (ISDA).

30 Jun 2025

(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
				Enforceable master netting arrangement	Financial instruments held as collateral*	Cash held as collateral	Net amount
Assets							
Derivatives	17,837	-	17,837	-	-17,837	-	-
Total	**17,837**	**-**	**17,837**	**-**	**-17,837**	**-**	**-**
Liabilities							
Derivatives	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

*The total amount of cash received as collateral is EUR 18,160 thousand. The table does not take into account overcollateralization.

31 Dec 2024

(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
				Enforceable master netting arrangement	Financial instruments held as collateral	Cash held as collateral	Net amount*
Assets							
Derivatives	14,172	-	14,172	-1,086	-13,440	-	-
Total	**14,172**	**-**	**14,172**	**-1,086**	**-13,440**	**-**	**-**
Liabilities							
Derivatives	1,086	-	1,086	-1,086	-	-	-
Total	**1,086**	**-**	**1,086**	**-1,086**	**-**	**-**	**-**

*The total in the Net amount column of the table does not equal the sum of the preceding columns due to differences between the valuation and collateral review dates. The collateral is determined such that, at the time of the review, the collateral received fully neutralises the counterparty risk.

NOTE 10 COLLATERAL GIVEN AND RECEIVED

(EUR 1,000)	30 Jun 2025	31 Dec 2024
Given on behalf of own liabilities and commitments		
Mortgage-backed loan portfolio*	1,029,208	1,028,621
Total collateral given	**1,029,208**	**1,028,621**
Collateral received		
Collateral received from member banks of POP Bank amalgamation*	1,023,208	1,022,621
Other	18,160	13,440
Total collaterals received	**1,041,368**	**1,036,061**

*The collateral provided and received by POP Mortgage Bank is related to secured bonds issued under the EUR 1,5 billion issuance programme, as well as the interim loans based on it. The collateral given and received consists of loans secured by real estate.

Other collateral is related to derivatives and are collateral given and received in cash.

NOTE 11 RELATED PARTY DISCLOSURES

The related parties of POP Mortgage Bank comprise the members of the company's Board of Directors and Executive Group and members of their immediate families. In addition, related parties include POP Mortgage Bank's parent entity POP Bank Centre coop, as well as its managing director and deputy managing director. Furthermore, related parties include those entities over which key persons included in the management and/or members of their immediate families have control or joint control. The related parties also include the entities belonging to the POP Bank Centre Group, specifically POP Bank Centre coop and Bonum Bank Plc.

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

Espoo 13 August 2025

POP Mortgage Bank Plc
Board of Directors

FURTHER INFORMATION

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POP Bank

POP Mortgage Bank Plc