4 August 2025 at 2:00 pm (EEST)

MuniFin Group's Half Year Report

1 January–30 June 2025

MuniFin

In brief: MuniFin Group in the first half of 2025

- The Group's net operating profit excluding unrealised fair value changes* decreased by 11.9% (+9.6%) in January–June and amounted to EUR 79 million (EUR 89 million). Net interest income* fell by 3.6% (+3.4%) and totalled EUR 124 million (EUR 129 million). Net operating profit excluding unrealised fair value changes was also brought down by higher expenses than in the comparison period.

- Net operating profit* amounted to EUR 78 million (EUR 105 million). Unrealised fair value changes amounted to EUR -0.6 million (EUR 16 million) in the reporting period. Despite the market fluctuations during the reporting period, the net impact of unrealised fair value changes in PnL remained very small.

- Costs* in the reporting period amounted to EUR 44 million (EUR 41 million). They were particularly driven up by the maintenance and development costs of IT systems.

- The Group's leverage ratio remained at a strong level, standing at 11.4% (12.3%) at the end of June.

- At the end of June, the Group's CET1 capital ratio continued to be very strong at 89.4% (107.7%). The ratio was pulled down by the new CRR III regulation that was applied on 1 January 2025, resulting in a decline in the capital ratio by 10%-points, mainly due to the increase in credit valuation adjustment risk (*CVA VaR*). The CET1 capital ratio was nevertheless almost six times the required minimum of 15.1% (15.0%), taking capital buffers into account.

- Long-term customer financing (long-term loans and leased assets) excluding unrealised fair value changes* totalled EUR 37,101 million (EUR 35,787 million) at the end of June and saw an increase of 3.7% (4.0%) in the reporting period. New long-term customer financing* in January–June remained at the same level as in the comparison period and amounted to EUR 2,411 million (EUR 2,416 million). Short-term customer financing* totalled EUR 1,511 million (EUR 1,825 million).

- Of all long-term customer financing, the amount of green finance* aimed at environmentally sustainable investments totalled EUR 7,892 million (EUR 6,817 million), and the amount of social finance* aimed at investments promoting equality and communality totalled EUR 2,609 million (EUR 2,536 million) at the end of June. The total amount of this financing increased by 12.3% (15.7%) during the reporting period. The ratio of green and social finance to long-term customer financing excluding unrealised fair value changes* grew by 2.2 percentage points to 28.3% (26.1%).

- In January–June, new long-term funding* reached EUR 7,345 million (EUR 4,942 million). At the end of June, the total funding* was EUR 48,853 million (EUR 46,737 million), of which long-term funding* made up EUR 45,098 million (EUR 43,328 million).

- The Group's total liquidity* is very strong, standing at EUR 13,025 million (EUR 11,912 million) at the end of June. The Liquidity Coverage Ratio (*LCR*) stood at 390% (339%) and the Net Stable Funding Ratio (*NSFR*) at 128% (124%) at the end of June.

- Outlook for the second half of 2025: MuniFin Group's net operating profit excluding unrealised fair value changes for January–June 2025 was 12% lower than in the previous year. It is expected to be at the same level or lower in the second half of 2025 compared to the previous year. Therefore, the net operating profit excluding unrealised fair value changes for the entire year is expected to be at the same level or lower than in the previous year. The Group expects its capital adequacy ratio and leverage ratio to remain strong. A more detailed outlook is presented in the section *Outlook for the second half of 2025*.

Comparison figures deriving from the income statement and figures describing the change during the reporting period are based on figures reported for the corresponding period in 2024. Comparison figures deriving from the balance sheet and other cross-sectional items are based on the figures of 31 December 2024 unless otherwise stated.

** Alternative performance measure.*

The calculation formulas for all key figures can be found on pages 38–46. All figures presented in this Half Year Report are those of MuniFin Group, unless otherwise stated.

Key figures (Group)

	Jan–Jun 2025	Jan–Jun 2024	Change, %	Jan–Dec 2024
Net operating profit excluding unrealised fair value changes (EUR million)*	79	89	-11.9	181
Net operating profit (EUR million)*	78	105	-25.8	166
Net interest income (EUR million)*	124	129	-3.6	260
New long-term customer financing (EUR million)*	2,411	2,416	-0.2	5,056
New long-term funding (EUR million)*	7,345	4,942	48.6	8,922
Cost-to-income ratio, %*	30.6	23.7	6.8**	27.7
Return on equity *(ROE)*, %*	6.5	9.5	-3.0**	7.2

	30 Jun 2025	30 Jun 2024	Change, %	31 Dec 2024	Change, %
Long-term customer financing (EUR million)*	36,541	33,300	9.7	35,173	3.9
Green and social finance (EUR million)*	10,501	8,130	29.2	9,353	12.3
Balance sheet total (EUR million)	55,175	50,954	8.3	53,092	3.9
CET1 capital (EUR million)	1,654	1,586	4.3	1,646	0.5
Tier 1 capital (EUR million)	1,654	1,586	4.3	1,646	0.5
Total own funds (EUR million)	1,654	1,586	4.3	1,646	0.5
CET1 capital ratio, %***	89.4	102.4	-13.0**	107.7	-18.3**
Tier 1 capital ratio, %***	89.4	102.4	-13.0**	107.7	-18.3**
Total capital ratio, %***	89.4	102.4	-13.0**	107.7	-18.3**
Leverage ratio, %	11.4	12.0	-0.6**	12.3	-0.9**
Personnel****	187	196	-4.6	178	5.1

* *Alternative performance measure.*
** *Change in ratio.*
*** *The capital ratios at 30 June 2025 have been calculated in accordance with the CRR III regulation. The figures for the comparative periods have not been adjusted.*
**** *The comparable figure of personnel in the Parent Company as of 30 June 2024, was 185. There were 11 employees working MuniFin's subsidiary at the end of June 2024.*

The calculation formulas for all key figures can be found on pages 38–46. All figures presented in this Half Year Report are those of MuniFin Group, unless otherwise stated.

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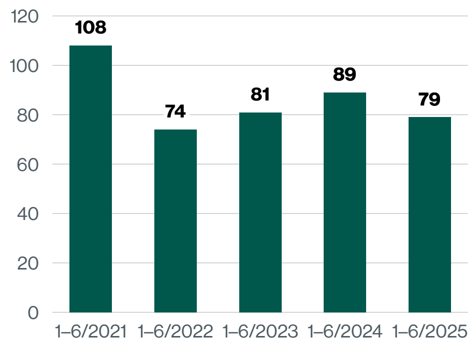
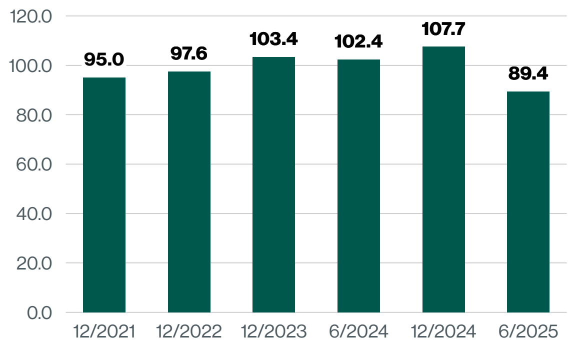
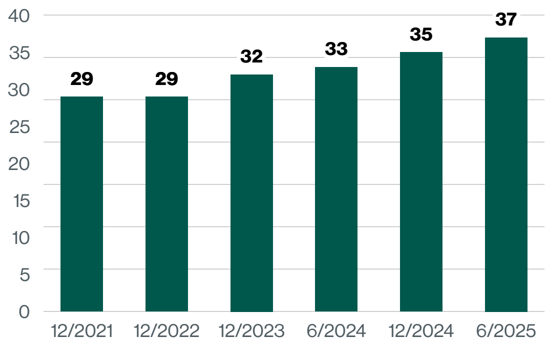
Net operating profit excluding unrealised fair value changes, EUR million*



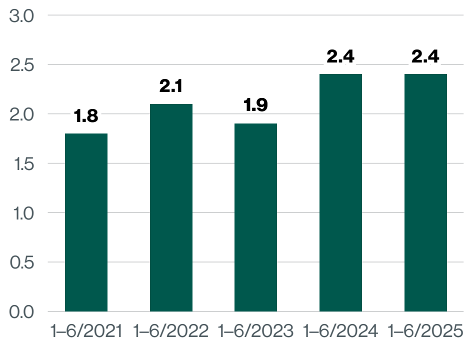
CET1 capital ratio, %**



Long-term customer financing, EUR billion*



New long-term customer financing, EUR billion*



* *Alternative performance measure.*
** *The capital ratios at 30 June 2025 have been calculated in accordance with the CRR III regulation. The figures for the comparative periods have not been adjusted.*

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MuniFin

CEO's review

In an unstable world, predictability and stability are essential

MuniFin's business is strongly connected to international capital markets through the company's funding. Investors' assessment of MuniFin is also influenced by the development of Finland's economy as part of European economic development. The year 2025 was expected to bring instability, but the fast pace and extreme unpredictability of the economic and political changes during Donald Trump's second presidency have nevertheless managed to take most of us by surprise in the first half of the year. The new situation has also changed our perception of economic risk.

But in the midst of uncertainty lies opportunity. Europe has come to realise that we must reduce our military and economic dependence on the US and build the future on our own strengths. Driving growth across an economic area with nearly 500 million people opens ample opportunities for Finland and Europe as a whole. In the era of increasing globalisation, there was strong trust in the efficiency of multinational supply chains, but recent events have underscored the need to strengthen self-sufficiency across as many industries as possible, including the defence industry.

> In MuniFin's business operations, the first half of the year was stable and in line with our expectations.

In MuniFin's business operations, the first half of the year was stable and in line with our expectations. In the affordable social housing sector, the demand for our financing was even slightly stronger than we anticipated. With private construction still in the slump and housing demand continuing to exceed supply in growth centres, this was a welcome development.

As part of the European Union's work to safeguard and boost its global competitiveness, the European Commission published in February a so-called Omnibus package aimed at significantly easing the sustainability reporting requirements of European businesses. The intention is not to dismantle the progress made towards a more sustainable future or to question its necessity, but rather to find a more balanced approach to aligning the requirements of different regulatory frameworks. As I write this, it remains unclear whether MuniFin will be removed from the scope of the sustainability reporting requirements or not, but their entry into force has at least been postponed by two years.

For us at MuniFin, responsibility is not an obligation, but a key value that steers all our decisions and operations. A possible easing of regulation will therefore not lessen our efforts in responsible and sustainable business. However, lighter reporting requirements would allow us to focus more on the sustainability measures that are the most relevant and impactful for us.

Our impact on society and the environment comes through the projects we finance, which is why we place particular emphasis on the steering impact of our financing. In recent years, more than half of the new customer financing we have granted has been either green or social finance. To complement these sustainable finance products, we launched in January a sustainability-linked loan for municipalities, which is aimed at supporting climate work at the local level and has been met with an enthusiastic welcome. Municipalities will receive a margin discount on their loan every year they achieve or surpass their emission reduction targets.

In addition to responsibility, our values also include customer centricity and transparency. In line with these values, we are committed to predictable and transparent operations in the long term. Our customers can rely on us and our work in every situation. We are ensuring the availability of financing for our customers also – and especially – even when external circumstances change. And right now, those changes are frequent and unpredictable.

At MuniFin, we place great value on being the main financing partner for our customers, both now and in future. I wish to thank both our employees and our customers for working together for the Finnish welfare society, the green transition and sustainable growth.

Esa Kallio
President and CEO
Municipality Finance Plc

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Operating environment in the first half of 2025

Donald Trump's return to the US presidency significantly altered the outlook for the global economy in the first half of 2025. The import tariffs pursued by Trump turned out to be even higher and more far-reaching than feared. Other aspects of US politics also saw greater changes than initially anticipated. The resulting heightened uncertainty weakened global economic growth expectations and triggered high volatility in the investment markets. However, the risk of a full-blown trade war decreased considerably in the spring, which was reflected in the recovery of asset values and the easing of recession fears.

In the euro area, inflation stayed on a slowing trend in the first half of the year and decreased to the European Central Bank's (*ECB*) 2% inflation target by the end of the reporting period. With the tariff concerns and other tensions in world politics simultaneously intensifying risks related to economic growth, the ECB lowered its key interest rates by one percentage point over the first half of the year. At the end of June, the ECB's deposit facility rate stood at 2.00%.

Although the Finnish economy returned to growth during 2024, the recovery rate slowed down markedly in the early part of this year, and a genuine economic turnround is yet to be seen. In municipal finances, 2025 started off on a stronger footing than forecasted, as last year's spending slowdown and the easing of cost inflation helped balance operational economy more than anticipated. The combined annual contribution margin of municipalities continued to grow slightly in the first quarter.

Conditions in the subsidised housing market developed favourably as interest expenses continued to come down and the strongest pressures to raise residence charges began to ease off. However, affordable social housing production was slowed down by sizeable cuts to government interest subsidy loan authorisations and government's earlier decision to cease new financing for right-of-occupancy housing production.

Money market rates decreased noticeably in the first half of the year due to the ECB's rate cuts. The 12-month Euribor rate stood at 2.07% at the end of June, down from 2.46% at the end of December. The 3-month Euribor fell from 2.71% to 1.94%. Long-term interest rates saw sharp fluctuations but eventually ended up relatively close to their year-end 2024 level. Finland's 10-year bond yield stood at 3.04% at the end of June, compared to 2.85% at the end of 2024.

One notable trend in the financial markets early in the year was investors' growing need to diversify holdings outside the US, which weakened the value of the dollar against other major currencies. The euro strengthened by nearly 13% against the dollar in the early part of the year. At the end of June, the euro-to-dollar exchange rate stood at 1.17.

Information on the Group results

Consolidated income statement EUR million	1–6/2025	1–6/2024	Change, %	1–12/2024
Net interest income	124	129	-3.6	260
Other income	-1	1	>100	2
Income excluding unrealised fair value changes	**123**	**130**	**-5.0**	**262**
Commission expenses	-9	-8	11.1	-17
HR expenses	-12	-11	3.2	-21
Other items in administrative expenses	-13	-11	21.4	-23
Depreciation and impairment on tangible and intangible assets	-2	-3	-25.2	-6
Other operating expenses	-8	-7	2.0	-14
Costs	**-44**	**-41**	**7.3**	**-81**
Credit loss and impairments on financial assets	-1	0	>100	0
Net operating profit excluding unrealised fair value changes	**79**	**89**	**-11.9**	**181**
Unrealised fair value changes	-1	16	>100	-16
Net operating profit	**78**	**105**	**-25.8**	**166**
Income tax expense	-16	-21	-24.9	-33
Profit for the period	**62**	**84**	**-26.0**	**133**

The sum of individual results may differ from the displayed total due to rounding.
Changes of more than 100% are shown as >100.

The Group's net operating profit excluding unrealised fair value changes

MuniFin Group's core business operations continued to be stable in the first half of 2025. New long-term customer financing remained on the previous year's level. The Group's financial standing remained strong.

The Group's net operating profit excluding unrealised fair value changes decreased by 11.9% (9.6%) and amounted to EUR 79 million (EUR 89 million). The decrease was caused by diminished net interest income and increased expenses.

The Group's income excluding unrealised fair value changes was EUR 123 million (EUR 130 million) and shrank by 5,0% (+3.7%). Net interest income decreased by 3.6% (+3.4%) to EUR 124 million (EUR 129 million). Net interest income was brought down by a market-driven increase in funding costs and a decrease in short-term market interest rates.

Other income totalled EUR -1 million (EUR 1 million). It consisted mainly of income from MuniFin's digital services and net result from FX differences. Net result from FX differences was EUR -1 million (EUR 1 million) in the reporting period. At -0.6% (0.9%), other income relative to income excluding unrealised fair value changes forms only a minor part of the Group's income.

The Group's expenses totalled EUR 44 million (EUR 41 million), up by 7.3% (-6.2%) from the year before. Expenses were particularly increased by investments in IT systems.

Commission expenses totalled EUR 9 million (EUR 8 million), of which EUR 8 million (EUR 7 million) consisted of the guarantee commission collected by the Municipal Guarantee Board for guaranteeing MuniFin's funding.

HR and administrative expenses grew by 12.2% (10.4%) and reached EUR 25 million (EUR 22 million). Of this, personnel expenses comprised EUR 12 million (EUR 11 million) and other administrative expenses EUR 13 million (EUR 11 million). The average number of employees in the Group was 184 (190) during the reporting period. Other items in administrative expenses grew by 21.4% (12.8%), mainly due to the increased costs of maintaining and developing information systems.

During the reporting period, depreciation and impairment of tangible and intangible assets totalled EUR 2 million (EUR 3 million).

Other operating expenses were EUR 8 million (EUR 7 million). Expenses were increased by higher regulatory fees. Other operating expenses excluding fees collected by authorities decreased by 1.9% (+50%) to EUR 6 million (EUR 6 million).

Credit losses and impairments on financial assets were EUR 0.8 million (EUR +0.3 million) in the income statement. This item consists of expected credit losses (*ECL*). The Group updated its forward-looking macro scenarios during the reporting period. The Group's management estimated at the end of June 2025 the need for ECL management overlay as some customers in the housing sector may still experience difficulties in the sufficiency of cash flow due to oversupply and a regional underutilisation of the premises. The Group's management decided to recognise EUR 0.1 million additional discretionary provision based on the group-specific assessment.

The Group's overall credit risk position in customer financing has remained low. The amount of forborne loans was EUR 662 million (EUR 561 million), while non-performing exposures amounted to EUR 323 million (EUR 292 million) at the end of June. These non-performing exposures represented 0.8% (0.8%) of total customer exposures. At the end of the reporting period, the Group had EUR 14 million (EUR 13 million) in receivables due to the insolvency of customers, for which the collateral realisation process is ongoing, or the credit receivable is due for payment by the guarantor. Individual housing sector customers of MuniFin have encountered serious financial difficulties. However, due to the collateral and guarantee arrangements securing MuniFin's receivables, no credit losses are expected from these exposures.

All the Group's customer financing receivables are from Finnish municipalities, joint municipal authorities, wellbeing services counties or joint county authorities, or accompanied by a securing municipal, joint municipal authority, wellbeing services county or joint county authority guarantee or a state deficiency guarantee supplementing real estate collateral, and therefore no final credit losses will arise. According to the management's assessment, all receivables from customers will be fully recovered. During the Group's history of 35 years, it has never recognised any final credit losses in its customer financing.

The credit risk of the Group's liquidity portfolio has likewise remained at a low level, and the average credit rating of debt securities in the portfolio is AA+ (AA+). More information on the credit risks of financial assets and other commitments is available in Note *14* to this Half Year Report.

The Group's profit and unrealised fair value changes

The Group's net operating profit for the first half of 2025 was EUR 78 million (EUR 105 million). Unrealised fair value changes decreased the Group's net operating profit by EUR 0.6 million (in the comparison period: increased by EUR 16 million). In January–June 2025, unrealised fair value changes in hedge accounting amounted to EUR -5 million (EUR 6 million) and unrealised net result on financial assets and liabilities through profit or loss to EUR 5 million (EUR 10 million).

Taxes in the consolidated income statement amounted to EUR 16 million (EUR 21 million). After taxes, the Group's profit for January–June was EUR 62 million (EUR 84 million).

The Group's return on equity (*ROE*) in the reporting period was 6.5% (9.5%). Excluding unrealised fair value changes, the ROE was 6.6% (8.1%).

The Group's other comprehensive income includes unrealised fair value changes of EUR -57 million (EUR +56 million). During the reporting period, the most significant item affecting the other comprehensive income was net change in fair value due to changes in own credit risk of financial liabilities designated at fair value through profit or loss totalling EUR -32 million (EUR +61 million). The cost-of-hedging amounted to EUR -25 million (EUR -1 million). Net change in fair value of financial assets at fair value through other comprehensive income was EUR 1 million (EUR -3 million).

On the whole, unrealised fair value changes net of deferred tax affected the Group's equity by EUR -46 million (EUR 58 million) and CET1 capital net of deferred tax in capital adequacy by EUR -21 million (EUR 10 million). The cumulative effect of unrealised fair value changes on the Group's own funds in capital adequacy calculations was EUR 37 million (at the end of 2024: EUR 57 million).

Unrealised fair value changes reflect the temporary impact of market conditions on the valuation levels of financial instruments at the time of reporting. The value changes may vary significantly from one reporting period to another, causing volatility in profit, equity and own funds in capital adequacy calculations. The effect on individual contracts will be removed by the end of the contract period. In the reporting period, unrealised fair value changes were influenced in particular by changes in interest rates and credit risk spreads in the Group's main funding markets.

In accordance with its risk management principles, the Group uses derivatives to hedge against interest rate, exchange rate and other market and price risks. Cash flows under agreements are hedged, but due to the generally used valuation methods, changes in fair value differ between the financial instrument and the respective hedging derivative. Changes in the shape of the interest rate curve and credit risk spreads in different currencies affect the valuations, which cause the fair values of hedged assets and liabilities and hedging instruments to behave in different ways. In practice, the changes in valuations are not realised on a cash basis because the Group holds financial instruments and their hedging derivatives almost always until the maturity date. The counterparty credit risk related to derivatives is comprehensively covered by collateral management. Changes in credit risk spreads are not expected to be materialised as credit losses for the Group, because the Group's liquidity reserve has been invested in instruments with low credit risk.

The Parent Company and subsidiary company's results

In January–June, MuniFin's net interest income amounted to EUR 124 million (EUR 129 million) and net operating profit to EUR 78 million (EUR 106 million).

The turnover of MuniFin's subsidiary company, Kuntarahoituksen digitaaliset palvelut Oy, was EUR 0 million (EUR 0.4 million), and its net operating result amounted to EUR 0 million (EUR -0.5 million). The subsidiary was formerly called Financial Advisory Services Inspira Plc and used to offer advisory services to MuniFin's customers. The Group discontinued these services in 2024, and the subsidiary company now provides some of the digital added value services MuniFin offers to its customers.

Information on the consolidated statement of financial position

Consolidated statement of financial position EUR million	30 Jun 2025	Adjusted* 31 Dec 2024	Change, %
Cash and balances with central banks	7,770	7,777	-0.1
Loans and advances to credit institutions	1,986	790	>100
Loans and advances to the public and public sector entities	36,724	35,377	3.8
Debt securities	6,340	5,879	7.8
Derivative contracts	1,553	2,324	-33.2
Other items included in the assets	802	946	-15.2
Total assets	**55,175**	**53,092**	**3.9**
Liabilities to credit institutions	252	884	-71.5
Liabilities to the public and public sector entities	2,326	2,464	-5.6
Debt securities issued	46,771	44,534	5.0
Derivative contracts	3,284	2,562	28.2
Other items included in the liabilities	652	703	-7.2
Total equity	1,890	1,945	-2.9
Total liabilities and equity	**55,175**	**53,092**	**3.9**

The sum of individual results may differ from the displayed total due to rounding. Changes of more than 100% are shown as >100.

** The Group has updated the presentation of the balances with central banks. The balances with central banks are presented in Cash and balances with central banks instead of Loans and advances to credit institutions. Comparative information has been adjusted accordingly.*

MuniFin Group's consolidated statement of financial position saw 3.9% (6.7%) of growth in the first half of 2025 and totalled EUR 55,175 million (EUR 53,092 million) at the end of June. The growth in assets was mainly due to the increase in the long-term loan portfolio in loans and advances to the public and public sector entities, in debt securities and in cash collateral for derivatives. In liabilities, the largest change was in new issuances in debt securities issued.

At the end of the reporting period, the Group's equity stood at EUR 1,890 million (EUR 1,945 million). The Group's equity was increased by the reporting period's profit of EUR 62 million (in 2024: EUR 133 million) and decreased by the changes in own credit revaluation reserve and cost-of-hedging reserve totalling EUR 46 million (in 2024 increased by EUR 134 million). In the consolidated accounts, dividends of EUR 73 million (EUR 66 million) for the financial year 2024, paid to MuniFin's shareholders in April 2025, were deducted from the equity.

The Parent Company's balance sheet at the end of the reporting period was EUR 55,176 million (EUR 53,092 million).

Financing and other services for customers

MuniFin Group's customers include municipalities, joint municipal authorities, wellbeing services counties, corporate entities under their control, and non-profit organisations and projects nominated by the Centre for State-Subsidised Housing Construction. The Centre operates in connection with the Ministry of the Environment and manages tasks previously handled by the Housing Finance and Development Centre of Finland (*Ara*), which was dissolved in February 2025. This restructuring did not affect MuniFin's operations.

MuniFin maintained its status as the main financing partner for its customers in the first half of the year although competition in this segment was uncommonly intense at times. In line with its core mandate, MuniFin has ensured the availability of affordable financing for its customers – also in the current, unpredictable international market environment.

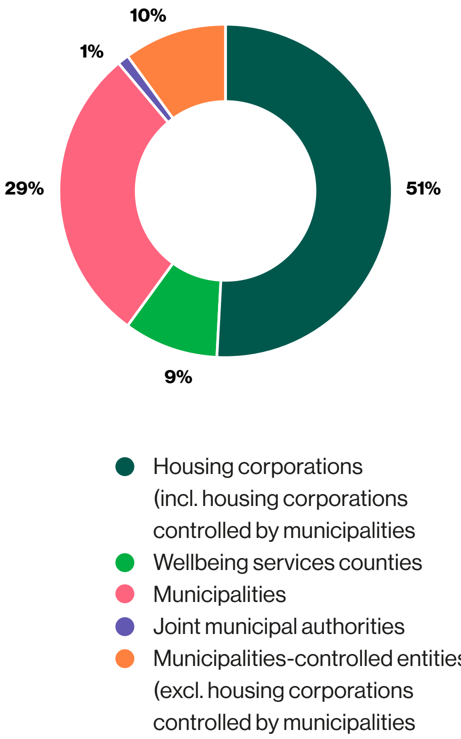
In the municipal sector, demand for financing remained at last year's level. The financial position of municipalities turned out to be stronger than anticipated, giving them a better-than-expected start for 2025. In affordable social housing production, demand for financing remained stable despite the downturn in private housing construction.

Wellbeing services counties had lower demand for financing in early 2025 than expected. This could be a result of the counties focusing on their operational activities as opposed to pursuing new investments. However, the counties' financing demand also tends to increase towards the end of the year. MuniFin's new long-term lending for the investments of the wellbeing services counties is restricted by the EUR 400 million limit set by the Municipal Guarantee Board for 2025 (same as in 2024).

MuniFin's new long-term customer financing remained at the same level as in the comparison period. In January–June, new long-term customer financing totalled EUR 2,411 million (EUR 2,416 million), of which EUR 2,332 million (EUR 2,308 million) consisted of loans and EUR 79 million (EUR 108 million) of leased assets. In total, long-term customer financing amounted to EUR 36,541 million (EUR 35,173 million) at the end of June, of which loans totalled EUR 34,944 million (EUR 33,610 million) and leased assets EUR 1,598 million (EUR 1,563 million).

Of the long-term loan portfolio, 51% (49%) is held by housing corporations, 40% (42%) by municipalities, joint municipal authorities and corporate entities under their control, and 9% (9%) by wellbeing services counties. Long-term customer financing (loans and leased assets) excluding unrealised fair value changes amounted to EUR 37,101 million (EUR 35,787 million) at the end of June, growing by 3.7% (in 2024: 8.6%). Short-term customer financing in commercial papers totalled EUR 1,511 million (EUR 1,825 million) at the end of June.

Loan portfolio by customer type, 30 June 2025



At the end of June, MuniFin had financed 647 (576) green finance projects, and the outstanding amount of green finance was EUR 7,892 million (EUR 6,817 million). The number of social finance projects was 165 (152), and the outstanding amount of social finance was EUR 2,609 million (EUR 2,536 million). MuniFin's goal is for green finance to account for at least 25% and social finance for at least 8% of its long-term customer financing by 2030. At the end of June, green finance accounted for 21.3% (19.0%) and social finance for 7.0% (7.1%) of long-term customer financing excluding unrealised fair value changes.

In January, MuniFin launched a new sustainability-linked loan, which has been well received by customers. It is a loan offered exclusively to municipalities that have a climate plan. Municipalities receive a discount on their loan margin every year they achieve or surpass their emission reduction targets. The emission reduction targets are determined by the Finnish Environment Institute (*Syke*).

Funding and liquidity management

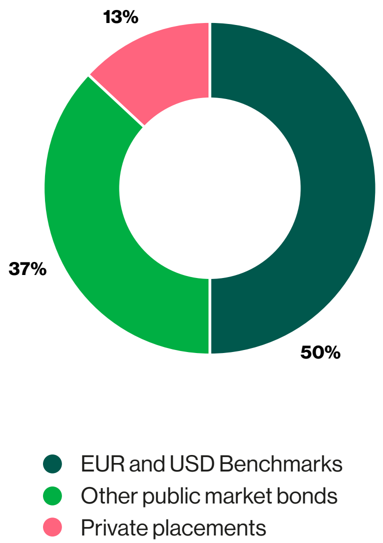
MuniFin Group acquires its funding mainly from the international capital markets as standardised issuances under debt programmes. The funding strategy relies on wide diversification into multiple currencies, maturities, geographical areas and investor groups to secure access to funding under all market conditions. In early 2025, the Group increased its diversification efforts. In addition to euro- and dollar-denominated benchmark bonds, the Group also issued a higher volume of other public bonds in various currencies compared to the previous years and carried out highly successful private placements. Increased diversification resulted in a higher number of funding transactions.

Despite the market volatility and uncertainty in the markets, MuniFin retained uninterrupted access to capital markets as it and other SSA *(Sovereigns, Supranationals, Agencies)* issuers served as a safe haven in the uncertain market environment.

MuniFin issued three benchmark bonds in the first half of 2025 – two in euros and one in US dollars – all of which were met with strong investor demand. The EUR 1.25 billion benchmark bond issued in January attracted a record-breaking order book of EUR 7.1 billion. MuniFin's sustainable finance products also continued to enjoy popularity. In June, MuniFin issued a green benchmark bond of EUR 1 billion, which was the second-largest order book in euros in the company's history. In April, MuniFin issued a green bond of NOK 2 billion and in early 2025, MuniFin issued a new tranche in the amount of NOK 0.5 billion to an existing social bond.

In June, MuniFin increased the size of its 2025 funding programme from EUR 9 billion to EUR 10 billion.

New long-term funding Jan–Jun 2025 by funding class



In the first half of the year, the Group's new long-term funding totalled EUR 7,345 million (EUR 4,942 million). In total, the Group made 74 (34) long-term funding arrangements in 9 (7) different currencies. The Group uses derivatives to hedge against market risks in its funding.

At the end of June, the Group's total funding amounted to EUR 48,853 million (EUR 46,737 million), of which the Euro Commercial Paper (ECP) programme totalled EUR 3,755 million (EUR 3,409 million). Of total funding, 52.1% (50.5%) was denominated in euros and 47.9% (49.5%) in foreign currencies.

MuniFin's debt programmes

Medium Term Note *(MTN)* programme	EUR 50,000 million
Euro Commercial paper *(ECP)* programme	EUR 10,000 million
AUD debt programme *(Kangaroo)*	AUD 2 000 million

MuniFin's funding is guaranteed by the Municipal Guarantee Board *(MGB)*, a public law institution whose members consist of all the municipalities in mainland Finland. The members are responsible for the liabilities of the MGB in proportion to their population. The MGB has granted guarantees for both the debt programmes and funding arrangements outside the programmes. Based on this, debt instruments issued by MuniFin are classified as zero-risk when calculating the capital adequacy of credit institutions and solvency of insurance companies, and as Level 1 liquid assets in liquidity calculation in the EU.

MuniFin Group's long-term risk appetite framework specifies that total liquidity must cover uninterrupted business for a survival horizon of at least 12 months. With the amount held at the end of June, the Group could uphold all its commitments with no additional funding for over 18 months (15 months).

Because of the general market uncertainty, the Group continued to keep its largest allocations in central bank deposits. In response to the changes in the interest rate environment, the Group continues the gradual allocation of liquidity into low-risk, longer-term bonds in an effort to increase investment revenues.

At the end of June, the Group's total liquidity stood at EUR 13,025 million (EUR 11,912 million). Of this, central bank deposits totalled EUR 7,793 million (EUR 7,809 million) and investments in liquid, low-risk securities EUR 4,782 million (EUR 4,016 million), with the average credit rating of AA+ (AA+) and average maturity of 3.5 years (3.2 years). In addition to this, the Group's short-term money market deposits in credit institutions with good credit ratings totalled EUR 450 million (EUR 88 million). The Group's liquidity investments are mainly hedged with interest rate swaps. Changes in interest rates therefore do not have a direct impact on profit and loss. The Group's liquidity investments are steered by the goal of low credit risk, high liquidity and sustainability.

The Group monitors the sustainability of its investments through their ESG *(Environmental, Social and Governance)* score. At the end of June, the Group's liquidity investments had an average ESG score of 7.49 (7.70), slightly above the benchmark index of 7.47 (7.51). The Group held a total of EUR 994 million (EUR 870 million) in direct socially responsible investments *(SRIs)*, which is 20.8% (21.5%) of all the Group's investments in securities. The ratio of SRIs to the Group's own green and social funding was 14.1% (14.9%).

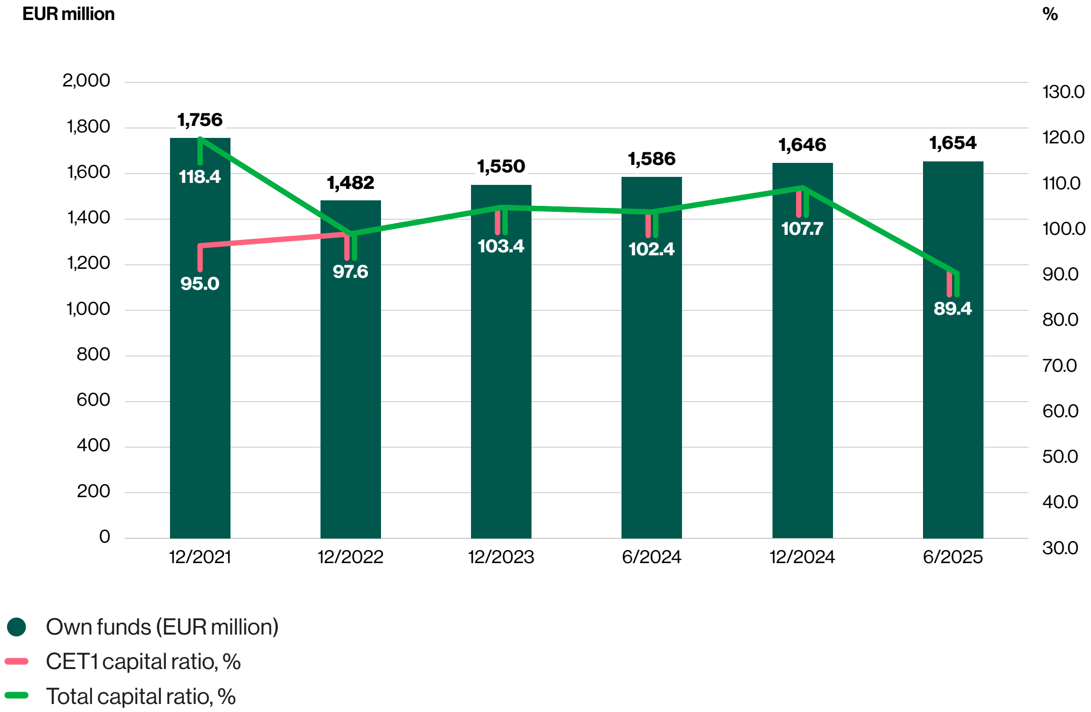
MuniFin's credit ratings

Rating agency	Long-term funding	Outlook	Short-term funding
Moody's Investors Service	Aa1	Stable	P-1
Standard & Poor's	AA+	Stable	A-1+

MuniFin's credit ratings correspond to those of the Government of Finland. The credit ratings did not change during the reporting period. The Municipal Guarantee Board, which guarantees MuniFin Group's funding, also has the corresponding ratings.

Capital adequacy

MuniFin Group's own funds and capital adequacy



MuniFin Group's own funds and capital adequacy

The new CRR III regulation became applicable from 1 January 2025. MuniFin Group's capital adequacy remains very strong also under the new regulation. The Group's CET1 capital ratio was 89.4% (107.7%), which corresponds to its Tier 1 capital ratio and total capital ratio at the end of June 2025 and 2024 because the Group only had CET1 capital at the time. The decline in capital adequacy ratios was influenced by the implementation of CRR III regulation, as well as the Group's allocation changes in liquidity portfolio. The impact of CRR III regulation on capital adequacy ratios was approximately -10%-points, mainly due to the adoption of the basic method for credit valuation adjustment risk. Due to the Group's small amount of risk-weighted assets and strong capital adequacy, the impact of regulatory changes on capital ratios can be significant without having a material impact on the Group's capital position. The Group's CET1 capital ratio was almost 6 times the required minimum capital of 15.1% (15.0%), taking capital buffers into account.

Consolidated own funds
EUR million

	30 Jun 2025	31 Dec 2024
Share capital	43	43
Reserve for invested non-restricted equity	40	40
Retained earnings*	1,633	1,643
Fair value reserve	174	219
Other reserves	0	0
Foreseeable dividend	-37	-73
Common Equity Tier 1 *(CET1)* capital before regulatory adjustments	**1,853**	**1,873**
Intangible assets	-1	-3
Deferred tax assets that rely on future profitability and do not arise from temporary differences	0	0
Deductions due to prudential filters on Common Equity Tier 1 capital	-197	-224
Common Equity Tier 1 *(CET1)* capital	**1,654**	**1,646**
Instruments included in Additional Tier 1 capital	-	-
Additional Tier 1 *(AT1)* capital	**-**	**-**
Tier 1 *(T1)* capital	**1,654**	**1,646**
Tier 2 *(T2)* capital	**-**	**-**
Total own funds	**1,654**	**1,646**

** Profit for the period Jan–Jun 2025 EUR 62 million, pending ECB approval.*

At the end of the reporting period, the Group's CET1 capital totalled EUR 1,654 million (EUR 1,646 million). The Group had no Additional Tier 1 instruments or Tier 2 capital at the end of June, so its CET1 capital was therefore equal to its Tier 1 capital and total own funds.

The CET1 capital includes profit for the period of 1 January–30 June 2025. This profit has been subject to a review by auditors and can therefore be included in CET1 capital based on the permission granted by the ECB in accordance with the CRR. MuniFin Group has applied the permission and expects to receive it by 7 August 2025.

Consolidated minimum requirement for own funds EUR million	**30 Jun 2025** Capital requirement	**30 Jun 2025** Risk exposure amount	**31 Dec 2024*** Capital requirement	**31 Dec 2024*** Risk exposure amount
Credit and counterparty credit risk, standardised approach	**63**	**791**	**50**	**625**
Exposures to central governments or central banks	0	0	0	0
Exposures to regional governments or local authorities	0.3	3	0.3	3
Exposures to public sector entities	0.5	6	0.5	6
Exposures to multilateral development banks	0	0	0	0
Exposures to international organisations	0	0	0	0
Exposures to institutions	40	500	32	397
Exposures to corporates	5	58	2	27
Exposures secured by mortgages on immovable property and ADC exposures	0	0	0	0
Exposures in default	0	0	0	0
Exposures in the form of covered bonds	14	176	12	155
Other items	4	48	3	37
Market risk	-	-	-	-
Credit valuation adjustment risk *(CVA VaR)*, basic approach	**49**	**608**	**36**	**453**
Operational risk	**36**	**452**	**36**	**450**
Total	**148**	**1,851**	**122**	**1,528**

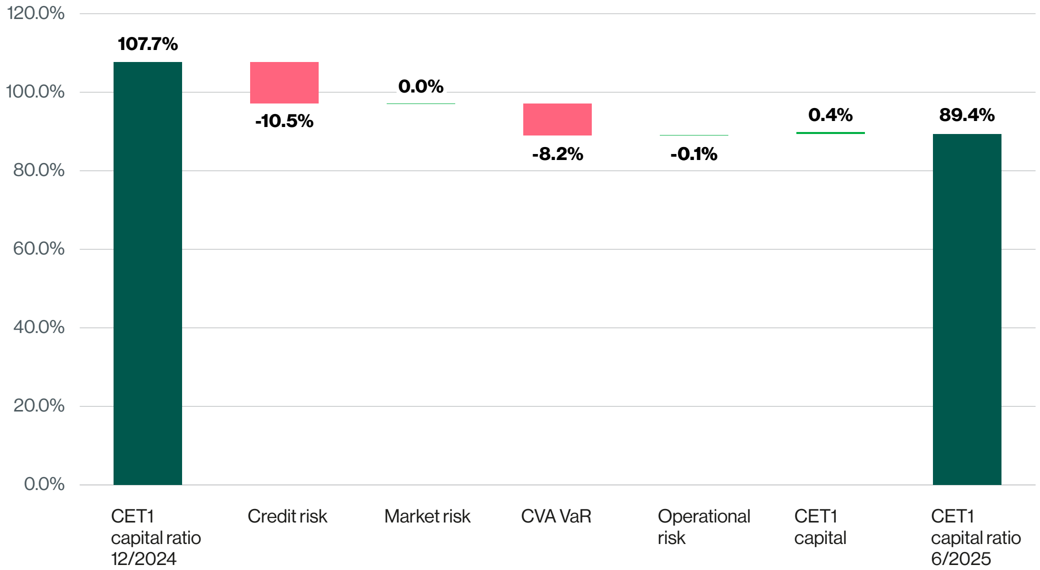
The capital requirement for counterparty credit risk is EUR 3.4 million (EUR 3.7 million).

** The comparative figures are calculated based on the regulation in force in 2024.*

The Group's total risk exposure amount increased by 21.1% from the end of 2024, totalling EUR 1,851 million (EUR 1,528 million) at the end of the reporting period. The risk exposure amount for credit and counterparty credit risk increased by 26.5% to EUR 791 million (EUR 625 million). Due to the changes in the interest rate environment, the Group has continued to gradually allocate liquidity to low-risk long-term securities during the first half of the year, which has increased the amount of credit risk. Counterparty credit risk remained at the same level as at the end of 2024.

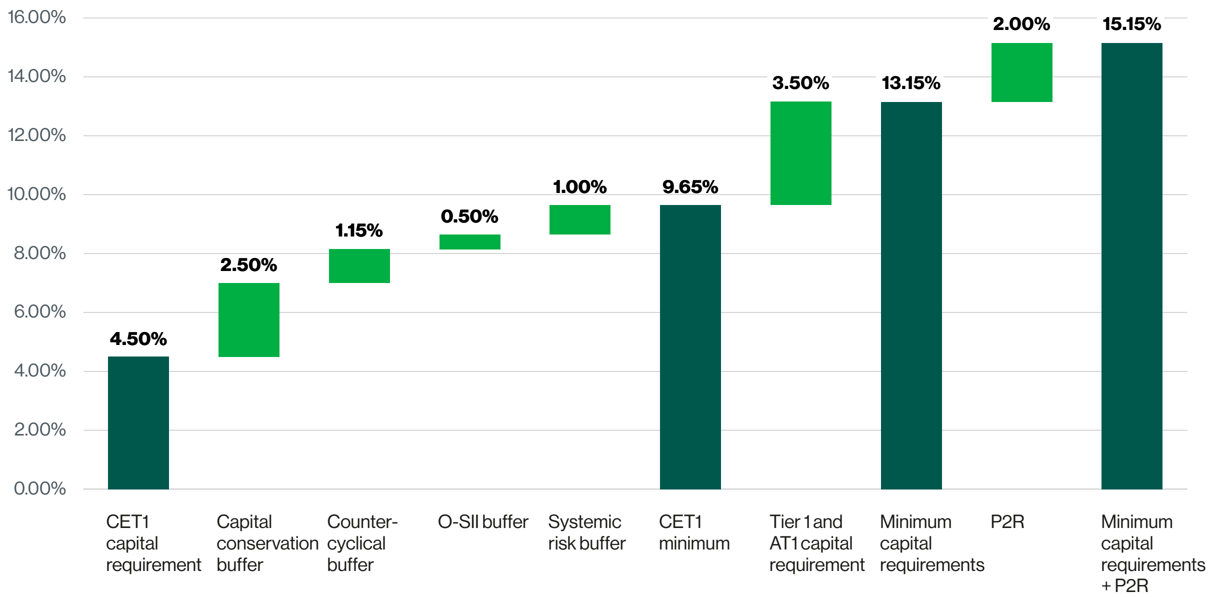
There was no capital requirement for market risk at the end of the reporting period or in the comparison year, because the currency position was less than 2% of the Group's own funds, and, based on Article 351 of the CRR, the own funds requirement for market risk has therefore not been calculated. The CRR III regulation changed the calculation of the credit valuation adjustment (*CVA VaR*), increasing the total risk exposure amount by 34.2% to EUR 608 million (EUR 453 million).

CET1 capital ratio changes, %



The risk exposure amount of operational risk was EUR 452 million (EUR 450 million). MuniFin Group has utilised the so-called Prudential Boundary Approach (*PBA*) for the financial component in the calculation of operational risk, based on the EBA's no-action letter (dated 12 Aug 2024) related to the postponement of the implementation of the FRTB regulation (*Fundamental Review of the Trading Book*). The postponement of the FRTB regulation's implementation has created a situation where derivative contracts hedging market risks in banking operations would be classified in the trading book without their impact being netted with the hedged item in the calculation of operational risk requirement. According to MuniFin Group's assessment, it does not have trading activities based on which the Group has decided to utilise the PBA method in the 2025 capital adequacy calculation. The Group believes that after the removal of the temporal differences related to the regulation, the approach can be applied in 2027 and applying the approach already in 2025 provides an accurate picture of MuniFin Group's capital adequacy. The impact of the PBA method is estimated to be approximately 21%-points. Without the PBA method, the Group's CET1 capital ratio was over 4 times the required minimum capital, taking capital buffers into account.

The Group's minimum capital requirements and capital buffers, %



The Group's minimum capital requirements and capital buffers

The Group's minimum capital requirement is 8% for capital adequacy and 4.5% for CET1 capital adequacy. Under the Act on Credit Institutions, the capital conservation buffer is 2.5%. An additional capital requirement for other systemically important credit institutions (*O-SII buffer*) is 0.5% for MuniFin Group. At the end of June 2025, the Finnish Financial Supervisory Authority (*FIN-FSA*) gave its yearly decision on O-SII buffers and kept MuniFin Group's buffer unchanged at 0.5%.

The FIN-FSA has imposed a requirement to maintain a systemic risk buffer (*SyRB*) covered by Common Equity Tier 1 (*CET1*) capital and amounting to 1.0% on MuniFin. This requirement also applies to other Finnish credit institutions at the same level. The FIN-FSA made a new decision regarding the SyRB requirement in June 2025 and kept it unchanged at 1% (effective from July 1, 2026).

In June 2025, the FIN-FSA also decided to keep the countercyclical capital buffer requirement unchanged at the baseline level of 0%. For MuniFin Group, the credit institution-specific countercyclical capital buffer requirement that is imposed based on the geographical distribution of exposures is 1.1% (1.0%). The Group therefore has a minimum requirement of 9.6% (9.5%) for its CET1 capital ratio and 13.1% (13.0%) for its total capital ratio.

In addition to the abovementioned requirements, the ECB has imposed a bank-specific Pillar 2 requirement (*P2R*) of 2.0% on MuniFin Group as part of the annual Supervisory Review and Evaluation Process (*SREP*). The total SREP capital requirement ratio (*TSCR*) was 10.0% (10.0%) at the end of June 2025.

The minimum level of total capital ratio was 15.1% (15.0%) including P2R and other additional capital requirements.

Leverage ratio, liquidity coverage ratio and net stable funding ratio

At the end of June, MuniFin Group's leverage ratio was 11.4% (12.3%). MuniFin fulfils the CRR definition of a public development credit institution and may therefore deduct all credit receivables from municipalities, wellbeing services counties and the central government in the calculation of its leverage ratio. The amount of these credit receivables was EUR 40,082 million (EUR 38,604 million) at the end of the reporting period. In overall, the Group's leverage ratio exposures totalled EUR 14,475 million (EUR 13,340 million).

The CRR III regulation that became applicable on 1 January 2025 did not introduce significant changes to MuniFin Group's leverage ratio calculation. The minimum required leverage ratio is 3%.

At the end of June, MuniFin Group's Liquidity Coverage Ratio (*LCR*) was 390.4% (338.8%) and its Net Stable Funding Ratio (*NSFR*) was 127.7% (123.7%). Both have a minimum requirement of 100%.

Liabilities under the Act on the Resolution of Credit Institutions and Investment Firms

MuniFin's crisis resolution authorities are the EU's Single Resolution Board (*SRB*) and the Finnish Financial Stability Authority (*FFSA*). In November 2024, the SRB and the FFSA removed MuniFin's binding minimum requirement for own funds and eligible liabilities (*MREL*) as a result of changes to the European Bank Recovery and Resolution Directive (*BRRD*) and corresponding national legislation.

Under the revised framework, the MREL requirement no longer applies to credit institutions subject to simplified obligations. Before the MREL requirement was lifted, MuniFin's own funds and eligible liabilities exceeded it multiple times, so this change did not have a significant effect on the Group's operations.

Changes in banking regulation

The European Commission published its proposal for the implementation of the final Basel III banking regulatory standards in the EU (CRR III/CRD IV) at the end of October 2021, and the majority of the new CRR rules took effect on 1 January 2025. This reform has affected banks' capital adequacy calculation, especially in the context of credit, market and operational risks, credit valuation adjustment (*CVA VaR*) and leverage ratio. It also introduced a new output floor. MuniFin Group's business model is based on zero-risk-weighted customer financing, which did not change with the implementation of the CRR III. The reform has, however, affected MuniFin's capital adequacy calculations and reporting methods. During the reporting period, MuniFin has undertaken a project to implement the changes introduced by the CRR III regulation. The effects of the changes are explained in more detail in the section *MuniFin Group's own funds and capital adequacy.*

During the reporting period, the Group continued to prepare for the Corporate Sustainability Reporting Directive (*CSRD*), approved by the European Parliament in November 2022, and the corresponding national legislation. In February 2025, the European Commission published the Omnibus I simplification package with the aim of reducing administrative burdens for businesses by streamlining sustainability reporting requirements. The package included proposals to postpone the application of the CSRD and to reduce the scope of reporting companies. The postponement was approved by the European Parliament and Council in April 2025, and its transposition into national legislation is expected to take place by 1 December 2025 at the latest. This means that MuniFin's CSRD reporting requirement has been postponed by two years and will not apply until the end of 2027. MuniFin has consequently put its CSRD reporting project on hold but continues to actively monitor the amendment proposal's progress in the EU.

The Group has also continued to incorporate its ESG risk reporting into its Pillar III Disclosure Report in accordance with CRR Article 449a. In the first half of 2025, the Group disclosed its phase 3 information on the Banking Book Taxonomy Alignment Ratio (*BTAR*) as of the end of 2024.

The financial sector's Digital Operational Resilience Act (*DORA*) took effect from January 2025. The Group has carried out a project to prepare for and comply with DORA. As part of the project, the Group has updated its ICT agreements, the processes of maintaining information systems and the comprehensive risk management of information systems and information security both internally in the Group and with its IT vendors. The regulation contains requirements aimed at improving the resilience of the financial sector to withstand failures and disruptions in information systems.

In the first half of the year, the Group has also prepared for the new European Market Infrastructure Regulation (*EMIR 3.0*). The EMIR 3.0 framework introduces new requirements for EU market participants operating in the derivatives market. EMIR 3.0 requires market participants to maintain an active account with an EU central counterparty and clear a representative number of their euro-denominated interest rate swaps through that EU central counterparty. In the first half of the year, MuniFin prepared for clearing interest rate swaps denominated in euro in the EU central counterparty EUREX Clearing AG. The first swaps were cleared successfully in June.

MuniFin Group's strategy and financial objectives

MuniFin Group's strategy emphasises the Group's core mandate: ensuring that its limited customer base, which is assigned to carry out public duties, has access to affordable financing under all market conditions. This core mandate necessitates keeping MuniFin's capital quantity and quality and liquidity at levels that exceed even the strictest regulatory requirements at all times, thus enabling the continuation of normal business operations even during financially difficult times. MuniFin has conservative risk management policies and maintains a strong risk-bearing capacity in both quantity and quality.

Due to its specialised business model, the Group's strictest regulatory capital requirement is the leverage ratio, unlike in most credit institutions. The leverage ratio requirement is a prudential tool defined under the Capital Requirements Regulation (*CRR*) that complements minimum capital adequacy requirements. Its purpose is to prevent credit institutions from building up excessive leverage. The leverage ratio is calculated as a ratio between the institution's Tier 1 capital and total exposure calculated based on the assets and off-balance sheet items as described in the regulatory framework. MuniFin fulfils the CRR II (Regulation (EU) 2019/876) definition of a public development credit institution and may therefore deduct all credit receivables from municipalities, wellbeing services counties and the central government in the calculation of its leverage ratio. After the deduction, the most significant factor affecting MuniFin's leverage ratio is the size of its liquidity portfolio, which safeguards the Group's liquidity.

MuniFin's aim is for the Group's Common Equity Tier 1 (*CET1*) capital to always surpass 7%, which is the sum of the minimum requirement set in CRR II regulation (3%) and the capital buffers set by the management (4%). The Group uses these capital buffers to prepare for events and changes that have an adverse effect on its capital position. These can include realised business risks or regulatory changes. The capital requirement for business risk is based on a strict stress test, and it mostly results from unrealised fair value changes, which are temporary in nature.

Capital exceeding the Group's minimum target covers fluctuation in capital requirements caused by changes in the total liquidity amount and safeguards the Group's continuity of operations and ability to pay dividends. The Group's long-term target is a leverage ratio of 7–10%, which enables the Group to carry out its core mandate and ensure sufficient liquidity in all market conditions. At the end of June 2025, the Group's leverage ratio calculated with CET1 capital was 11.4% (12.3%).

Because MuniFin's objective as a public development credit institution under the CRR is not to maximise profits, the Group aims at a result that will ensure the Group's ability to carry out its core mandate in the long term. The Group's objective is to achieve at least a result that is sufficient to cover any increases in capital requirements arising from increased business operations and satisfy the shareholders' expected yield in the long term. MuniFin uses long-term pricing strategies and other measures to maximise its customer benefits while also ensuring the continuity of its operations and the yield expectation of its shareholders.

The net operating profit excluding unrealised fair value changes generated from MuniFin's core business has remained relatively stable in recent years, totalling about EUR 170–210 million. However, relative to the volume of core business, i.e. customer financing, the net operating profit excluding unrealised fair value changes has dropped significantly in recent years, which has been in line with the Group's plans as a credit institution that does not seek to maximise profits. Between 2018 and 2024, profitability relative to the volume of customer financing decreased from 0.83% to 0.50%. In the first half of 2025, the comparable ratio continued to decrease and was 0.41%. In the coming years, MuniFin's goal is to maintain a level of total profit that guarantees the continuity of the Group's operations.

MuniFin aims to constantly improve the efficiency of its operations, generating growing added value to its customers and shareholders. MuniFin's long-term goal is to gradually decrease the ratio of the costs and development investments over which the Group has influence to its customer business.

According to MuniFin's dividend policy, MuniFin's strong capital position allows it to aim to pay 30–60% of the Group's financial year's profit in dividends, as long as it does not jeopardise the Parent Company's solvency, liquidity or ability to meet its commitments. When drafting the annual dividend proposal and deciding on the distribution of profits, the following factors influencing the Group's capital position are taken into account on a broad spectrum:

- Uncertainties and changes in the operating environment and regulation
- Assessments of the Group's financial situation in the future
- The Group's funding position and liquidity
- Changes to the Group's risk position
- Unrealised fair value changes affecting the Group's own funds
- Assessments of the Group's liquidity development
- Views of supervisory authorities and credit rating agencies
- Accruals of possible AT1 capital instruments not recognised in profit and loss.

Risk management

MuniFin Group's operations require adequate risk management mechanisms to ensure that its risk position remains within the limits set by the Parent Company's Board of Directors. The Group applies conservative risk management principles. The aim is to keep the Group's overall risk profile at such a low level that the MuniFin's credit rating remains the best possible in relation to the credit rating of the Government of Finland.

The relevant risk types associated with the Group's operations include credit and counterparty risk, market risk and liquidity risk. All business operations also involve strategic risks, ESG risks, such as environmental and climate risks, and operational risks, including IT and compliance risks.

The Group's risk position

There were no material changes in MuniFin Group's risk position during the first half of 2025, and risks remained within the risk appetite limits set by the Board of Directors. The continued geopolitical tensions and market volatility did not affect the Group's performance during the reporting period. Credit risk spreads remained at high level due to an unusually high degree of market uncertainty. Despite the market volatility, the Group retained uninterrupted access to capital markets and continued its funding operations in the usual manner during the reporting period. Because of the uncertainties in the operating environment, the Group has nevertheless maintained strong liquidity buffers as a precaution. The geopolitical instability mainly affects the Group indirectly through market conditions. Despite the changes in the operating environment, the Group's risk position remained stable and at a low level during the reporting period.

In early 2025, the Group participated in the Single Supervisory Mechanism (*SSM*) stress test carried out by the ECB, covering the years 2025–2027. Its results were published in the beginning of August. The Group's capital adequacy clearly exceeds the level required under the stress test scenario.

Credit risks

The Group is exposed to credit risks as part of its business, but due to the nature of its customer base, these risks are low. The Group's credit risks emerge almost exclusively from its customer financing, liquidity portfolio investments and derivatives portfolio. The Group also offers derivative products for its customers for hedging their interest rate positions. These products are covered with offsetting contracts from the market. The Group uses derivatives only for hedging against market risks.

In view of its credit risk mitigation techniques (mortgage collateral and guarantees received) and the exemptions set out in CRR Article 400 related to the calculation of large exposures, MuniFin Group is not exposed to the customer risk referred to in the regulation in its customer financing, and thus the customer risk of any individual customer does not exceed 10% of the Group's own funds. Credit loss and impairments on financial assets in the income statement were EUR 0.8 million (EUR +0.3 million). This item consists of expected credit losses *(ECL)*. The amount of forborne loans at the end of June was EUR 662 million (EUR 561 million), while non-performing exposures amounted to EUR 323 million (EUR 292 million). For these non-performing exposures, MuniFin has absolute guarantees by municipalities or by wellbeing services counties, or real estate collateral and state deficiency guarantee, and these exposures are therefore not expected to carry the risk of a final credit loss. Non-performing exposures represented 0.8% (0.8%) of total customer exposures.

MuniFin's credit risk position remained stable and at a low level during the first half of the year. It is expected to remain stable and in line with the Group's credit risk strategy also in the future.

Market risks

Market risks include interest rate risk, exchange rate risk and other market and price risks. The Group uses derivatives to hedge against market risks. Derivatives can only be used for hedging purposes as the Group does not engage in trading activities. Interest rate risk mainly arises from the differences in reference rates applicable to the assets and liabilities in the balance sheet. In addition, the Group may create a strategic mismatch portfolio, i.e. leave fixed-rate exposures unhedged, to achieve its objective of earnings stabilisation. The strategic mismatch portfolio can include both fixed- and revisable-rate loans as well as fixed-rate investments in the liquidity portfolio. Derivatives are not used in the creation of the strategic mismatch.

The Group actively monitors and hedges its interest rate risk. Ten scenarios are used in the calculation of the net interest income *(NII)* risk, of which the least favourable outcome is considered. At the end of June, one-year NII risk was EUR -39 million, and the least favourable scenario was a short rate shock up (at the end of 2024, the least favourable scenario was a short rate shock up, EUR -44 million). Several scenarios are also used in the calculation of the economic value of equity *(EVE)*, of which the least favourable outcome is considered. At the end of June, the least favourable scenario was a parallel shock up of 200 basis points, resulting in EVE of EUR -118 million (at the end of 2024, the least favourable scenario was a parallel shock up of 200 basis points, EUR -120 million).

The Group mitigates its foreign exchange *(FX)* risk by using derivative contracts to swap all funding and investments denominated in foreign currency into euros. The Group's customer financing is denominated in euros, and the Group has no significant open FX positions. In practice, a small temporary exchange rate risk may occasionally arise due to cash collateral management (*USD*) in the clearing of derivatives by central counterparties, but this risk is actively monitored and hedged. Derivatives are also used to hedge against other market and price risks.

The Group has also determined valuation risk as a significant risk for its business. During the reporting period, unrealised fair value changes of financial instruments increased the Group's earnings volatility. Unrealised fair value changes were influenced in particular by changes in interest rate expectations and credit risk spreads in the Group's main funding markets and by challenges in the banking sector. The Group continuously monitors and analyses the volatility arising from valuations and prepares for any impacts this may have on its profit and capital adequacy.

The Group's market risk has remained stable despite the market changes.

Liquidity risks

MuniFin Group manages its refinancing risk by limiting the average maturity between financial assets and liabilities. In addition, the Group manages its liquidity risk by setting a limit for the minimum adequacy of the available short-term and long-term liquidity. The Group's survival horizon was 18.5 months (15 months) at the end of June. The Group's liquidity remained good.

The following table details the Group's high-quality liquid assets *(HQLA)* as defined in the LCR regulation.

Liquid assets, HQLA EUR million	**30 Jun 2025**	**%**	**31 Dec 2024**	**%**
Level 1	10,601	76%	10,413	77%
Level 2a	1,246	9%	1,040	8%
Level N*	2,035	15%	2,133	16%
Total	**13,883**	**100%**	**13,586**	**100%**

* Includes short-term customer financing granted as money market investments amounting to EUR 1,511 million (EUR 1,825 million).

The Group's Liquidity Coverage Ratio *(LCR)* was 390.4% (338.8%) at the end of June. The availability of long-term funding is monitored via the Net Stable Funding Ratio *(NSFR)*, which stood at 127.7% (123.7%). The availability of funding remained good throughout the first half of the year. In January–June, the Group issued EUR 7,345 million (EUR 4,942 million) in long-term funding.

Operational risks

MuniFin Group's operational risks are estimated to be at a moderate level, and there were no material losses from operational risks in the first half of 2025.

ESG risks

ESG risks include environmental, social and governance risks. There have been no material changes in ESG risks during the first half of the year.

According to the Group's assessment, its exposure to climate and environmental risks is low. As per the Group's business model, customer receivables originate from the Finnish municipal and wellbeing services counties sectors or are from the State of Finland after credit mitigation (state deficiency guarantee). MuniFin Group recognises that its customers may be exposed to both physical risk caused by climate change and transition risk related to climate change mitigation.
The Group can also be exposed to these risks through its customers. Identified risks are related to real estate collateral, but given the existing guarantee arrangements, even the materialisation of a climate or environmental risk is not expected to cause final credit losses. The Group's investment counterparties are governments, central banks, SSA sector entities and credit institutions. According to the Group's assessment, the impact of climate and environmental risks on these operators for the Group is minor. MuniFin Group only invests in counterparties whose risks it considers to be low. This also applies to the Group's derivative counterparties.

According to the Group's assessment, environmental and climate risks are unlikely to manifest substantially in the short term, but they may have an adverse economic effect on the Group's customers in the medium and long term. Although the Group assesses its climate and environmental risks to be low, it recognises that as climate change progresses, the risks and uncertainty associated with it will increase. For this reason, MuniFin Group assesses its exposure to climate and environmental risks at least once a year.

According to the Group's estimate, it is currently not exposed to any substantial social or governance risks. The perceived low exposure to social risks stems from the lack of identified material risks related to non-compliance with labour laws, human rights or other aspects of social justice. The Group monitors the governance of its customers and investment counterparties through an ESG scoring model, which it uses to evaluate their reported governance and other ESG factors. The Group also monitors that its service providers meet the minimum ESG requirements set for all partners.

Governance

In addition to corporate legislation, MuniFin complies with the governance requirements of the Finnish Act on Credit Institutions and supervisory guidelines. The governance policy is described in more detail on MuniFin's website, which also includes MuniFin's Corporate Governance Statement for 2024, pursuant to chapter 7, section 7 of the Finnish Securities Market Act. The statement includes a description of the main features of the internal audit and risk management systems pertaining to the financial reporting process. The statement also includes the governance descriptions required by the Act on Credit Institutions as well as information on how MuniFin complies with the Finnish Corporate Governance Code for listed companies published by the Finnish Securities Market Association. This code applies to Finnish listed companies, i.e. companies whose shares are listed on Nasdaq Helsinki Ltd (*Helsinki Stock Exchange*). Since MuniFin is exclusively an issuer of listed bonds, and its shares are not subject to public trading, this code does not apply directly to MuniFin.

No material changes to MuniFin Group's governance took place during the reporting period.

Group structure

Municipality Finance Group (MuniFin Group or the Group) consists of Municipality Finance Plc (MuniFin or the Parent Company) and Kuntarahoituksen digitaaliset palvelut Oy. The change of name of the subsidiary company Financial Advisory Services Inspira Plc to Kuntarahoituksen digitaaliset palvelut Oy was registered in early 2025. Kuntarahoituksen digitaaliset palvelut Oy is fully owned by MuniFin. No changes to the Group or ownership structure took place in the reporting period.

General meeting

The Annual General Meeting (*AGM*) of MuniFin was held on 25 March 2025. The AGM confirmed the Financial Statements for 2024 and discharged the members of the Board of Directors, the CEO and the Deputy CEO from liability for the financial year 2024. In addition, in accordance with the proposal of the Board of Directors, the AGM authorised a dividend of EUR 1.86 per share to be paid, totalling EUR 72.7 million. The amount of distributable funds on the Group's balance sheet on 31 December 2024 was EUR 373.3 million.

Based on the proposal of the Shareholders' Nomination Committee, the AGM decided to appoint nine Board members for the 2025–2026 term, lasting from the 2025 AGM to the end of the subsequent AGM. The AGM also confirmed the Shareholders' Nomination Committee's proposal on the remuneration of Board members.

In accordance with the Board's proposal, the AGM elected PricewaterhouseCoopers Oy as MuniFin's auditor, with APA Jukka Paunonen as the principal auditor. The AGM also elected PricewaterhouseCoopers Oy as MuniFin's sustainability reporting auditor, with Tiina Puukkoniemi as the principal sustainability reporting auditor. However, the AGM also noted that the European Commission proposed changes to sustainability reporting requirements at the end of February 2025. If MuniFin is no longer required to report under the amended legislation, MuniFin will also no longer be subject to the sustainability reporting auditing requirement.

The AGM's resolutions are published on MuniFin's website.

Board of Directors

The Shareholder's Nomination Committee made a proposal to the AGM held on 25 March 2025 regarding the members to be elected for the term that began at the end of the 2025 AGM and will conclude at the end of the subsequent AGM.

The AGM elected the following members to the Board of Directors: Maaria Eriksson, Liisa Harjula, Kari Laukkanen, Juho Malmberg, Tuomo Mäkinen, Henrik Raunio, Elina Stråhlman, Leena Vainiomäki and Arto Vuojolainen. As per the Committee's proposal, the MuniFin Board nominated Kari Laukkanen as the Chair of the Board and Maaria Eriksson as the Vice Chair.

From the 2024 AGM to the 2025 AGM, the members of the Board of Directors were Kari Laukkanen (Chair), Maaria Eriksson (Vice Chair), Markku Koponen, Tuomo Mäkinen, Elina Stråhlman, Denis Strandell, Leena Vainiomäki and Arto Vuojolainen. Markku Koponen and Denis Strandell were no longer available for the Board's 2025–2026 term.

MuniFin has statutory audit, risk and remuneration committees established by the Board of Directors. The committees act as assisting and preparatory bodies to the Board of Directors. The MuniFin Board selected Elina Stråhlman (Chair), Liisa Harjula, Kari Laukkanen and Henrik Rainio as the members of the Audit Committee. In the Risk Committee, the Board selected Leena Vainiomäki (Chair), Maaria Eriksson, Juho Malmberg and Arto Vuojolainen. In the Remuneration Committee, the Board selected Kari Laukkanen (Chair), Maaria Eriksson, Tuomo Mäkinen and Leena Vainiomäki.

The operations of the MuniFin's Board of Directors and its committees are described in more detail on MuniFin's website.

Personnel, salaries and remuneration

At the end of June 2025, MuniFin Group had 187 (178) employees. The President and CEO of MuniFin is Esa Kallio, with Mari Tyster, Executive Vice President, acting as deputy to the President and CEO. In addition, the MuniFin Executive Management Team includes Executive Vice Presidents Aku Dunderfelt, Toni Heikkilä, Joakim Holmström, Harri Luhtala, Minna Piitulainen and Juha Volotinen.

The remuneration paid to MuniFin Group's management and employees consists of fixed remuneration (base salary and fringe benefits) and a variable element based on the conditions of the remuneration scheme. The principles of the remuneration scheme are confirmed by the Parent Company's Board of Directors, and they are reviewed on an annual basis. The Remuneration Committee advises the Board of Directors on remuneration-related matters. Salaries and remuneration paid across the Group amounted to EUR 10 million (EUR 9 million) in the reporting period.

Internal audit

The purpose of MuniFin Group's internal audit is to monitor the reliability and accuracy of the Group's information on finances and other management. It also ensures that MuniFin Group has sufficient and appropriately organised manual operations and IT systems and that the risks associated with the operations are adequately managed.

Events after the reporting period

During the reporting period, MuniFin Group took part in the European Central Bank's SSM Stress Test covering the years 2025–2027. The results of EU-wide stress tests were published on 1 August 2025. The Group's capital position remained strong also even in the adverse scenario depicting unfavourable economic conditions.

Outlook for the second half of 2025

Markets are expecting the ECB's rate cuts to be drawing to a close, but uncertainty over the outcome of the trade negotiations between the US and the EU is undermining economic predictability. If concerns about stalling growth begin to resurface, the ECB may keep easing its monetary policy further. On the other hand, Germany's fiscal policy is taking a significant turn that may stimulate economic growth in the entire euro area. Due to the lag in monetary policy effects, the ECB must factor in this shift proactively, which may limit the scope for further rate cuts.

In the Finnish economy, the biggest blocks to growth continue to be low consumer confidence, high unemployment, subdued export demand and the drawn-out downturn in the construction sector. However, rising household purchasing power and lowering financing costs are expected to gradually strengthen growth potential towards the end of the year. Even so, Finland's GDP growth will nevertheless may remain at around 1% in 2025. Growth is then expected to pick up pace and employment to improve next year.

In municipal finances, the tailwinds of recent years seem to be dying down. Municipalities' operating expenses are again threatening to outpace revenues due to ballooning personnel costs and higher-than-expected unemployment-related expenses. Despite fiscal adjustment efforts, municipalities' annual contribution margins will shrink considerably already this year. Their funding deficit will continue to grow as investment needs remain high. The financial situation of wellbeing services counties will also remain tight.

The outlook in affordable social housing production is shadowed by sizeable cuts to government interest subsidy loan authorisations both this year and next year. The budget appropriation for investment grants for special groups is also very low relative to the actual need. As privately funded housing production is still slow, the overall outlook in housing construction remains subdued.

MuniFin Group's net operating profit excluding unrealised fair value changes for January–June 2025 was 12% lower than in the previous year. It is expected to be at the same level or lower in the second half of 2025 compared to the previous year. Therefore, the net operating profit excluding unrealised fair value changes for the entire year is expected to be at the same level or lower than in the previous year. The Group expects its capital adequacy ratio and leverage ratio to remain strong. The valuation principles set in the IFRS framework may cause significant but temporary unrealised fair value changes, some of which increase the volatility of net operating profit and make it more difficult to estimate.

These estimates are based on a current assessment of the development of MuniFin Group's operations and the operating environment.

Helsinki, 4 August 2025
Municipality Finance Plc
Board of Directors

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Development of the Group's key figures in 2021–2025

	Jan–Jun 2025	Jan–Dec 2024	Jan–Jun 2024	Jan–Jun 2023	Jan–Jun 2022	Jan–Jun 2021
Turnover (EUR million)*	884	2,239	1,159	806	258	280
Net interest income (EUR million)*	124	260	129	124	122	138
% of turnover	14.0	11.6	11.1	15.4	47.1	49.4
Net operating profit (EUR million)*	78	166	105	77	91	127
% of turnover	8.8	7.4	9.1	9.5	35.0	45.6
Unrealised fair value changes (EUR million)*	-1	-16	16	-5	16	20
Net operating profit excluding unrealised fair value changes (EUR million)*	79	181	89	81	74	108
Cost-to-income ratio, %*	30.6	27.7	23.7	31.8	33.1	19.7
Cost-to-income ratio excluding unrealised fair value changes, %*	30.4	26.0	26.9	30.5	37.5	22.4
Return on equity *(ROE)*, %*	6.5	7.2	9.5	7.5	8.5	11.7
Return on equity *(ROE)* excluding unrealised fair value changes, %*	6.6	7.9	8.1	8.0	7.1	9.9
Return on assets *(ROA)*, %*	0.2	0.3	0.3	0.3	0.3	0.5
Return on assets *(ROA)* excluding unrealised fair value changes, %*	0.2	0.3	0.3	0.3	0.3	0.4
New long-term customer financing (EUR million)*	2,411	5,056	2,416	1,909	2,124	1,770
New long-term funding (EUR million)*	7,345	8,922	4,942	7,118	5,962	6,025

	30 Jun 2025	31 Dec 2024	30 Jun 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021
Long-term customer financing (EUR million)*	36,541	35,173	33,300	32,022	29,144	29,214
Green finance (EUR million)*	7,892	6,817	5,688	4,795	3,251	2,328
Social finance (EUR million)*	2,609	2,536	2,443	2,234	1,734	1,161
Total funding (EUR million)*	48,853	46,737	44,478	43,320	40,210	40,712
Equity (EUR million)	1,890	1,945	1,807	1,744	1,614	1,862
Total balance sheet (EUR million)	55,175	53,092	50,954	49,736	47,736	46,360
Total liquidity (EUR million)*	13,025	11,912	11,931	11,633	11,505	12,222
Liquidity Coverage Ratio *(LCR)*, %	390.4	338.8	423.0	409.1	256.7	334.9
Net Stable Funding Ratio *(NSFR)*, %	127.7	123.7	125.6	124.1	120.3	123.6
Equity ratio, %*	3.4	3.7	3.5	3.5	3.4	4.0
CET1 capital (EUR million)	1,654	1,646	1,586	1,550	1,482	1,408
Tier 1 capital (EUR million)	1,654	1,646	1,586	1,550	1,482	1,756
Total own funds (EUR million)	1,654	1,646	1,586	1,550	1,482	1,756
CET1 capital ratio, %***	89.4	107.7	102.4	103.4	97.6	95.0
Tier 1 capital ratio, %***	89.4	107.7	102.4	103.4	97.6	118.4
Total capital ratio, %***	89.4	107.7	102.4	103.4	97.6	95.0
Leverage ratio, %**	11.4	12.3	12.0	12.0	11.6	12.8
Personnel	187	178	196	185	175	164

* Alternative performance measure.
** MuniFin fulfils the CRR definition of a public development credit institution and may therefore deduct all the credit receivables from municipalities, wellbeing services counties and the central government in the calculation of its leverage ratio.
*** The capital ratios at 30 June 2025 have been calculated in accordance with the CRR III regulation. The figures for the comparative periods have not been adjusted.

The calculation formulas for all key figures can be found on pages 38–46. All figures presented in this Half Year Report are those of MuniFin Group, unless otherwise stated.

Key figures

MuniFin Group defines the Alternative Performance Measures (*APMs*) to be financial measures that have not been defined in the IFRS standards or the capital requirements regulation (*CRD/CRR*). The APMs improve comparability between companies in the same sector and between reporting periods and provide valuable information to the readers of the financial reports. The APMs provide a more consistent basis for comparing the results of financial periods and for assessing MuniFin Group's performance. They are also an important aspect of the way in which the Group's management defines operating targets and monitors performance.

The APMs are presented in MuniFin Group's financial reports in accordance with the guidelines for Alternative Performance Measures issued by the European Securities and Markets Authority (*ESMA*).

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Jun 2025	Jan–Jun 2024
Net interest income	Interest income and expense from financial assets and liabilities are recognised in net interest income. A significant part of the Group's revenues consists of net interest income.	Interest income at effective interest rate method	740	983
		Other interest income	145	159
		Interest expense at effective interest rate method	-535	-726
		Other interest expense	-227	-287
		Net interest income	**124**	**129**
Unrealised fair value changes	According to the IFRS 9 standard, part of the Group's financial instruments are measured at fair value through profit and loss which increases PnL volatility. To enhance comparability of business performance between periods and companies, it is often necessary to exclude the PnL effect of the unrealised fair value changes. Items in the calculation formula are from Consolidated income statement's line item *Net result on financial instruments at fair value through profit or loss*.	Net result on financial assets and liabilities through profit or loss, unrealised fair value changes	5	10
		Net result on hedge accounting	-5	6
		Unrealised fair value changes	**-1**	**16**
Net operating profit	Net operating profit describes the Group's operating profit before taxes.	**Net operating profit**	**78**	**105**
Net operating profit excluding unrealised fair value changes	Net operating profit excluding unrealised fair value changes as an APM is of interest for showing MuniFin Group's underlying earnings capacity.	Net operating profit	78	105
		- Unrealised fair value changes	1	-16
		Net operating profit excluding unrealised fair value changes	**79**	**89**
Income	Income, which describes the Group's total income including net interest income, is used e.g. as a denominator (excl. Commission expenses) in Cost-to-income ratio.	Net interest income	124	129
		Commission income	1	1
		Net result on financial instruments at fair value through profit or loss	-2	16
		Net result on financial assets at fair value through other comprehensive income	-	0
		Other operating income	0	0
		Income	**123**	**146**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Jun 2025	Jan–Jun 2024
Income excluding unrealised fair value changes	Income excluding unrealised fair value changes reflects the Group's operating income, of which the most significant is net interest income.	Income	123	146
		- Unrealised fair value changes	1	-16
		Income excluding unrealised fair value changes	**123**	**130**
Other income	Other income includes all other income of the Group except net interest income and unrealised fair value changes.	Commission income	1	1
		Net result on financial assets and liabilities through profit or loss, realised	-	0
		Net result on FX differences	-1	0
		Net result on financial assets at fair value through other comprehensive income	-	0
		Other operating income	0	0
		Other income	**-1**	**1**
Costs	Costs, which describe the Group's total costs, is used e.g. as a numerator (excl. Commission expenses) in Cost-to-income ratio.	Commission expenses	9	8
		HR and administrative expenses	25	22
		Depreciation and impairment on tangible and intangible assets	2	3
		Other operating expenses	8	7
		Costs	**44**	**41**
Cost-to-income ratio, %	Cost-to-income ratio is an established key ratio in the banking sector for assessing the relationship between expenses and income. The ratio gives investors a comparative view of MuniFin Group's cost-effectiveness.	Costs (excl. Commission expenses)	35	33
		÷ Income (incl. Net commission income)	114	137
		Cost-to-income ratio, %	**30.6%**	**23.7%**
Cost-to-income ratio excluding unrealised fair value changes, %	Cost-to income ratio excluding unrealised fair value changes gives a more precise picture of MuniFin Group's operative effectiveness as it excludes the income volatility of unrealised fair value changes. It improves comparability of operative effectiveness between companies and reporting periods.	Costs (excl. Commission expenses)	35	33
		÷ (Income (incl. Net commission income)	114	137
		- Unrealised fair value changes)	1	-16
		Cost-to-income ratio excluding unrealised fair value changes, %	**30.4%**	**26.9%**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Jun 2025	Jan–Jun 2024
The effect of unrealised fair value changes on other comprehensive income and equity net of tax	Key indicator used in management reporting to describe the effect of unrealised fair value changes during the reporting period on the Group's comprehensive income and equity net of tax.	Unrealised fair value changes through PnL	-1	16
		Taxes related to the unrealised fair value changes through PnL	0	-3
		Change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss, net of tax	-26	49
		Change in Cost-of-Hedging, net of tax	-20	-1
		Change in fair value of financial assets at fair value through other comprehensive income, net of tax	1	-2
		Change in expected credit loss of financial assets at fair value through other comprehensive income, net of tax	-	0
		The effect of unrealised fair value changes on other comprehensive income and equity net of tax	**-46**	**58**
New long-term customer financing	Key indicator used in management reporting to describe MuniFin Group's business volume during the reporting period. The indicator includes the amount of new loans excluding unrealised fair value changes and new leased assets excluding unrealised fair value changes.	New lending	2,332	2,308
		New leased assets	79	108
		New long-term customer financing	**2,411**	**2,416**
Ratio of net operating profit excluding unrealised fair value changes to volume of long-term and short-term customer financing, %	Key indicator used in management reporting to describe MuniFin Group's profit earnings.	(Net operating profit excluding unrealised fair value changes	79	89
		÷ Long-term customer financing excluding unrealised fair value changes and short-term customer financing (average of values at the beginning and end of the period)) x100	38,112	35,045
		Ratio of net operating profit excluding unrealised fair value changes to volume of long-term and short-term customer financing, %	**0.41%**	**0.51%**
New long-term funding	Key indicator used in management reporting to describe MuniFin Group's funding activity during the reporting period. The indicator includes the amount of new funding (over 1 year) issued excluding unrealised fair values changes.	**New long-term funding**	**7,345**	**4,942**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Jun 2025	Jan–Jun 2024
Return on Equity (*ROE*), %	ROE measures the efficiency of MuniFin Group's capital usage. It is a commonly used performance measure and as an APM improves comparability between companies. The key figure is reported on an annualised basis.	((Net operating profit	78	105
		- Taxes)	-16	-21
		÷ Equity and non-controlling interest (average of values at the beginning and end of the period)) x100	1,918	1,776
		Return on Equity *(ROE)*, %	**6.5%**	**9.5%**
Return on Equity (*ROE*) excluding unrealised fair value changes, %	MuniFin Group's strategy indicator. Excluding the unrealised changes in fair values increases comparability between reporting periods. The key figure is reported on an annualised basis.	((Net operating profit excluding unrealised fair value changes	79	89
		- Taxes)	-16	-18
		÷ Equity and non-controlling interest (average of values at the beginning and end of the period)) x100	1,918	1,776
		Return on Equity *(ROE)* excluding unrealised fair value changes, %	**6.6%**	**8.1%**
Return on Assets (*ROA*), %	ROA measures the efficiency of MuniFin Group's investments. It is a commonly used performance measure and as an APM improves comparability between companies. The key figure is reported on an annualised basis.	((Net operating profit	78	105
		- Taxes)	-16	-21
		÷ Average balance sheet total (average of values at the beginning and end of the period)) x100	54,133	50,345
		Return on Assets *(ROA)*, %	**0.2%**	**0.3%**
Return on Assets (*ROA*) excluding unrealised fair value changes, %	Excluding the unrealised changes in fair values increases comparability of ROA between reporting periods. The key figure is reported on an annualised basis.	((Net operating profit excluding unrealised fair value changes	79	89
		- Taxes)	-16	-18
		÷ Average balance sheet total (average of values at the beginning and end of the period)) x100	54,133	50,345
		Return on Assets *(ROA)* excluding unrealised fair value changes, %	**0.2%**	**0.3%**
Turnover	Turnover is not presented as a separate item in the Consolidated income statement, which is why the Group presents the calculation formula and reconciliation in the key figures table.	Interest income at effective interest rate method	740	983
		Other interest income	145	159
		Commission income	1	1
		Net result on financial instruments at fair value through profit or loss	-2	16
		Net result on financial assets at fair value through other comprehensive income	-	0
		Other operating income	0	0
		Turnover	**884**	**1,159**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	30 Jun 2025	31 Dec 2024
Equity ratio, %	Equity ratio is an investment leverage and solvency ratio that measures the amount of assets that are financed by equity. It is a commonly used performance measure and as an APM improves comparability between companies.	(Equity and non-controlling interest	1,890	1,945
		÷ Balance sheet total) x100	55,175	53,092
		Equity ratio, %	**3.4%**	**3.7%**
Long-term loan portfolio	Key indicator used in management reporting to describe MuniFin Group's business volume. The loan portfolio consists of long-term loans with an original maturity of at least 1 year. The key figure does not take into account interest accrued on long-term loan portfolio.	Loans and advances to the public and public sector entities	36,724	35,377
		- Interest accrued on long-term loan portfolio	-182	-204
		- Leasing	-1,598	-1,563
		Long-term loan portfolio	**34,944**	**33,610**
Long-term customer financing	Key indicator used in management reporting to describe MuniFin Group's business volume. Long-term customer financing consists of long-term loan portfolio and leased assets. The key figure does not take into account interest accrued on long-term loan portfolio.	Loans and advances to the public and public sector entities	36,724	35,377
		- Interest accrued on long-term loan portfolio	-182	-204
		Long-term customer financing	**36,541**	**35,173**
Long-term customer financing excluding unrealised fair value changes	Key indicator used in management reporting to describe MuniFin Group's business volume. In this indicator the unrealised fair value changes have been excluded to enhance comparability of business performance between periods. The key figure does not take into account interest accrued on long-term loan portfolio.	Loans and advances to the public and public sector entities	36,724	35,377
		- Interest accrued on long-term loan portfolio	-182	-204
		- Unrealised fair value changes	560	614
		Long-term customer financing excluding unrealised fair value changes	**37,101**	**35,787**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	30 Jun 2025	31 Dec 2024
Ratio of green finance and social finance to long-term customer financing excluding unrealised fair value changes, %	Key indicator used in management reporting to describe MuniFin Group's business volume.	Green finance	7,892	6,817
		Social finance	2,609	2,536
		(Total of green and social finance	**10,501**	**9,353**
		÷ Long-term customer financing excluding unrealised fair value changes) x100	37,101	35,787
		Ratio of green finance and social finance to long-term customer financing excluding unrealised fair value changes, %	**28.3%**	**26.1%**
Short-term customer financing	Key indicator used in management reporting to describe MuniFin Group's business volume. Short-term customer financing consists of money market papers bought from customers, which have original maturity of 1 year or less.	Debt securities, commercial papers from customers	1,511	1,825
		Short-term customer financing	**1,511**	**1,825**
Total funding	Key indicator used in management reporting to describe MuniFin Group's funding volume. Total funding consists of long-term and short-term funding. The key figure does not take into account interest payable on long-term funding.	Liabilities to credit institutions	252	884
		Liabilities to the public and public sector entities	2,326	2,464
		Debt securities issued	46,771	44,534
		Total	**49,349**	**47,882**
		- Interest payable on long-term funding	-465	-429
		- Cash collateral received *(CSA)*	-22	-716
		- Liabilities to credit institutions, payable on demand	-10	-
		Total funding	**48,853**	**46,737**
Long-term funding	Key indicator used in management reporting to describe MuniFin Group's funding volume.	Total funding	48,853	46,737
		- Short-term issued funding *(ECP)*	-3,755	-3,409
		Long-term funding	**45,098**	**43,328**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	30 Jun 2025	31 Dec 2024
Total liquidity	Key indicator used in management reporting to describe MuniFin Group's liquidity position. The key indicator does not take into account accrued interest.	Debt securities	6,340	5,879
		- Interest accrued on investment bonds	-47	-38
		- Short-term customer financing	-1,511	-1,825
		Investments in securities total	**4,782**	**4,016**
		Cash and balances with central banks	7,770	7,777
		Deposits	475	120
		- Interest accrued on deposits	-2	0
		Other investments total	**8,243**	**7,897**
		Total liquidity	**13,025**	**11,912**
Ratio of socially responsible investments to all investment bonds, %	Key indicator used in management reporting for social responsibility area. The ratio is calculated based on the nominal values of securities investments.	(Socially responsible investments (*SRI*), nominal	994	870
		÷ Investment bonds, nominal) x100	4,780	4,038
		Ratio of socially responsible investments to all investment bonds, %	**20.8%**	**21.5%**
Ratio of socially responsible investments to MuniFin Group's own green and social funding, %	Key indicator used in management reporting for social responsibility area.	(Socially responsible investments	994	870
		÷Green and social funding) x100	7,035	5,824
		Ratio of socially responsible investments to MuniFin Group's own green and social funding, %	**14.1%**	**14.9%**

Other measures EUR million	Definition	Reconciliation	30 Jun 2025	31 Dec 2024
Liquidity Coverage Ratio (*LCR*), %	Defined in CRR.	(Liquid assets	11,647	11,170
		÷ (Liquidity outflows - liquidity inflows in a stress situation)) x100	2,984	3,297
		Liquidity Coverage Ratio *(LCR)*, %	**390.4%**	**338.8%**
Net Stable Funding Ratio (*NSFR*), %	Defined in CRR.	(Available Stable Funding *(ASF)*	42,486	39,298
		÷ Required Stable Funding *(RSF)*) x100	33,273	31,757
		Net Stable Funding Ratio *(NSFR)*, %	**127.7%**	**123.7%**
CET1 capital ratio, %	Defined in CRR.	(Common Equity Tier 1 *(CET1)* capital	1,654	1,646
		÷ Risk exposure amount) x100	1,851	1,528
		CET1 capital ratio, %	**89.4%**	**107.7%**
Tier 1 capital ratio, %	Defined in CRR.	(Tier 1 capital	1,654	1,646
		÷ Risk exposure amount) x100	1,851	1,528
		Tier 1 capital ratio, %	**89.4%**	**107.7%**
Total capital ratio, %	Defined in CRR.	(Total own funds	1,654	1,646
		÷ Risk exposure amount) x100	1,851	1,528
		Total capital ratio, %	**89.4%**	**107.7%**
Leverage ratio, %	Defined in CRR.	(Tier 1 capital	1,654	1,646
		÷ Total exposure) x100	14,475	13,340
		Leverage ratio, %	**11.4%**	**12.3%**

MuniFin Group's Half Year Report tables

MuniFin

Consolidated income statement

(EUR 1,000)	Note	Jan–Jun 2025	Adjusted Jan–Jun 2024
Interest income at effective interest rate method	(3)	740,441	982,643
Other interest income	(3)	145,058	159,488
Interest expense at effective interest rate method	(3)	-534,618	-726,272
Other interest expense	(3)	-227,008	-287,300
Net interest income		**123,872**	**128,559**
Commission income		579	932
Commission expense		-9,029	-8,127
Net result on financial instruments at fair value through profit and loss	(4)	-1,955	16,071
Net result on financial assets at fair value through other comprehensive income		-	3
Other operating income		81	25
HR and administrative expenses		-24,843	-22,139
Depreciation and impairment on tangible and intangible assets	(13)	-2,327	-3,112
Other operating expenses		-7,540	-7,395
Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income	(14)	-840	278
Net operating profit		**77,998**	**105,093**
Income tax expense		-15,632	-20,810
Profit for the period		**62,366**	**84,284**

The accompanying notes are an integral part of the Half Year Report.

The Group has updated the presentation of net interest income of derivative and leasing contracts. Comparative figures have been adjusted. The change of presentation did not have an impact on net interest income.

Consolidated statement of comprehensive income

(EUR 1,000)	Note	Jan–Jun 2025	Jan–Jun 2024
Profit for the period		62,366	84,284
Components of other comprehensive income			
Items not to be reclassified to income statement in subsequent periods			
Change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss	(4)	-32,367	60,788
Tax on change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss		6,473	-12,158
Change in Cost-of-Hedging	(5)	-25,408	-1,407
Tax on change in Cost-of-Hedging		5,082	281
Items to be reclassified to income statement in subsequent periods			
Change in fair value of financial assets at fair value through other comprehensive income		1,167	-2,883
Change in expected credit loss of financial assets at fair value through other comprehensive income	(14)	27	2
Tax on change in fair value and in expected credit loss of financial assets at fair value through other comprehensive income		-239	576
Amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income		-	-124
Tax on amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income		-	25
Total components of other comprehensive income		**-45,264**	**45,101**
Total comprehensive income for the period		**17,102**	**129,384**

The accompanying notes are an integral part of the Half Year Report.

Consolidated statement of financial position

(EUR 1,000)	Note	30 Jun 2025	Adjusted 31 Dec 2024	Adjusted 1 Jan 2024
Assets				
Cash and balances with central banks	(6, 7, 8, 9)	7,770,390	7,776,888	7,953,642
Loans and advances to credit institutions	(6, 7, 8)	1,986,468	789,725	1,239,307
Loans and advances to the public and public sector entities	(6, 7, 8)	36,723,683	35,376,909	32,225,422
Debt securities	(6, 7, 8)	6,339,665	5,878,912	5,170,005
Derivative contracts	(6, 7, 8, 12)	1,553,268	2,323,708	2,036,212
Intangible assets	(13)	1,332	2,720	6,311
Tangible assets	(13)	9,368	8,236	9,648
Other assets	(6, 7, 8, 11)	785,346	915,913	1,075,207
Accrued income and prepayments		5,635	2,220	2,499
Current tax assets		3	16,577	18,095
Deferred tax assets		21	10	9
Total assets		**55,175,178**	**53,091,818**	**49,736,359**

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(EUR 1,000)	Note	30 Jun 2025	Adjusted 31 Dec 2024	Adjusted 1 Jan 2024
Liabilities and equity				
Liabilities				
Liabilities to credit institutions	(6, 7, 8, 15)	252,036	883,694	215,552
Liabilities to the public and public sector entities	(6, 7, 8)	2,325,967	2,463,874	2,622,551
Debt securities issued	(6, 7, 8, 16)	46,771,347	44,534,306	40,872,798
Derivative contracts	(6, 7, 8, 12)	3,283,819	2,561,718	3,496,553
Other liabilities	(6, 7, 8, 17)	234,068	285,181	418,445
Accrued expenses and deferred income		49,876	45,485	43,128
Current tax liabilities		7,377	-	-
Deferred tax liabilities		360,810	372,126	323,517
Total liabilities		**53,285,300**	**51,146,383**	**47,992,542**
Equity				
Share capital		42,583	42,583	42,583
Reserve fund		277	277	277
Fair value reserve of investments		4,295	3,340	2,052
Own credit revaluation reserve		144,106	169,999	60,238
Cost-of-Hedging reserve	(5)	25,388	45,714	21,821
Reserve for invested non-restricted equity		40,366	40,366	40,366
Retained earnings		1,632,863	1,643,155	1,576,480
Total equity attributable to Parent Company equity holders		**1,889,878**	**1,945,435**	**1,743,817**
Total equity		**1,889,878**	**1,945,435**	**1,743,817**
Total liabilities and equity		**55,175,178**	**53,091,818**	**49,736,359**

The Group has updated the presentation of balances with central banks and the presentation of current tax assets. Comparative information has been adjusted accordingly.
The accompanying notes are an integral part of the Half Year Report.

Consolidated statement of changes in equity

	Total equity attributable to Parent Company equity holders								
(EUR 1,000)	Share capital	Reserve fund	Fair value reserve of investments	Own credit revaluation reserve	Cost-of-Hedging reserve	Reserve for invested non-restricted equity	Retained earnings	Total	Total equity
Equity at 31 Dec 2024	**42,583**	**277**	**3,340**	**169,999**	**45,714**	**40,366**	**1,643,155**	**1,945,435**	**1,945,435**
Dividends paid for 2024	-	-	-	-	-	-	-72,659	-72,659	-72,659
Profit for the period	-	-	-	-	-	-	62,366	62,366	62,366
Components of other comprehensive income net of tax									
Items not to be reclassified to income statement in subsequent periods									
Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-	-25,893	-	-	-	-25,893	-25,893
Net change in Cost-of-Hedging	-	-	-	-	-20,326	-	-	-20,326	-20,326
Items to be reclassified to income statement in subsequent periods									
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	934	-	-	-	-	934	934
Net amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Net change in expected credit loss of financial assets at fair value through other comprehensive income	-	-	22	-	-	-	-	22	22
Equity at 30 Jun 2025	**42,583**	**277**	**4,295**	**144,106**	**25,388**	**40,366**	**1,632,863**	**1,889,878**	**1,889,878**

	Total equity attributable to Parent Company equity holders								
(EUR 1,000)	Share capital	Reserve fund	Fair value reserve of investments	Own credit revaluation reserve	Cost-of-Hedging reserve	Reserve for invested non-restricted equity	Retained earnings	Total	Total equity
Equity at 31 Dec 2023	**42,583**	**277**	**2,052**	**60,238**	**21,821**	**40,366**	**1,576,480**	**1,743,817**	**1,743,817**
Dividends paid for 2023	-	-	-	-	-	-	-66,018	-66,018	-66,018
Profit for the period	-	-	-	-	-	-	84,284	84,284	84,284
Components of other comprehensive income net of tax									
Items not to be reclassified to income statement in subsequent periods									
Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-	48,631	-	-	-	48,631	48,631
Net change in Cost-of-Hedging	-	-	-	-	-1,126	-	-	-1,126	-1,126
Items to be reclassified to income statement in subsequent periods									
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-2,307	-	-	-	-	-2,307	-2,307
Net amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income	-	-	-100	-	-	-	-	-100	-100
Net change in expected credit loss of financial assets at fair value through other comprehensive income	-	-	2	-	-	-	-	2	2
Equity at 30 Jun 2024	**42,583**	**277**	**-352**	**108,869**	**20,696**	**40,366**	**1,594,746**	**1,807,184**	**1,807,184**

The accompanying notes are an integral part of the Half Year Report.

Consolidated statement of cash flows

(EUR 1,000)	Note	Jan–Jun 2025	Adjusted Jan–Jun 2024
Cash flow from operating activities		**92,963**	**249,424**
Net change in long-term funding		3,195,505	2,063,405
Net change in short-term funding		558,077	-943,947
Net change in long-term loans		-1,343,108	-1,350,683
Net change in short-term loans		310,498	281,235
Net change in investments		-1,079,261	-110,540
Net change in collaterals		-1,422,010	166,980
Interest on assets		828,313	1,088,440
Interest on liabilities		-945,923	-930,561
Other income		20,859	24,578
Payments of operating expenses		-38,292	-40,095
Taxes paid		8,305	612
Cash flow from investing activities		**-2,035**	**-204**
Acquisition of tangible assets		-2,035	-
Proceeds from sale of tangible assets		-	19
Acquisition of intangible assets		-	-223
Cash flow from financing activities		**-73,328**	**-66,916**
Dividend paid		-72,659	-66,018
Amortisation of lease liability		-670	-899
Change in cash and cash equivalents		**17,599**	**182,304**
Cash and cash equivalents at 1 Jan	**(9)**	**7,838,383**	**8,016,855**
Cash and cash equivalents at 30 Jun	**(9)**	**7,855,982**	**8,199,159**

During the reporting period, the Group has corrected its presentation of *Cash and cash equivalents* and *Amortisation of lease liability*. Comparative period has been adjusted accordingly.

The accompanying notes are an integral part of the Half Year Report.

Notes to the Half Year Report

Note 1. Significant changes in the current reporting period

Although there is increasing uncertainty in the macroeconomic environment, the Group's core business operations remained strong in the current reporting period as expected. The Group's net interest income decreased slightly due to higher market-based funding costs and lower short-term interest rates. Balance sheet increased mainly due to the growth in loan portfolio, in debt securties and in derivatives cash collateral. In addition, the Group's capital adequacy has remained strong.

Note 2. Basis of preparation of the Half Year Report and corrections to previous reporting period

The Half Year Report has been prepared in accordance with International Financial Reporting Standards as issued by the IASB (*IFRS accounting standards*). The Half Year Report complies with IAS 34 *Interim Financial Reporting* standard and the accounting policies presented in the Consolidated Financial Statements 2024 (Note *1*). The report includes a condensed consolidated interim financial information for the half year period ended 30 June 2025 and is to be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2024. Operations of the Group are not subject to seasonal variations thus financial information of condensed consolidated interim report does not include information from the 12-month period ended as of the interim date.

The accounting policies have remained unchanged during the reporting period, except for those that are presented below in the sections *Changes in the presentation of Consolidated income statement, Consolidated statement of financial position and Consolidated statement of cash flows* and *Amendments of IFRS accounting standards applied on the reporting period*. The figures in the Notes to the Half Year Report are presented in thousands of euros. All figures in the Half Year Report have been rounded, so the total of individual figures may differ from the total figure presented. The Half Year Report has been subject to a review by the auditors.

The Half Year Report is available in Finnish and English. The Finnish version is official and will be used if there is any discrepancy between the language versions.

Changes in the presentation of Consolidated income statement, Consolidated statement of financial position and Consolidated statement of cash flows

During the financial year 2024 and during the reporting period of 2025, the Group made changes in the presentation of the Consolidated income statement, Consolidated statement of financial position and Consolidated statement of cash flows as presented in the following sections.

Consolidated income statement

During the financial year 2024, the Group made changes in the presentation of net interest income of derivative contracts. Starting from 2024, net interest income of derivative contracts not designated under hedge accounting is presented in the same line item according to the same principal that is applied for derivative contracts under hedge accounting. Derivative contracts are presented in the following line items:

1) Derivative contracts designated under hedge accounting are presented in line items *Interest income at effective interest rate method* or *Interest expense at effective interest rate method*.

2) Derivative contracts that are not designated under hedge accounting are presented in line items *Other interest income* or *Other interest expense.*

In addition, during the financial year 2024, the Group changed the classification of property lease receivables. Instead of finance lease receivables, they are presented as financial assets. The reclassification did not impact the balance sheet presentation, as both line items are included within line item *Loans and advances to the public and public sector entities* on the balance sheet. See more detailed information in the Consolidated Financial Statements 2024 (Note *1,* chapter *2*). The interest income from the property lease agreements is presented in the income statement under *Interest income at effective interest rate method* instead of *Other interest income*.

As a result of these changes, the comparative period of the Consolidated income statement has been adjusted according to the following:

Consolidated income statement (EUR 1,000)	Jan-Jun 2024	Adjustment	Adjusted Jan-Jun 2024
Interest income at effective interest rate method	752,584	230,058	982,643
Other interest income	762,629	-603,141	159,488
Interest expense at effective interest rate method	-370,849	-355,422	-726,272
Other interest expense	-1,015,805	728,505	-287,300
Net interest income	**128,559**	**0**	**128,559**

In line items *Interest income/expenses at effective interest rate method*, the Group presents interest income/expenses from financial assets and liabilities measured at amortised cost, interest income/expenses from financial assets and liabilities measured at fair value through other comprehensive income and interest income/expenses of derivative contracts in hedge accounting. The distribution of interest income and expenses can be found in Note *3 Interest Income and Expenses*.

Consolidated statement of financial position

During the reporting period of 2025, the Group has changed the presentation of the Consolidated statement of financial position. The management has concluded that by combining cash together with central banks balances in their own line in the balance sheet gives more useful information to the user of the financial statements. In addition, Current tax assets are shown separately in the Consolidated statement of financial position. The changes have been made retrospectively to the opening balance sheet of comparative year 2024 and to the year end of 2024.

The changes made in the presentation of Consolidated statement of financial position for 1 January 2024 are as following:

Consolidated statement of financial position (EUR 1,000)	Reference	1 Jan 2024	Adjustment	Adjusted 1 Jan 2024
Assets				
Cash and balances with central banks	i.	2	7,953,640	7,953,642
Loans and advances to credit institutions	ii.	9,192,948	-7,953,640	1,239,307
Accrued income and prepayments	iii.	20,595	-18,095	2,499
Current tax assets	iv.	-	18,095	18,095
Total assets		**49,736,359**	**0**	**49,736,359**
Liabilities and equity				
Total liabilities		**47,992,542**	**-**	**47,992,542**
Total equity		**1,743,817**	**-**	**1,743,817**
Total liabilities and equity		**49,736,359**	**-**	**49,736,359**

i.–ii. Overnight deposits with central bank were previously presented on the balance sheet line item *Loans and advances to credit institutions*. EUR 7,953,640 thousand was reclassified to the balance sheet line item *Cash and balances with central banks*.

iii.–iv. Current tax assets were previously presented on the balance sheet line item *Accrued income and prepayments*. EUR 18,095 thousand was reclassified to the balance sheet line item *Current tax assets*.

The changes made in the presentation of Consolidated statement of financial position for 31 December 2024 are as following:

Consolidated statement of financial position (EUR 1,000)	Reference	31 Dec 2024	Adjustments	Adjusted 31 Dec 2024
Assets				
Cash and balances with central banks	i.	2	7,776,886	7,776,888
Loans and advances to credit institutions	ii.	8,566,611	-7,776,886	789,725
Accrued income and prepayments	iii.	18,797	-16,577	2,220
Current tax assets	iv.	-	16,577	16,577
Total assets		**53,091,818**	**0**	**53,091,818**
Liabilities and equity				
Total liabilities		**51,146,383**	**-**	**51,146,383**
Total equity		**1,945,435**	**-**	**1,945,435**
Total liabilities and equity		**53,091,818**	**-**	**53,091,818**

i.–ii. Overnight deposits with central bank were previously presented on the balance sheet line item *Loans and advances to credit institutions*. EUR 7,776,886 thousand was reclassified to the balance sheet line item *Cash and balances with central banks*.

iii.–iv. Current tax assets were previously presented on the balance sheet line item *Accrued income and prepayments*. EUR 16,577 thousand was reclassified to the balance sheet line item *Current tax assets*.

Consolidated statement of cash flows

During the reporting period, the Group has changed the presentation of *Cash and cash equivalents*. The managament has revisited the definition of cash and cash equivalents and concluded that balances with central banks should be included in cash and cash equivalents, as they are overnight deposits wich are used for the purpose of meeting short-term cash commitments. Also, the interest proportion of lease liability has reclassified and it will be presented in line item *Interest on liabilities*. Changes have the following impact on the Consolidated statement of cash flows:

Consolidated statement of cash flows (EUR 1,000)	Jan-Jun 2024	Adjustment	Adjusted Jan-Jun 2024
Cash flow from operating activities	**58,329**	**191,095**	**249,424**
Net change in investments	-301,652	191,112	-110,540
Interest on liabilities	-930,544	-17	-930,561
Cash flow from financing activities	**-66,934**	**17**	**-66,916**
Total cash flow from leases*	-916	17	-899
Change in cash and cash equivalents	**-8,809**	**191,112**	**182,304**
Cash and cash equivalents at 1 Jan	**63,214**	**7,953,641**	**8,016,855**
Cash and cash equivalents at 30 Jun	**54,405**	**8,144,753**	**8,199,159**

* As of 30 June 2025, line item has been renamed as *Amortisation of lease liability.*

Consolidated statement of cash flows (EUR 1,000)	Jan–Dec 2024	Adjustment	Adjusted Jan–Dec 2024
Cash flow from operating activities	**66,648**	**-176,870**	**-110,222**
Net change in investments	-204,315	-176,754	-381,070
Interest on liabilities	-1,814,456	-116	-1,814,572
Cash flow from financing activities	**-67,775**	**116**	**-67,660**
Total cash flow from leases*	-1,757	116	-1,642
Change in cash and cash equivalents	**-1,717**	**-176,754**	**-178,472**
Cash and cash equivalents at 1 Jan	**63,214**	**7,953,641**	**8,016,855**
Cash and cash equivalents at 31 Dec	**61,496**	**7,776,887**	**7,838,383**

*As of 30 June 2025, line item has been renamed as *Amortisation of lease liability.*

Amendments of IFRS accounting standards applied on the reporting period

The Group has applied the following amendments to existing standards starting from 1 January 2025:

Amendment to IAS 21 *The Effects of Changes in Foreign Exchange Rates*: Lack of Exchangeability (effective for financial years beginning or after 1 January 2025). An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. Amendments were implemented by the Group on 1 January 2025 but have not had any significant impact on its financial statements.

New and amended IFRS accounting standards and interpretations not yet applied

In April 2024, the IASB published the new standard IFRS 18 *Presentation and Disclosure in Financial Statements* which will replace IAS 1 *Presentation of Financial statements*. IFRS 18 introduces a defined structure for the statement of profit or loss and related disclosures. The standard requires entities to present specified totals and subtotals for the statement of profit or loss and to present management-defined performance measures. The new standard will be effective for annual reporting periods beginning on or after 1 January 2027, including for interim financial statements. Retrospective application is required. Impact of implementation of the IFRS 18 to the presentation of MuniFin Groups's financial statements has not been evaluated yet.

In May and December 2024, the IASB published amendments to IFRS 9 *Financial instruments* and IFRS 7 *Financial instruments: Disclosures*. Amendmends will clarify and add further guidance regarding whether a financial asset meets the solely payments of principal and interest criteria. Amendments will also clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. New disclosure requirements are published for financial instruments with features linked to the achievement environmental, social and governance targets. The amendment that was published in December 2024 relates to contracts referencing nature-dependent electricity. These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). Amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. Amendments to IFRS 9 and IFRS 7 do not have material impact on MuniFin Group's financial statements.

Management judgement and estimates

Preparation of the Half Year Report in accordance with IFRS accounting standards requires management judgement and estimates. The key assumptions made by the Group concern key uncertainty factors pertaining to the future and the estimates at the interim reporting date. These relate to, among other things, the determination of fair value and the expected credit losses and impairment of financial assets.

<u>Determination of fair value</u>

The level of management judgement required in establishing fair value of financial instruments for which there is a quoted price in an active market is usually minimal. For the valuation of financial instruments where prices quoted in active markets are not available, the Group uses valuation techniques to establish fair value. These valuation techniques involve some level of management judgement, the degree of which will depend on the observability of the input parameters and the instrument's complexity. The level of subjectivity and degree of management judgement required is more significant for those instruments valued using sophisticated models and where some or all of the inputs are less liquid or unobservable.

Management judgement	Estimates
• The choice of valuation parameters and modelling techniques in order to derive the fair value of financial instruments.	• Judgement on which market parameters are observable.
• Determing the hierarchy level to which a financial instrument should be classified, when the valuation is determined by a number of inputs, of which some are observable, and others are unobservable.	• Applying the input data, assumptions and modelling techniques in particular, where data is obtained from infrequent market transactions.
	• The fair value adjustments incorporating relevant risk factors.

The valuation methods and controls and quantitative disclosures with respect to the determination of fair value as well as the fair value hierarchy levels are disclosed in Note *7 Fair values of financial assets and liabilities*. In addition, in that Note in section *Sensitivity analysis of unobservable inputs* has been described the sensitivity analysis of significant unobservable inputs by instrument type in addition to the effect that changing one or more assumptions in the unobservable input could have on the valuation by products at the reporting date.

The changes in the fair values of financial instruments impact the income statement line items *Net result on financial instruments at fair value through profit or loss* as well as the other comprehensive income line items *Change in fair value of financial assets at fair value through other comprehensive income, Change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss* and *Change in Cost-of-Hedging.*

Expected credit losses

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, with the estimation of amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes which can result in different levels of allowances. Expected credit losses are disclosed in Note *14 Credit risks of financial assets and other commitments.* The changes in the expected credit losses are recognised under the income statement line item *Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income.*

The calculation of expected credit losses requires management judgement and estimates. The most significant are:

Management judgement	Estimates
• The Group's criteria for assessing if there has been a significant increase in credit risk.	• Estimates on macroeconomic variables and the results on sensitivity analysis are disclosed on Note *14 Credit risks of financial assets and other commitments*, in section *Forward-looking information.*
• The Group's internal credit scoring model, which assigns probabilities of default (*PD*) to t he individual grades.	
• Development of ECL models, including the various formulas and the choice of inputs.	
• Determination of relationships between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values and their effect on PDs, EADs (*Exposures at Default*) and LGDs (*Loss Given Default*).	
• Selection of forward-looking macroeconomic scenarios.	

Note 3. Interest income and expense

(EUR 1,000)	Jan–Jun 2025 Interest income	Jan–Jun 2025 Interest expense	Jan–Jun 2025 Net	Adjusted Jan–Jun 2024 Interest income	Adjusted Jan–Jun 2024 Interest expense	Adjusted Jan–Jun 2024 Net
Assets						
Amortised cost						
Cash and balances with central banks	105,362	-	105,362	157,881	-	157,881
Loans and advances to credit institutions	13,744	-49	13,695	22,093	-45	22,048
Loans and advances to the public and public sector entities	473,118	-	473,118	534,839	-	534,836
, of which loan receivables	*453,397*	-	*453,397*	*515,671*	-	*515,671*
, of which property lease receivables	*19,720*	-	*19,720*	*19,168*	-	*19,165*
Debt securities	18,562	-	18,562	27,271	-	27,271
Other assets	10,486	-	10,486	24,043	-	24,043
Fair value through other comprehensive income						
Debt securities	8,134	-	8,134	5,625	-	5,625
Designated at fair value through profit or loss						
Loans and advances to the public and public sector entities	174	-	174	174	-	174
Debt securities	36,761	-	36,761	23,459	-	23,459
Mandatorily at fair value through profit or loss						
Loans and advances to the public and public sector entities	678	-	678	624	-	624
Fair value through profit or loss						
Derivative contracts at fair value through profit or loss	32,091	-14,942	17,149	69,589	-22,753	46,835
Derivative contracts in hedge accounting	111,035	-	111,035	210,893	-	210,893
Finance lease agreements	3,313	-	3,313	4,917	-	4,920
Interest on non-financial other assets	1	-	1	2	-	2
Interest on assets	**813,459**	**-14,991**	**798,469**	**1,081,411**	**-22,799**	**1,058,612**
, of which interest income/expense according to the effective interest rate method	*740,441*	*-49*		*982,645*	*-45*	
, of which other interest income/expense	*73,018*	*-14,942*		*98,765*	*-22,753*	

(EUR 1,000)	Jan–Jun 2025 Interest income	Jan–Jun 2025 Interest expense	Jan–Jun 2025 Net	Adjusted Jan–Jun 2024 Interest income	Adjusted Jan–Jun 2024 Interest expense	Adjusted Jan–Jun 2024 Net
Liabilities						
Amortised cost						
Liabilities to credit institutions	-	-5,471	-5,471	-	-4,189	-4,189
Liabilities to the public and public sector entities	-	-16,523	-16,523	-	-17,955	-17,955
Debt securities issued	-	-434,967	-434,967	-	-340,757	-340,757
Other liabilities	-	-3,047	-3,047	-	-7,904	-7,904
Designated at fair value through profit or loss						
Liabilities to credit institutions	-	-1,175	-1,175	-	-574	-574
Liabilities to the public and public sector entities	-	-18,640	-18,640	-	-18,978	-18,978
Debt securities issued	-	-117,847	-117,847	-	-193,259	-193,259
Fair value through profit or loss						
Derivative contracts at fair value through profit or loss	72,039	-74,404	-2,365	60,720	-51,735	8,984
Derivative contracts in hedge accounting	-	-74,560	-74,560	-	-355,422	-355,422
Interest on liabilities	**72,039**	**-746,636**	**-674,596**	**60,720**	**-990,773**	**-930,054**
, of which interest income/expense according to the effective interest rate method	-	*-534,569*		-	*-726,227*	
, of which other interest income/expense	*72,039*	*-212,066*		*60,720*	*-264,546*	
Total interest income and expense	**885,499**	**-761,626**	**123,872**	**1,142,131**	**-1,013,572**	**128,559**

During the financial year 2024, the Group has corrected the presentation of net interest income of derivative contracts and lease agreements. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *2 Basis of preparation of the Half Year Report and corrections to previous reporting period*.

In the line item *Interest income/expense according to the effective interest rate method,* the Group presents interest income/expense from financial assets/liabilities at amortised cost or at fair value trough other comprehensive income. In addition in this line item, the Group includes interest income/expense from derivative contracts in hedge accounting.

Interest income on stage 3 financial assets in the expected credit loss (*ECL*) calculations totalled EUR 3,729 thousand (EUR 1,687 thousand) during the reporting period. These are included in the line item *Loans and advances to the public and public sector entities.*

Interest expense on other liabilities includes EUR 132 thousand (EUR 17 thousand) of interest on lease liabilities recognised in accordance with IFRS 16 *Leases* standard.

Interest expenses on financial assets at amortised cost on loans and advances to credit institutions consisted of interest paid on loans and advances payable on demand. Interest expenses on derivative contracts at fair value through profit or loss consist of interest on derivative contracts that are not included in hedge accounting. The derivative contracts contained in this line item hedge financial assets which are designated at fair value through profit or loss, derivative contracts with municipalities and derivative contracts hedging derivatives with municipalities, in addition to derivative contracts used for hedging interest rate risk of the balance sheet, for which no hedged item has been specified. Interest income/expense from aforementioned derivative contracts are presented in line item *Other interest income/expense*. Derivative contracts in hedge accounting hedge line items *Loans and advances to the public and public sector entities*. Interest income/expense from derivative contracts in hedge accounting are presented in line item Interest income/expense at effective interest rate method.

Interest income on derivative contracts at fair value through profit or loss consists of interest on derivatives that are not included in hedge accounting. Derivative contracts contained in this line item hedge financial liabilities which are designated at fair value through profit or loss. Interest income/expense from before mentioned items is presented in line item *Other Interest income/expense*. Derivative contracts in hedge accounting are used as hedges for line items *Liabilities to credit institutions, Liabilities to the public and public sector entities* and *Debt securities issued.* Interest income/expense from derivative contracts in hedge accounting is presented in line item *Interest income/expense at effective interest rate method*.

Note 4. Net result on financial instruments at fair value through profit or loss

Jan–Jun 2025 (EUR 1,000)	Capital gains and losses (net)	Unrealised fair value changes	Total
Financial assets			
Designated at fair value through profit or loss	-	29,148	29,148
Mandatorily at fair value through profit or loss	-	-419	-419
Financial liabilities			
Designated at fair value through profit or loss	-	114,544	114,544
Derivative contracts at fair value through profit or loss	-	-138,627	-138,627
Day 1 gain or loss	-	20	20
Net result on financial assets and liabilities through profit or loss	**-**	**4,667**	**4,667**
Net result from FX differences	**-2,924**	**1,544**	**-1,379**
Net result from hedge accounting	**-**	**-5,243**	**-5,243**
Total	**-2,924**	**969**	**-1,955**

Line item *Net result on financial assets and liabilities through profit or loss* includes fair value changes of financial assets and liabilities measured at fair value through profit or loss, fair value changes of derivative contracts not included in hedge accounting (derivative contracts at fair value through profit or loss) as well as capital gains and losses related to these items. Line item *Net result from FX differences* includes unrealised and realised translation differences for all items denominated in foreign currencies. The breakdown of line item *Net result from hedge accounting* is presented in Note *5 Hedge accounting*. The reconciliation for Day 1 gain or loss is presented in Note *7 Fair values of financial assets and liabilities.*

Jan–Jun 2024 (EUR 1,000)	Capital gains and losses (net)	Unrealised fair value changes	Total
Financial assets			
Designated at fair value through profit or loss	40	-8,394	-8,354
Mandatorily at fair value through profit or loss	-	271	271
Financial liabilities			
Designated at fair value through profit or loss	-	99,910	99,910
Derivative contracts at fair value through profit or loss	-19	-81,725	-81,744
Day 1 gain or loss	-	20	20
Net result on financial assets and liabilities through profit or loss	**21**	**10,083**	**10,104**
Net result from FX differences	**4,972**	**-4,833**	**139**
Net result from hedge accounting	**-**	**5,828**	**5,828**
Total	**4,993**	**11,078**	**16,071**

The following tables present the carrying amounts of financial assets and liabilities designated at fair value through profit or loss and their fair value changes recognised during the reporting period in the income statement under *Net result on financial instruments at fair value through profit or loss* and in the other comprehensive income under *Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss*.

Financial assets and liabilities designated at fair value through profit or loss (EUR 1,000)	Nominal value 30 Jun 2025	Carrying amount 30 Jun 2025	Nominal value 31 Dec 2024	Carrying amount 31 Dec 2024
Financial assets				
Loans and advances to the public and public sector entities	30,000	30,628	30,000	30,940
Debt securities	4,010,019	4,035,049	3,670,119	3,676,021
Total financial assets*	**4,040,019**	**4,065,676**	**3,700,119**	**3,706,961**
Financial liabilities				
Liabilities to credit institutions	239,000	124,029	79,000	79,315
Liabilities to the public and public sector entities	1,323,460	1,227,780	1,456,192	1,334,136
Debt securities issued	10,563,658	9,799,701	9,546,266	9,198,104
Total financial liabilities	**12,126,118**	**11,151,511**	**11,081,458**	**10,611,555**

* Financial assets designated at fair value through profit or loss are exposed to credit risk up to the carrying amounts of those securities at 30 Jun 2025 and 31 Dec 2024.

Change in fair value of financial assets designated at fair value through profit or loss (EUR 1,000)	30 Jun 2025	1 Jan 2025	Fair value change recognised in the income statement Jan–Jun 2025	, of which due to credit risk	, of which due to market risk
Financial assets					
Loans and advances to the public and public sector entities	-7,161	-6,847	-314	19	-333
Debt securities	310	-29,152	29,462	10,985	18,477
Total financial assets	**-6,851**	**-35,999**	**29,148**	**11,004**	**18,144**

Financial assets that MuniFin Group has designated at fair value through profit or loss include debt securities in the liquidity portfolio and some lending agreements of which the interest rate risk is hedged with interest rate swaps. The designation is made as it significantly reduces accounting mismatch which would otherwise arise from measuring the derivative contract at fair value through profit or loss and the debt security at fair value through other comprehensive income and lending agreements at amortised cost based on the IFRS 9 business model. MuniFin Group does not have credit derivatives hedging these financial assets.

During the reporting period, the fair value change of debt securities was EUR 29,462 thousand (EUR -7,935 thousand). This change was influenced by a decrease in EUR market rates and credit spreads. The market impact on EUR interest rates was mixed; while short-term rates decreased, long-term rates saw an increase. The general decrease in credit spreads across the markets positively impacted valuations. In overall, the impact of EUR market rates has been positive. Considering the change in the fair value of hedging instruments of EUR -18,477 thousand euros (EUR 10,435 thousand), the net change in fair value during the reporting period is EUR 10,985 thousand (EUR 2,500 thousand) after the hedging impact.

Change in fair value of financial liabilities designated at fair value through profit or loss (EUR 1,000)	30 Jun 2025	1 Jan 2025	Fair value change recognised in the income statement Jan–Jun 2025	Change in own credit risk recognised in the other comprehensive income Jan–Jun 2025	Total fair value change in Jan–Jun 2025
Financial liabilities					
Liabilities to credit institutions	-421	-652	231	-245	-14
Liabilities to the public and public sector entities	189,524	130,527	58,997	-7,689	51,307
Debt securities issued	453,024	397,708	55,317	-24,433	30,884
Total financial liabilities	**642,127**	**527,583**	**114,544**	**-32,367**	**82,178**

During the reporting period, the change in fair value of financial liabilities designated at fair value through profit or loss of EUR 114,544 thousand (EUR 99,910 thousand) was particularly affected by the increase in long-term interest rates in EUR market. The change in the fair value of hedging instruments was EUR -122,082 thousand (EUR -96,918 thousand). The change in own credit risk amounted to EUR -32,367 thousand (EUR 60,788 thousand) during the reporting period. The change was affected by a slight decrease in the Group's funding costs due to a general decrease in market credit spreads.

Net change in fair value in line item Net result on financial assets and liabilities through profit or loss (EUR 1,000)	**Cumulative change in fair value 30 Jun 2025**	**Fair value change recognised in the income statement Jan–Jun 2025**
Financial liabilities designated at fair value through profit or loss	642,127	114,544
Derivative contracts at fair value through profit or loss hedging financial liabilities	-636,307	-122,082
Net change in fair value	**5,820**	**-7,538**

MuniFin Group has designated short-term debt instruments denominated in foreign currencies, which have been hedged with FX swaps at fair value through profit or loss. The designation reduces accounting mismatch which would otherwise arise between the measurement of the derivative contract and the financial liability. Financial liabilities designated at fair value through profit or loss consist of financial liabilities which have been hedged according to the Group's risk management policy, but which are not subject to IFRS 9 standard's fair value hedge accounting. The fair value changes of the financial liabilities impact the income statement, but as they have been hedged, the expected profit or loss is restricted to interest. The table above describes the net impact of these financial liabilities and their hedges on the income statement.

When a financial liability is designated at fair value through profit or loss, the fair value change, with exception to MuniFin's own credit risk that is presented in other comprehensive income as change of the own credit revaluation reserve, is presented in *Net result on financial instruments at fair value through profit or loss*.

MuniFin Group applies the income approach of IFRS 13 standard to the separation of fair value changes related to changes in own credit risk from the fair value changes of the financial liability. For the majority of financial liabilities designated at fair value through profit or loss, no market price is available as there is no active secondary market. The methodology for separation of own credit risk utilises MuniFin's benchmark curves, cross currency basis spreads and credit spreads of MuniFin's issued debt securities on the primary market as input. Based on the aforementioned inputs, valuation curves can be constructed for various reporting periods for valuing financial liabilities designated at fair value through profit or loss. By comparing fair values calculated using the trade date and the reporting date, the impact of change in own credit risk on the fair value of the financial liability can be determined.

Financial liabilities designated at fair value through profit or loss are not traded.

Change in fair value of financial assets designated at fair value through profit or loss (EUR 1,000)	30 Jun 2024	1 Jan 2024	Fair value change recognised in the income statement Jan–Jun 2024	, of which due to credit risk	, of which due to market risk
Financial assets					
Loans and advances to the public and public sector entities	-8,447	-7,988	-459	46	-505
Debt securities	-102,724	-94,789	-7,935	2,500	-10,435
Total financial assets	**-111,171**	**-102,777**	**-8,394**	**2,546**	**-10,940**

Change in fair value of financial liabilities designated at fair value through profit or loss (EUR 1,000)	30 Jun 2024	1 Jan 2024	Fair value change recognised in the income statement Jan–Jun 2024	Change in own credit risk recognised in the other comprehensive income Jan–Jun 2024	Total fair value change in Jan–Jun 2024
Financial liabilities					
Liabilities to credit institutions	1,364	495	869	173	1,042
Liabilities to the public and public sector entities	197,146	169,099	28,047	25,862	53,909
Debt securities issued	496,583	425,589	70,994	34,754	105,748
Total financial liabilities	**695,093**	**595,183**	**99,910**	**60,788**	**160,699**

Net change in fair value in line item Net result on financial assets and liabilities through profit or loss (EUR 1,000)	Cumulative change in fair value 30 Jun 2024	Fair value change recognised in the income statement Jan–Jun 2024
Financial liabilities designated at fair value through profit or loss	695,093	99,910
Derivative contracts at fair value through profit or loss hedging financial liabilities	-689,043	-96,918
Net change in fair value	**6,050**	**2,992**

Note 5. Hedge accounting

The interest rate and foreign exchange rate risks of the Group are managed by entering into derivative transactions. According to the Market Risk Policy, the Group's hedging strategy is mainly to hedge all material foreign exchange and interest rate risks of financial assets and liabilities with maturities exceeding one year. As a result, foreign currency denominated items are translated into euros, and fixed rates and long-term reference rates are swapped to floating interest rates with shorter terms. The risk management principles related to the Group' s hedging of market risk are described in more detail in the Consolidated Financial Statements 2024 in Note *2 Risk Management principles and the Group's risk position.*

The Group applies both fair value hedge accounting according to IFRS 9 and fair value portfolio hedge accounting according to IAS 39. The Group does not apply cash flow hedge accounting. Accounting policies related to hedge accounting are described in the accounting polices of the Consolidated Financial Statements 2024 (Note *1*) in Section *10. Hedge Accounting*. Net result on hedge accounting is recognised in PnL in *Net result on financial instruments at fair value through profit or loss.*

In the following table, the hedged assets and liabilities are presented according to statement of financial position line items divided into IAS 39 portfolio hedge accounting and IFRS 9 fair value hedge accounting, which is further subdivided into whether hedging is subject to the separation of the Cost-of-Hedging.

Hedge accounting 30 Jun 2025 (EUR 1,000)	**Nominal value**	**Fair value hedge accounting total**	**IAS 39 portfolio hedge accounting**	**IFRS 9 fair value hedge accounting**	**IFRS 9 fair value hedge accounting incl. Cost-of-Hedging**
Assets					
Loans and advances to the public and public sector entities – Loans	10,763,203	10,247,910	10,190,165	57,744	-
Loans and advances to the public and public sector entities – Property lease receivables	374,558	372,989	-	372,989	-
Loans and advances to the public and public sector entities – Finance lease receivables	32,951	34,784	-	34,784	-
Total assets	**11,170,711**	**10,655,684**	**10,190,165**	**465,518**	**-**
Liabilities					
Liabilities to credit institutions	105,000	96,147	-	96,147	-
Liabilities to the public and public sector entities	1,103,710	1,098,187	-	1,098,187	-
Debt securities issued	35,863,132	35,385,082	-	18,381,806	17,003,276
Total liabilities	**37,071,842**	**36,579,416**	**-**	**19,576,141**	**17,003,276**

Hedge accounting 31 Dec 2024 (EUR 1,000)	Nominal value	Fair value hedge accounting total	IAS 39 portfolio hedge accounting	IFRS 9 fair value hedge accounting	IFRS 9 fair value hedge accounting incl. Cost-of-Hedging
Assets					
Loans and advances to the public and public sector entities – Loans	11,209,584	10,633,372	10,573,458	59,914	-
Loans and advances to the public and public sector entities – Property lease receivables	380,946	380,863	-	380,863	-
Loans and advances to the public and public sector entities – Finance lease receivables	41,013	42,930	-	42,930	-
Total assets	**11,631,544**	**11,057,166**	**10,573,458**	**483,708**	**-**
Liabilities					
Liabilities to credit institutions	95,000	88,243	-	88,243	-
Liabilities to the public and public sector entities	1,107,710	1,129,737	-	1,129,737	-
Debt securities issued	35,414,736	34,570,729	-	17,595,169	16,975,560
Total liabilities	**36,617,446**	**35,788,709**	**-**	**18,813,149**	**16,975,560**

The figures presented in the adjacent table contain the cumulative fair value change at the beginning and end of the reporting period, in addition to the fair value change of the hedged risk and the hedging instrument during the reporting period. These figures presented in the table do not include the changes in fair value due to foreign exchange differences of hedging instruments and the hedged items. Due to the aforementioned reason, the total amount of hedging instruments does not correspond to the fair value presented in Note *12 Derivatives* on line *Total derivative contracts in hedge accounting*. The fair value changes of the hedged risk of the hedged items and all other fair value changes of the hedging instruments are recognised in the income statement under *Net result on financial instruments at fair value through profit or loss*. The ineffective portion of the hedging relationship is thus shown on this line in the income statement. Net result on financial instruments at fair value through profit or loss is specified in Note *4*.

In accordance with the market practice and IFRS 13 *Fair value measurement* standard, the Group discounts hedged items with the swap curve and the hedging derivatives with the OIS curve, which causes a significant part of the Group's hedge ineffectiveness. In addition, ineffectiveness may also arise to some extent from differences in notional, day count methods or timing of the cash flows. The Group performs regularly the assessment of the economic relationship of the hedged item and hedging instrument. The purpose of the asessment is to ensure the prerequisites for the continuation of the hedging relationship. If the hedging relationship does not meet the hedge accounting requirements, hedge accounting is discontinued. Change in the fair value of the hedged item, up to the point when hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

Net result from hedge accounting from the reporting period was EUR -5,243 thousand (EUR 5,828 thousand). Change in net result on hedge accounting was mainly due to changes in EUR interest rate curves.

Value of hedged risk (EUR 1,000)	30 Jun 2025	1 Jan 2025	Recognised in the income statement Jan–Jun 2025
Assets			
IAS 39 portfolio hedge accounting			
Loans and advances to the public and public sector entities	-547,636	-604,957	57,322
Derivative contracts in hedge accounting	590,281	658,479	-68,199
Accumulated fair value accrual from the termination of hedge accounting	-1,312	-1,411	99
IAS 39 portfolio hedge accounting, net	**41,333**	**52,111**	**-10,777**
IFRS 9 fair value hedge accounting			
Loans and advances to the public and public sector entities	-5,011	-2,213	-2,798
, of which loans	*642*	*2,214*	*-1,572*
, of which property and finance lease receivables	*-5,653*	*-4,427*	*-1,226*
Derivative contracts in hedge accounting	3,085	828	2,257
IFRS 9 fair value hedge accounting, net	**-1,926**	**-1,385**	**-541**
Liabilities			
IFRS 9 fair value hedge accounting			
Liabilities to credit institutions	10,541	7,357	3,184
Liabilities to the public and public sector entities	13,070	-7,263	20,333
Debt securities issued	618,217	901,690	-283,472
Derivative contracts in hedge accounting	-661,404	-927,435	266,031
IFRS 9 fair value hedge accounting, net	**-19,575**	**-25,651**	**6,075**
Total hedge accounting	**19,832**	**25,075**	**-5,243**

Value of hedged risk (EUR 1,000)	30 Jun 2024	1 Jan 2024	Recognised in the income statement Jan–Jun 2024
Assets			
IAS 39 portfolio hedge accounting			
Loans and advances to the public and public sector entities	-951,988	-907,319	-44,668
Derivative contracts in hedge accounting	1,012,431	969,754	42,677
Accumulated fair value accrual from the termination of hedge accounting	-1,531	-1,652	121
IAS 39 portfolio hedge accounting, net	**58,913**	**60,783**	**-1,870**
IFRS 9 fair value hedge accounting			
Loans and advances to the public and public sector entities	-15,585	-10,422	-5,163
, of which loans	*267*	*1,829*	*-1,562*
, of which property and finance lease receivables	*-15,852*	*-12,251*	*-3,600*
Derivative contracts in hedge accounting	14,020	9,060	4,960
IFRS 9 fair value hedge accounting, net	**-1,565**	**-1,362**	**-203**
Liabilities			
IFRS 9 fair value hedge accounting			
Liabilities to credit institutions	10,191	8,111	2,080
Liabilities to the public and public sector entities	30,938	4,425	26,512
Debt securities issued	1,589,060	1,407,537	181,523
Derivative contracts in hedge accounting	-1,644,871	-1,442,656	-202,215
IFRS 9 fair value hedge accounting, net	**-14,682**	**-22,583**	**7,901**
Total hedge accounting	**42,666**	**36,838**	**5,828**

The adjacent table presents the impact of Cost-of-Hedging of cross currency derivatives on equity in the *Cost-of-Hedging reserve*. The figures are presented net of deferred taxes. For all foreign currency hedge relationships, the Group has elected to utilise Cost-of-Hedging. For each hedge relationship, when the cross currency swap is designated as a hedging instrument, the cross currency basis spread is separated and excluded from the designation and accounted for as Cost-of-Hedging.

The difference between the changes in fair value of the actual derivative and the designated portion of the derivative are recorded in other comprehensive income in line item *Cost-of-Hedging reserve*. Thus, changes in cross currency basis spreads will impact other comprehensive income and do not create ineffectiveness in the hedge relationship.

Hedging impact on equity (EUR 1,000)	30 Jun 2025	1 Jan 2025	Impact on Cost-of-Hedging reserve
Cost-of-Hedging			
Derivative contracts in hedge accounting	25,388	45,714	-20,326
Total	**25,388**	**45,714**	**-20,326**

Hedging impact on equity (EUR 1,000)	30 Jun 2024	1 Jan 2024	Impact on Cost-of-Hedging reserve
Cost-of-Hedging			
Derivative contracts in hedge accounting	20,696	21,821	-1,126
Total	**20,696**	**21,821**	**-1,126**

The following table presents the cumulative effectiveness of hedge accounting by hedged items. In addition, the table shows the hedging instruments used.

Effectiveness of hedge accounting
30 Jun 2025 (EUR 1,000)

Hedged item	Hedging instruments	Gains/losses attributable to the hedged risk: Hedged items	Gains/losses attributable to the hedged risk: Hedging instruments	Hedge ineffectiveness
Assets				
IAS 39 portfolio hedge accounting				
Fixed rate and revisable rate loans	Interest rate derivatives	-547,636	590,281	42,645
IFRS 9 fair value hedge accounting				
Structured lending	Interest rate derivatives	642	-694	-52
Fixed rate and revisable rate leased assets	Interest rate derivatives	-5,653	3,779	-1,874
Assets total		**-552,647**	**593,366**	**40,719**
Liabilities				
IFRS 9 fair value hedge accounting				
Financial liabilities denominated in EUR	Interest rate derivatives	649,643	-668,649	-19,006
Financial liabilities denominated in foreign currencies	Currency derivatives (Cross currency interest rate swaps) Interest rate derivatives	-7,815	7,245	-569
Liabilities total		**641,828**	**-661,404**	**-19,575**

Effectiveness of hedge accounting
30 Jun 2024 (EUR 1,000)

Hedged item	Hedging instruments	Gains/losses attributable to the hedged risk: Hedged items	Gains/losses attributable to the hedged risk: Hedging instruments	Hedge ineffectiveness
Assets				
IAS 39 portfolio hedge accounting				
Fixed rate and revisable rate loans	Interest rate derivatives	-951,988	1,012,431	60,444
IFRS 9 fair value hedge accounting				
Structured lending	Interest rate derivatives	267	-26	241
Fixed rate and revisable rate leased assets	Interest rate derivatives	-15,852	14,046	-1,806
Assets total		**-967,573**	**1,026,452**	**58,879**
Liabilities				
IFRS 9 fair value hedge accounting				
Financial liabilities denominated in EUR	Interest rate derivatives	1,257,910	-1,280,515	-22,606
Financial liabilities denominated in foreign currencies	Currency derivatives (Cross currency interest rate swaps) Interest rate derivatives	372,279	-364,356	7,924
Liabilities total		**1,630,189**	**-1,644,871**	**-14,682**

Note 6. Financial assets and liabilities

Financial assets 30 Jun 2025 (EUR 1,000)	Amortised cost	Fair value through other comprehensive income	Designated at fair value through profit or loss	Mandatorily at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Cash and balances with central banks	7,770,390	-	-	-	-	7,770,390	7,770,390
Loans and advances to credit institutions	1,986,468	-	-	-	-	1,986,468	1,986,468
Loans and advances to the public and public sector entities	36,436,541	-	30,628	23,212	-	36,490,380	38,512,709
, of which loan receivables	*35,072,308*	-	*30,628*	*23,212*	-	*35,126,148*	*37,122,785*
*, of which property lease receivables**	*1,364,233*	-	-	-	-	*1,364,233*	*1,389,924*
Debt securities	1,511,041	793,575	4,035,049	-	-	6,339,665	6,340,574
Derivative contracts at fair value through profit or loss	-	-	-	-	225,319	225,319	225,319
Derivative contracts in hedge accounting	-	-	-	-	1,327,949	1,327,949	1,327,949
Other assets	746,982	-	-	-	-	746,982	746,982
Total	**48,451,422**	**793,575**	**4,065,676**	**23,212**	**1,553,268**	**54,887,153**	**56,910,391**

* Line item includes property lease receivables that the Group has granted to customers and which are classified as financial assets in the Half Year Report. Equipment leases granted by the Group are classified as finance lease receivables and are presented in the Note *10 Finance lease receivables*.

Financial liabilities 30 Jun 2025 (EUR 1,000)	Amortised cost	Designated at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Liabilities to credit institutions	128,007	124,029	-	252,036	252,548
Liabilities to the public and public sector entities	1,098,187	1,227,780	-	2,325,967	2,336,644
Debt securities issued	36,971,646	9,799,701	-	46,771,347	46,671,467
Derivative contracts at fair value through profit or loss	-	-	1,267,687	1,267,687	1,267,687
Derivative contracts in hedge accounting	-	-	2,016,132	2,016,132	2,016,132
Other liabilities	218,392	-	-	218,392	218,392
Total	**38,416,233**	**11,151,511**	**3,283,819**	**52,851,562**	**52,762,870**

Adjusted Financial assets 31 Dec 2024 (EUR 1,000)	Amortised cost	Fair value through other comprehensive income	Designated at fair value through profit or loss	Mandatorily at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Cash and balances with central banks	7,776,888	-	-	-	-	7,776,888	7,776,888
Loans and advances to credit institutions	789,725	-	-	-	-	789,725	789,725
Loans and advances to the public and public sector entities	35,077,804	-	30,940	25,036	-	35,133,780	37,248,151
, of which loan receivables	*33,757,873*	-	*30,940*	*25,036*	-	*33,813,849*	*35,826,784*
, of which property lease receivables	*1,319,931*	-	-	-	-	*1,319,931*	*1,421,367*
Debt securities	1,825,411	377,480	3,676,021	-	-	5,878,912	5,879,660
Derivative contracts at fair value through profit or loss	-	-	-	-	451,480	451,480	451,480
Derivative contracts in hedge accounting	-	-	-	-	1,872,228	1,872,228	1,872,228
Other assets	889,682	-	-	-	-	889,682	889,682
Total	**46,359,510**	**377,480**	**3,706,961**	**25,036**	**2,323,708**	**52,792,695**	**54,907,814**

During the reporting period, the Group has corrected the presentation of balances with central banks. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *2 Basis of preparation of the Half Year Report and corrections to previous reporting period*.

Financial liabilities 31 Dec 2024 (EUR 1,000)	Amortised cost	Designated at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Liabilities to credit institutions	804,380	79,315	-	883,694	883,627
Liabilities to the public and public sector entities	1,129,737	1,334,136	-	2,463,874	2,475,335
Debt securities issued	35,336,202	9,198,104	-	44,534,306	44,345,120
Derivative contracts at fair value through profit or loss	-	-	1,073,936	1,073,936	1,073,936
Derivative contracts in hedge accounting	-	-	1,487,782	1,487,782	1,487,782
Other liabilities	267,449	-	-	267,449	267,449
Total	**37,537,768**	**10,611,555**	**2,561,718**	**50,711,041**	**50,533,249**

Note 7. Fair values of financial assets and liabilities

Valuation framework

MuniFin Group has implemented a framework for the arrangements, activities and procedures with regards to the Group's model risk management. The purpose of the model risk management framework is to ensure the effective management of model risk and mitigation of fair value uncertainty, as well as to ensure compliance with external and internal requirements. The Group ensures that all aspects of the lifecycle of valuation models (i.e. approval, design and development, testing and maintenance, monitoring and execution) are subject to effective governance, clear roles and responsibilities and effective internal control.

The Group manages and maintains a model inventory which provides a holistic view of all valuation models, their business purpose and characteristics as well as their applications and conditions for use. All approved valuation models within the model inventory are subject to annual review and re-approval by the Risk Management and Compliance Management Team.

The Finance Management Team acts as a valuation control group for MuniFin Group's fair values and is responsible for the final approval of the Group's fair values for financial reporting. The Finance Management Team monitors and controls MuniFin Group's valuation process and the performance of valuation models, decides on the necessary measures and reports to the Executive Management Team (*EMT*). The Finance Management Team assesses whether the valuation models and valuation process provide sufficiently accurate information to be used in financial reporting and, based on the information received, decides on possible adjustments to the values generated by the valuation process.

The Group has implemented an efficient control and performance monitoring framework with regards to its valuation models, which aims to ensure the accuracy and appropriateness of model output. Model performance monitoring consists of four main controls:

- Counterparty valuation control (*CVC*),
- Fair value explanation,
- Independent price verification (*IPV*) and
- Independent model validation.

Counterparty valuation control (*CVC*) is performed daily by Risk Management with the purpose to assess any deviations in valuation model output compared to MuniFin Group's own earlier valuations and to counterparty valuations. The results of the assessment are reported monthly to the CFO and quarterly to the Finance Management Team. Fair value explanation process consists of a daily analysis and explanation of the changes in fair values by Risk Management and a monthly fair value explanation report to the CFO and quarterly to the Finance Management Team. The independent price verification is performed monthly as a part of MuniFin Group's IPV process by a third party service provider. The results of the control activities are reported monthly to the CFO and quarterly to the Finance Management Team. The independent model validation is performed annually for a subset of MuniFin Group's valuation models by a third-party service provider. The results of the model validation are reported to the Finance Management Team.

Determination of fair value

Fair value is the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price. If the fair value on initial recognition differs from the transaction price and the fair value is evidenced, neither by a quoted price in an active market for an identical asset or liability, nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value and adjusted to defer the difference between the fair value on initial recognition and the transaction price (*Day 1 gain or loss*). The difference is amortised on a straight-line basis throughout the lifetime of the contract. Day 1 gain or loss for MuniFin Group is presented in the adjacent table.

Day 1 gain or loss (EUR 1,000)	Jan–Jun 2025	Jan–Dec 2024
Opening balance in the beginning of the reporting period	-309	-350
Recognised in the income statement during the year	20	41
Deferred gain or loss on new transactions	-	-
Total at the end of the reporting period	**-288**	**-309**

The fair values of financial instruments are determined on the basis of either price quotations obtained from functioning markets or, if such markets do not exist, by applying valuation methods. The Group measures fair values using the fair value hierarchy by dividing fair value into level 1, 2 and 3 inputs, which reflects the significance of the inputs used in making the measurements.

IFRS 13 classifies valuation models and techniques into three different categories: market approach, income approach and cost approach. The Group applies the market-based approach when the instrument has a functioning market and public price quotations are available. The Group uses the market approach for the valuation of investment bonds of the liquidity portfolio. For all level 1 assets, the Group uses market prices available for identical assets (same ISIN). The Group does not make use of prices for comparable assets.

Income approach is applied when valuation is based, for example, on determining the present value of future cash flows (discounting). Valuation methods take into account an assessment of the credit risk, discount rates used, the possibility of early repayment and other factors that influence the fair value of a financial instrument reliably. The Group uses the income approach for many of its financial instruments, for example derivatives, lending and funding. The Group does not use the cost approach for the valuation of any of its financial instruments.

The Group uses widely recognised valuation models to determine the fair value of common and simple financial instruments, such as interest rate and currency swaps, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

All valuation models, both complex and simple models, use market prices and other inputs. These market prices and inputs comprise for example interest rates, FX rates, volatilities, and correlations. The Group applies different types of valuation inputs depending on the type and complexity of the instruments and the related risk factors and payoff structures. The Group's defined categorisation to the fair value hierarchy levels is based on the analysis performed with regards to the valuation input, stress testing (reasonable possible alternative assumption) and model complexity. If the inputs used to measure fair value are categorised into different levels on the fair value hierarchy, the fair value measurement is categorised in its entirety on the level of the lowest level input that is significant to the entire measurement. The approach is decribed in more detail in the section *Sensitivity analysis of unobservable inputs*.

MuniFin Group applies different models in order to derive the fair values of certain types of instruments. The choice of base models and model calibration depend on the complexity of the financial instrument and the observability of the relevant inputs. In line with market practice, the primary choice of base model is contingent on the underlying instrument classes. Additionally, instruments are broken down into different categories granular enough to capture the most important risk drivers and different kinds of calibration techniques. The specific combination of base models and the different assumptions and calibration techniques are documented. The Group's fair value instruments that are subject to mark-to-model valuation techniques consist of four asset classes:
- Interest rate instruments,
- FX instruments,
- Equity-linked instruments and
- Hybrid instruments.

Financial instruments under FX, equity-linked and hybrid classes are mainly classified as level 3 instruments.

Fair value of financial instruments is generally calculated as the net present value of the individual instruments. This calculation is supplemented by counterparty level adjustments. The Group incorporates credit valuation adjustments (*CVA*) and debit valuation adjustments *(DVA*) into derivative valuations. CVA reflects the impact of the counterparty's credit risk on fair value and DVA MuniFin Group's own credit quality. The Group uses the same methodology to compute CVA and DVA. They are both assessed as the result of three inputs: Loss Given Default (*LGD*), Probability of Default (*PD*, own for DVA and of the counterparty for CVA) and Expected Exposure (*EE*). In addition, the Group calculates Funding Valuation Adjustment for those derivative contracts that do not hold cash collateral arrangements (derivatives made with MuniFin Group's customers).

The following table presents financial instruments by the level of the fair value hierarchy into which the fair value measurement is categorised. The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the fair value measurements.

Level 1
Inputs that are quoted market prices (unadjusted) for identical instruments in active markets that the Group can access at the measurement date. The market is considered to be active if trading is frequent and price data is regularly available. These quotes (mid) represent the price for an orderly transaction between parties in the market on the valuation date. Level 1 instruments comprise mainly investments in debt securities.

Level 2
Inputs other than quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes instruments valued using quoted prices for identical instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. Level 2 instruments comprise mainly OTC derivatives, the Group's issued plain-vanilla financial liabilities and the Group's lending agreements.

Level 3
Level 3 includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. Unobservable inputs are used only to the extent that no relevant observable inputs are available. If the valuation input is illiquid, extrapolated or based on historical prices, the valuation input will be defined as a level 3 valuation input as these types of inputs are per definition unobservable. This level includes financial instruments with equity and FX structures due to the impact of the utilisation of inputs such as dividend yield on the fair value measurement. In addition, level 3 contains some interest rate structures with long maturities (exceeding e.g. 35 years) or in currencies where the interest rate curve is not considered liquid for all maturities.

Due to the nature of MuniFin Group's funding portfolio (i.e. issued bonds are hedged back-to-back), if a swap that is hedging an issued bond is designated as a level 3 instrument, then the issued bond will also be designated as a level 3 instrument. Same principle applies to other portfolios and levels of the hierarchy as well. The Group does not hold other assets or liabilities which are measured at fair value or assets or liabilities which are non-recurringly measured at fair value.

Financial assets 30 Jun 2025 (EUR 1,000)	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
At fair value					
Fair value through other comprehensive income					
Debt securities	793,575	622,680	170,894	-	793,575
Designated at fair value through profit or loss					
Loans and advances to the public and public sector entities	30,628	-	30,628	-	30,628
Debt securities	4,035,049	4,014,479	20,570	-	4,035,049
Mandatorily at fair value through profit or loss					
Loans and advances to the public and public sector entities	23,212	-	-	23,212	23,212
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	225,319	-	223,226	2,094	225,319
Derivative contracts in hedge accounting	1,327,949	-	1,327,949	-	1,327,949
Total at fair value	**6,435,731**	**4,637,159**	**1,773,266**	**25,305**	**6,435,731**
In fair value hedge accounting					
Amortised cost					
Loans and advances to the public and public sector entities	10,620,899	-	11,083,952	-	11,083,952
, of which loan receivables	*10,247,910*	-	*10,692,139*	-	*10,692,139*
, of which property lease receivables	*372,989*	-	*391,814*	-	*391,814*
Total in fair value hedge accounting	**10,620,899**	**-**	**11,083,952**	**-**	**11,083,952**
At amortised cost					
Cash and balances with central banks	7,770,390	7,770,390	-	-	7,770,390
Loans and advances to credit institutions	1,986,468	560,228	1,426,240	-	1,986,468
Loans and advances to the public and public sector entities	25,815,642	-	27,374,918	-	27,374,918
, of which loan receivables	*24,824,399*	-	*26,376,807*	-	*26,376,807*
, of which property lease receivables	*991,243*	-	*998,111*	-	*998,111*
Debt securities	1,511,041	-	1,511,950	-	1,511,950
Other assets	746,982	-	746,982	-	746,982
Total at amortised cost	**37,830,523**	**8,330,618**	**31,060,090**	**-**	**39,390,708**
Total financial assets	**54,887,153**	**12,967,777**	**43,917,309**	**25,305**	**56,910,391**

Financial liabilities 30 Jun 2025 (EUR 1,000)	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
At fair value					
Designated at fair value through profit or loss					
Liabilities to credit institutions	124,029	-	124,029	-	124,029
Liabilities to the public and public sector entities	1,227,780	-	1,191,038	36,742	1,227,780
Debt securities issued	9,799,701	-	9,632,195	167,506	9,799,701
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	1,267,687	-	1,173,441	94,246	1,267,687
Derivative contracts in hedge accounting	2,016,132	-	1,986,751	29,380	2,016,132
Total at fair value	**14,435,330**	**-**	**14,107,455**	**327,875**	**14,435,330**
In fair value hedge accounting					
Amortised cost					
Liabilities to credit institutions	96,147	-	96,659	-	96,659
Liabilities to the public and public sector entities	1,098,187	-	1,108,863	-	1,108,863
Debt securities issued*	35,385,082	-	35,031,908	253,294	35,285,202
Total in fair value hedge accounting	**36,579,416**	**-**	**36,237,431**	**253,294**	**36,490,724**
At amortised cost					
Liabilities to credit institutions	31,860	-	31,860	-	31,860
Debt securities issued	1,586,564	-	1,586,564	-	1,586,564
Other liabilities	218,392	-	218,392	-	218,392
Total at amortised cost	**1,836,816**	**-**	**1,836,816**	**-**	**1,836,816**
Total financial liabilities	**52,851,562**	**-**	**52,181,702**	**581,168**	**52,762,870**

* MuniFin Group's fixed-rate benchmark bond issuances are presented on level 2 as these bonds are in fair value hedge accounting with respect to the hedged risk. Valuation of the hedged risk is based on level 2 inputs. In the Notes to the Half Year Report, the Group's fixed-rate benchmark bonds' fair values are adjusted to reflect fair value based on the quoted prices from Bloomberg. The market price is a level 1 input.

Adjusted Financial assets 31 Dec 2024 (EUR 1,000)	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
At fair value					
Fair value through other comprehensive income					
Debt securities	377,480	357,349	20,131	-	377,480
Designated at fair value through profit or loss					
Loans and advances to the public and public sector entities	30,940	-	30,940	-	30,940
Debt securities	3,676,021	3,666,033	9,988	-	3,676,021
Mandatorily at fair value through profit or loss					
Loans and advances to the public and public sector entities	25,036	-	-	25,036	25,036
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	451,480	-	445,149	6,331	451,480
Derivative contracts in hedge accounting	1,872,228	-	1,871,295	934	1,872,228
Total at fair value	**6,433,185**	**4,023,383**	**2,377,502**	**32,301**	**6,433,185**
In fair value hedge accounting					
Amortised cost					
Loans and advances to the public and public sector entities	11,014,235	-	11,529,258	-	11,529,258
, of which loan receivables	*10,633,372*	-	*11,128,949*	-	*11,128,949*
, of which property lease receivables	*380,863*	-	*400,309*	-	*400,309*
Total in fair value hedge accounting	**11,014,235**	**-**	**11,529,258**	**-**	**11,529,258**
At amortised cost					
Cash and balances with central banks	7,776,888	7,776,888	-	-	7,776,888
Loans and advances to credit institutions	789,725	181,317	608,408	-	789,725
Loans and advances to the public and public sector entities	24,063,569	-	25,662,917	-	25,662,917
, of which loan receivables	*23,124,500*	-	*24,641,859*	-	*24,641,859*
, of which property lease receivables	*939,068*	-	*1,021,058*	-	*1,021,058*
Debt securities	1,825,411	-	1,826,159	-	1,826,159
Other assets	889,682	-	889,682	-	889,682
Total at amortised cost	**35,345,275**	**7,958,205**	**28,987,166**	**-**	**36,945,371**
Total financial assets	**52,792,695**	**11,981,588**	**42,893,925**	**32,301**	**54,907,814**

During the reporting period, the Group has corrected the presentation of balances with central banks. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *2 Basis of preparation of the Half Year Report and corrections to previous reporting period*.

Financial liabilities 31 Dec 2024 (EUR 1,000)		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
At fair value					
Designated at fair value through profit or loss					
Liabilities to credit institutions	79,315	-	79,315	-	79,315
Liabilities to the public and public sector entities	1,334,136	-	1,293,774	40,363	1,334,136
Debt securities issued	9,198,104	-	9,002,575	195,529	9,198,104
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	1,073,936	-	987,489	86,447	1,073,936
Derivative contracts in hedge accounting	1,487,782	-	1,481,145	6,636	1,487,782
Total at fair value	**13,173,273**	**-**	**12,844,298**	**328,974**	**13,173,273**
In fair value hedge accounting					
Amortised cost					
Liabilities to credit institutions	88,243	-	88,175	-	88,175
Liabilities to the public and public sector entities	1,129,737	-	1,141,199	-	1,141,199
Debt securities issued	34,570,729	-	34,092,128	289,415	34,381,544
Total in fair value hedge accounting	**35,788,709**	**-**	**35,321,502**	**289,415**	**35,610,917**
At amortised cost					
Liabilities to credit institutions	716,137	-	716,137	-	716,137
Debt securities issued	765,473	-	765,473	-	765,473
Other liabilities	267,449	-	267,449	-	267,449
Total at amortised cost	**1,749,059**	**-**	**1,749,059**	**-**	**1,749,059**
Total financial liabilities	**50,711,041**	**-**	**49,914,859**	**618,390**	**50,533,249**

Sensitivity analysis of unobservable inputs

Sensitivity analysis illustrates the impact of the reasonably possible assumptions on the fair value of financial instruments for which valuation is dependent on unobservable inputs. In order to assess the significance of the level 3 valuation inputs to the fair value of an instrument, MuniFin has defined a materiality (*significance*) threshold to the fair value of an instrument and pre-defined the stress level that is assessed to be a 'reasonable possible alternative assumption' to the valuation input. In addition, in order to assess the significance, the Group uses materiality threshold by comparing the impact of the unobservable input (level 3) to the notional. If the impact is below threshold, the financial instrument is classified as a level 2 instrument. The assessment of the fair value hierarchy classification will be performed using a "Waterfall" principle meaning that the input which is assumed to be the most material valuation input, in combination with the complexity of the model, will be assessed first. As a result of the assessment, the Group has designation of level 3 instruments that have material unobservable inputs to their fair value.

The unobservable inputs used by the Group are described next. The unobservable inputs are used only to the extent that no relevant observable inputs are available.

Correlation parameters

If the fair value of a financial instrument is impacted by more than one unobservable input, correlations describe the relationship between these different underlyings. For example for equity-linked instruments, correlation has a significant impact on fair value, if the underlying is dependent on more than one equity. For FX-linked cross currency and interest rate derivatives, correlations exist between FX rates of currencies, which impact the fair value of the financial instrument. If a high correlation exists between the unobservable inputs, it will lead to an increase in fair value. A low correlation between the unobservable inputs will lead to a decrease in fair value. MuniFin Group has financial instruments, in which correlation is a significant unobservable input, mainly in funding products and their hedging instruments.

Volatility (extrapolated or illiquid)

A financial instrument whose value is based on a stochastic model will typically require the volatility of the underlying instrument as an input. The Group uses Dupire local volatility model as its stochastic valuation model. For interest rate volatilities at-the-money implied volatility is used. For FX and equity components (both equity indices and single stock prices), a full volatility surface is used that includes quotes for different strikes and maturities. The Group uses implied volatility for the majority of the equity-linked structures. In some cases no liquid volatility surface exists. In these cases, a proxy volatility is typically used instead. The majority of the financial instruments, which use volatility as a significant unobservable input, are the Group's funding products and their hedging instruments.

Dividend yield

The main drivers influencing the fair value of equity-linked instruments are dividend yield and volatility of the underlying equities. Equity-linked instruments require a dividend parameter as an input to the fair value. The equity component is modelled using the Dupire local volatility model where the underlying equity prices are assumed to follow a random walk. Instruments that have dividend yield as a significant unobservable input are the Group's funding products and their hedging instruments.

Interest rates (extrapolated or illiquid)

The Group uses unobservable inputs in defining the fair value of complex interest rate structures. The future cash flows and their fair value is determined by using forward rates and volatilities of the underlying interest rates using Hull-White stochastic model. Financial instruments whose payoffs are dependent on the value of complex interest rate structures are categorised on level 3. The majority of these instruments requiring extrapolated or illiquid interest rates as input are the Group's funding products and their hedging instruments.

The behaviour of the fair value of the unobservable inputs on level 3 is not necessarily independent, and dynamic relationships often exist between the unobservable inputs and the observable inputs. Such relationships, where material to the fair value of a given instrument, are controlled via pricing models or valuation techniques. MuniFin Group uses stochastic models to generate a distribution of future cash flows of each financial instrument. The future cash flows are then discounted back to present to get the fair value of each financial instrument. The stochastic models used by the Group are Hull-White model and Dupire volatility model.

The following table illustrates the effect that changing one or more of the assumptions in the unobservable input (reasonably possible alternative assumptions) could have on the valuations at the reporting date. However, it is unlikely in practice that all unobservable inputs would simultaneously move to extremes of reasonably possible alternatives used in the sensitivity analysis. Hence, the impact of the sensitivity analysis disclosed in this Note is likely to be greater than the true uncertainty in the fair values at the reporting date. Furthermore, the disclosure is neither predictive nor indicative of future movements in the fair value of financial instruments.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements on level 3, changing one or more of the assumptions to the reasonably possible alternative assumptions would have the following effects: as of 30 June 2025, these assumptions could have increased fair values by EUR 10.7 million (EUR 13.6 million) or decreased fair values by EUR 10.6 million (EUR 13.4 million).

Sensitivity analysis of unobservable inputs 30 Jun 2025 (EUR 1,000)	Fair value	Valuation technique	Unobservable input	Positive range of fair value	Negative range of fair value
Loans and advances to the public and public sector entities					
Loans	23,212	Stochastic model	Volatility – Extrapolated or Illiquid	0	0
Derivative contracts					
Equity-linked derivatives	-	Stochastic model	Correlation parameters	-	-
			Volatility – Extrapolated or Illiquid	-	-
			Dividend yield	-	-
FX-linked cross currency and interest rate derivatives	-4,132	Stochastic model	Correlation parameters	107	-80
			Volatility – Extrapolated or Illiquid	662	-705
			Interest rates – Extrapolated or Illiquid	0	0
Other interest rate derivatives	-117,401	Stochastic model	Correlation parameters	0	0
			Volatility – Extrapolated or Illiquid	4,620	-4,917
			Interest rates – Extrapolated or Illiquid	758	-758
Debt securities issued and Liabilities to the public and public sector entities					
Equity-linked liabilities	-	Stochastic model	Correlation parameters	-	-
			Volatility – Extrapolated or Illiquid	-	-
			Dividend yield	-	-
FX-linked liabilities	72,731	Stochastic model	Correlation parameters	35	-40
			Volatility – Extrapolated or Illiquid	585	-571
			Interest rates – Extrapolated or Illiquid	0	0
Other liabilities	384,811	Stochastic model	Correlation parameters	0	0
			Volatility – Extrapolated or Illiquid	3,873	-3,442
			Interest rates – Extrapolated or Illiquid	69	-69
Total				**10,709**	**-10,581**

Sensitivity analysis of significant unobservable inputs by instrument type 31 Dec 2024 (EUR 1,000)	Adjusted Fair value	Valuation technique	Unobservable input	Positive range of fair value	Negative range of fair value
Loans and advances to the public and public sector entities					
Loans	25,036	Stochastic model	Volatility – Extrapolated or Illiquid	24	-19
Derivative contracts					
			Correlation parameters	2	-7
Equity-linked derivatives	-6,715	Stochastic model	Volatility – Extrapolated or Illiquid	26	-52
			Dividend yield	2	-1
			Correlation parameters	116	-87
FX-linked cross currency and interest rate derivatives	-836	Stochastic model	Volatility – Extrapolated or Illiquid	703	-761
			Interest rates – Extrapolated or Illiquid	0	0
			Correlation parameters	0	-1
Other interest rate derivatives	-78,268	Stochastic model	Volatility – Extrapolated or Illiquid	6,056	-6,097
			Interest rates – Extrapolated or Illiquid	969	-969
Debt securities issued and Liabilities to the public and public sector entities					
			Correlation parameters	2	0
Equity-linked liabilities	9,373	Stochastic model	Volatility – Extrapolated or Illiquid	51	-34
			Dividend yield	1	-1
			Correlation parameters	54	-44
FX-linked liabilities	82,047	Stochastic model	Volatility – Extrapolated or Illiquid	624	-608
			Interest rates – Extrapolated or Illiquid	0	0
			Correlation parameters	1	-1
Other liabilities	433,887	Stochastic model	Volatility – Extrapolated or Illiquid	4,969	-4,737
			Interest rates – Extrapolated or Illiquid	21	-21
Total				**13,619**	**-13,440**

Transfers in the fair value hierarchy

MuniFin Group assesses the appropriateness and correctness of the categorisation with regards to the fair value hierarchy classification at initial recognition and at the end of each reporting period. This is to determine the initial classification of a level 1, 2 and 3 instrument and the subsequent potential transfers between levels within the fair value hierarchy. A transfer between the fair value hierarchies can occur for example when a previously assumed observed input requires an adjustment using an unobservable input. The procedure is the same for transfers into and out of the fair value levels. Transfers between the levels are considered to take place at the end of the quarter during which an event causes such a transfer or when circumstances change.

During Jan–Jun 2025, transfers totalling EUR 20,570 thousand have been made from level 1 to level 2. During Jan–Jun 2025, there were no transfers from level 2 to level 3.

Level 3 transfers 2025 (EUR 1,000)	1 Jan 2025	Realised gains and losses in the income statement	Unrealised change in fair value in the income statement	Unrealised change in fair value in the other comprehensive income	Debt issuances and new derivative contracts	Matured contracts	Settlements	Transfers into level 3	Transfers out of level 3	30 Jun 2025
Financial assets										
At fair value										
Mandatorily at fair value through profit or loss										
Loans and advances to the public and public sector entities	25,036	-	-1,824	-	-	-	-	-	-	23,212
Fair value through profit or loss										
Derivative contracts at fair value through profit or loss	6,331	531	-4,237	-	-	-	-531	-	-	2,094
Derivative contracts in hedge accounting	934	-	-739	-	-	-	-	-	-195	-
Financial assets in total	**32,301**	**531**	**-6,801**	**-**	**-**	**-**	**-531**	**-**	**-195**	**25,305**

Level 3 transfers 2025 (EUR 1,000)	1 Jan 2025	Realised gains and losses in the income statement	Unrealised change in fair value in the income statement	Unrealised change in fair value in the other comprehensive income	Debt issuances and new derivative contracts	Matured contracts	Settlements	Transfers into level 3	Transfers out of level 3	30 Jun 2025
Financial liabilities										
At fair value										
Designated at fair value through profit or loss										
Liabilities to the public and public sector entities	40,363	-901	-4,166	546	-	-	901	-	-	36,742
Debt securities issued	195,529	-2,089	-17,754	2,630	-	-12,898	2,089	-	-	167,506
Fair value through profit or loss										
Derivative contracts at fair value through profit or loss	86,447	-2,018	16,961	-	-	-9,161	2,018	-	-	94,246
Derivative contracts in hedge accounting	6,636	4,105	23,507	-344	414	-	-4,105	-	-834	29,380
In fair value hedge accounting										
Amortised cost										
Debt securities issued	289,415	-6,408	-17,819	-	21,356	-	6,408	-	-39,658	253,294
Financial liabilities in total	**618,390**	**-7,311**	**729**	**2,831**	**21,770**	**-22,059**	**7,311**	**-**	**-40,492**	**581,168**
Level 3 financial assets and liabilities in total	**650,691**	**-6,781**	**-6,072**	**2,831**	**21,770**	**-22,059**	**6,781**	**-**	**-40,686**	**606,474**

The Group recognises these gains and losses within the line item *Net result on financial instruments at fair value through profit or loss*. The fair value change due to changes in own credit risk of financial liabilities designated at fair value through profit or loss is recognised in the other comprehensive income. The fair value change due to changes in own credit risk of financial liabilities is presented in Note *4 Net result on financial instruments at fair value through profit or loss*. For cross currency swaps in hedge accounting, the cross currency basis spread is separated and excluded from the designation and accounted for as Cost-of-Hedging in the other comprehensive income.

During 2024, transfers totalling EUR 9,988 thousand have been made from level 1 to level 2 and EUR 31,470 thousand from level 2 to level 1 in the line item *Debt securities*. During 2024, there were no transfers from level 2 to level 3.

Level 3 transfers 2024 (EUR 1,000)	1 Jan 2024	Realised gains and losses in the income statement	Unrealised change in fair value in the income statement	Unrealised change in fair value in the other comprehensive income	Debt issuances and new derivative contracts	Matured contracts	Settlements	Transfers into level 3	Transfers out of level 3	31 Dec 2024
Financial assets										
At fair value										
Mandatorily at fair value through profit or loss										
Loans and advances to the public and public sector entities	27,663	-	-2,627	-	-	-	-	-	-	25,036
Fair value through profit or loss										
Derivative contracts at fair value through profit or loss	9,036	-202	-2,444	-	-	-261	202	-	-	6,331
Derivative contracts in hedge accounting	-	680	706	-	228	-	-680	-	-	934
Financial assets in total	**36,699**	**478**	**-4,365**	**-**	**228**	**-261**	**-478**	**-**	**-**	**32,301**

Level 3 transfers 2024 (EUR 1,000)	1 Jan 2024	Realised gains and losses in the income statement	Unrealised change in fair value in the income statement	Unrealised change in fair value in the other comprehensive income	Debt issuances and new derivative contracts	Matured contracts	Settlements	Transfers into level 3	Transfers out of level 3	31 Dec 2024
Financial liabilities										
At fair value										
Designated at fair value through profit or loss										
Liabilities to the public and public sector entities	99,266	-901	1,611	-2,579	-	-	901	-	-57,935	40,363
Debt securities issued	296,110	-3,997	-1,351	-9,594	-	-89,637	3,997	-	-	195,529
Fair value through profit or loss										
Derivative contracts at fair value through profit or loss	117,469	-6,811	-4,836	-	-	-18,480	6,811	-	-7,706	86,447
Derivative contracts in hedge accounting	11,719	2,900	-6,357	309	1,703	-	-2,900	-	-738	6,636
In fair value hedge accounting										
Amortised cost										
Debt securities issued	187,193	-11,498	12,213	-	101,052	-	11,498	-	-11,042	289,415
Financial liabilities in total	**711,757**	**-20,305**	**1,279**	**-11,863**	**102,754**	**-108,116**	**20,305**	**-**	**-77,421**	**618,390**
Level 3 financial assets and liabilities in total	**748,456**	**-19,827**	**-3,085**	**-11,863**	**102,982**	**-108,377**	**19,827**	**-**	**-77,421**	**650,691**

Note 8. Breakdown of financial assets and liabilities at carrying amount by maturity

Financial assets 30 Jun 2025 (EUR 1,000)	0–3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Cash and balances with central banks	7,770,390	-	-	-	-	7,770,390
Loans and advances to credit institutions	1,760,773	208,527	17,168	-	-	1,986,468
Loans and advances to the public and public sector entities	657,343	1,623,722	8,418,323	8,243,862	17,547,131	36,490,380
, of which loan receivables	*644,405*	*1,586,472*	*8,234,843*	*7,993,107*	*16,667,321*	*35,126,148*
*, of which property lease receivables**	*12,938*	*37,250*	*183,480*	*250,755*	*879,809*	*1,364,233*
Debt securities	1,348,594	1,219,260	2,851,166	890,560	30,085	6,339,665
Derivative contracts	7,791	149,415	587,532	483,668	324,863	1,553,268
Other assets	746,982	-	-	-	-	746,982
Total	**12,291,872**	**3,200,925**	**11,874,188**	**9,618,091**	**17,902,078**	**54,887,153**

* Line item includes property lease receivables that the Group has granted to customers and which are classified as financial assets in the Half Year Report. Equipment leases granted by the Group are classified as finance lease receivables and are presented in the Note *10 Finance lease receivables*.

Financial liabilities 30 Jun 2025 (EUR 1,000)	0–3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Liabilities to credit institutions	31,860	5,117	93,132	95,549	26,379	252,036
Liabilities to the public and public sector entities	75,970	414,837	639,298	519,809	676,054	2,325,967
Debt securities issued	4,035,809	6,261,280	26,849,742	8,040,304	1,584,213	46,771,347
Derivative contracts	79,323	346,849	1,529,107	754,107	574,434	3,283,819
Other liabilities	211,743	921	4,377	1,351	-	218,392
, of which lease liabilities	*328*	*921*	*4,377*	*1,351*	-	*6,978*
Total	**4,434,704**	**7,029,005**	**29,115,655**	**9,411,120**	**2,861,079**	**52,851,562**

Liabilities and hedging derivative contracts that may be called before maturity have been classified in the maturity class corresponding to the first possible call date.

Adjusted Financial assets 31 Dec 2024 (EUR 1,000)	0–3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Cash and balances with central banks	7,776,888	-	-	-	-	7,776,888
Loans and advances to credit institutions	737,078	38,140	14,507	-	-	789,725
Loans and advances to the public and public sector entities	637,205	1,804,583	8,205,406	7,994,389	16,492,198	35,133,780
, of which loan receivables	*627,997*	*1,774,531*	*8,023,430*	*7,734,269*	*15,653,621*	*33,813,849*
, of which property lease receivables	*9,208*	*30,051*	*181,975*	*260,119*	*838,578*	*1,319,931*
Debt securities	1,891,929	626,689	2,540,252	820,042	-	5,878,912
Derivative contracts	152,633	57,431	1,161,155	613,963	338,525	2,323,708
Other assets	889,682	-	-	-	-	889,682
Total	**12,085,416**	**2,526,842**	**11,921,319**	**9,428,394**	**16,830,724**	**52,792,695**

During the reporting period, the Group has corrected the presentation of balances with central banks. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note 2 *Basis of preparation of the Half Year Report and corrections to previous reporting period*.

Financial liabilities 31 Dec 2024 (EUR 1,000)	0–3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Liabilities to credit institutions	716,137	3,486	74,105	56,548	33,419	883,694
Liabilities to the public and public sector entities	38,133	233,195	894,643	595,550	702,353	2,463,874
Debt securities issued	4,757,279	6,110,628	25,545,532	6,494,648	1,626,218	44,534,306
Derivative contracts	164,955	190,266	959,624	729,648	517,223	2,561,718
Other liabilities	260,177	964	5,531	778	-	267,449
, of which lease liabilities	*327*	*964*	*5,531*	*778*	-	*7,599*
Total	**5,936,681**	**6,538,539**	**27,479,435**	**7,877,172**	**2,879,214**	**50,711,041**

Note 9. Cash and cash equivalents

30 Jun 2025 (EUR 1,000)	Total	Cash and cash equivalents	Expected credit losses
Cash	2	2	-
Deposits with Central bank	7,770,388	7,770,388	0
Cash and balances with central banks	**7,770,390**	**7,770,390**	**0**
Loans and advances to credit institutions, payable on demand	85,593	85,593	0
Total cash and cash equivalents	**7,855,982**	**7,855,982**	**0**

Adjusted 31 Dec 2024 (EUR 1,000)	Total	Cash and cash equivalents	Expected credit losses
Cash	2	2	-
Deposits with Central bank	7,776,887	7,776,887	0
Cash and balances with central banks	**7,776,888**	**7,776,889**	**0**
Loans and advances to credit institutions, payable on demand	61,494	61,494	0
Total cash and cash equivalents	**7,838,382**	**7,838,383**	**0**

During the reporting period, the Group has corrected the presentation of balances with central banks. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *2 Basis of preparation of the Half Year Report and corrections to previous reporting period*.

Note 10. Finance lease receivables

Breakdown of finance lease receivables by maturity (EUR 1,000)	30 Jun 2025	31 Dec 2024
0–12 months	73,979	81,777
1–2 years	71,728	68,448
2–3 years	34,266	36,908
3–4 years	27,720	31,505
4–5 years	20,674	18,581
Over 5 years	18,609	21,112
Future cashflows	246,976	258,331
Unearned finance income (-)	-13,674	-15,203
Carrying amount	**233,303**	**243,128**

Interest income from finance lease receivables is presented in Note *3 Interest income and expenses* on row *Finance lease contracts*. During the reporting period 2025 and in 2024, there were no capital gains or losses from finance lease agreements.

Note 11. Other assets

(EUR 1,000)	30 Jun 2025	31 Dec 2024
Invoiced leasing payments	23,569	23,305
Given cash collateral to CCPs*	746,982	889,682
Other	14,795	2,925
Total	**785,346**	**915,913**

* Cash collaterals include expected credit losses amounting to EUR 4 thousand (EUR 5 thousand).

The Group did not have receivables related to payment transfers as at 30 Jun 2025 or at 31 Dec 2024.

Note 12. Derivative contracts

30 Jun 2025 (EUR 1,000)	Nominal value of underlying instrument				Fair value	
	Remaining maturity					
	Less than 1 year	1–5 years	Over 5 years	Total	Positive	Negative
Derivative contracts in hedge accounting						
Interest rate derivatives						
Interest rate swaps	1,704,390	16,538,478	18,596,787	36,839,655	973,394	-1,143,882
, of which cleared by the central counterparty	*1,623,390*	*16,533,493*	*17,929,202*	*36,086,084*	*949,350*	*-1,125,123*
Currency derivatives						
Cross currency interest rate swaps	4,135,848	11,975,457	707,704	16,819,009	354,555	-872,249
Total derivative contracts in hedge accounting	**5,840,238**	**28,513,935**	**19,304,491**	**53,658,664**	**1,327,949**	**-2,016,132**
Derivative contracts at fair value through profit or loss						
Interest rate derivatives						
Interest rate swaps	9,030,221	10,661,821	5,194,674	24,886,716	197,983	-936,235
, of which cleared by the central counterparty	*7,014,105*	*8,264,513*	*2,049,442*	*17,328,060*	*107,403*	*-128,582*
Currency derivatives						
Cross currency interest rate swaps	1,028,653	3,170,481	57,004	4,256,139	24,528	-279,469
Forward exchange contracts	2,746,584	-	-	2,746,584	2,808	-51,983
Equity derivatives	-	-	-	-	-	-
Total derivative contracts at fair value through profit or loss	**12,805,459**	**13,832,302**	**5,251,678**	**31,889,438**	**225,319**	**-1,267,687**
Total derivative contracts	**18,645,696**	**42,346,237**	**24,556,170**	**85,548,103**	**1,553,268**	**-3,283,819**

Line item *Derivative contracts at fair value through profit or loss* contain all derivatives of the Group which are not included in hedge accounting, even if they are entered into for risk management purposes. The category contains derivative contracts used for hedging financial assets and liabilities designated at fair value through profit or loss, all derivative contracts with municipalities and all derivative contracts hedging derivatives with municipalities. In addition to these, the category contains derivative contracts used for hedging interest rate risk of the balance sheet, for which no hedged item has been specified.

	Nominal value of underlying instrument					
	Remaining maturity				Fair value	
31 Dec 2024 (EUR 1,000)	**Less than 1 year**	**1–5 years**	**Over 5 years**	**Total**	**Positive**	**Negative**
Derivative contracts in hedge accounting						
Interest rate derivatives						
Interest rate swaps	2,227,956	15,950,911	18,107,614	36,286,482	987,920	-1,262,963
, of which cleared by the central counterparty	*2,128,956*	*15,899,304*	*17,428,936*	*35,457,197*	*963,973*	*-1,250,839*
Currency derivatives						
Cross currency interest rate swaps	3,250,510	13,479,274	369,119	17,098,903	884,308	-224,818
Total derivative contracts in hedge accounting	**5,478,466**	**29,430,185**	**18,476,733**	**53,385,385**	**1,872,228**	**-1,487,782**
Derivative contracts at fair value through profit or loss						
Interest rate derivatives						
Interest rate swaps	8,364,980	9,253,147	4,885,876	22,504,004	224,609	-800,655
, of which cleared by the central counterparty	*6,584,200*	*6,806,285*	*1,909,901*	*15,300,387*	*119,869*	*-122,927*
Currency derivatives						
Cross currency interest rate swaps	1,107,136	2,491,716	64,207	3,663,059	95,498	-265,805
Forward exchange contracts	2,840,260	-	-	2,840,260	131,373	-761
Equity derivatives	12,572	-	-	12,572	-	-6,715
Total derivative contracts at fair value through profit or loss	**12,324,948**	**11,744,863**	**4,950,083**	**29,019,895**	**451,480**	**-1,073,936**
Total derivative contracts	**17,803,414**	**41,175,049**	**23,426,816**	**82,405,280**	**2,323,708**	**-2,561,718**

Note 13. Changes in intangible and tangible assets

	Intangible assets	Tangible assets			
Jan–Jun 2025 (EUR 1,000)	**Total**	**Real estate**	**Other tangible assets**	**Right-of-use assets**	**Total**
Acquisition cost 1 Jan	29,253	299	6,835	8,532	15,665
+ Additions	-	-	2,035	58	2,093
- Disposals	-	-	-6	-154	-161
Acquisition cost 30 Jun	29,253	299	8,863	8,435	17,598
Accumulated depreciation and impairment charges 1 Jan	26,533	-	6,445	984	7,429
- Accumulated depreciation on disposals	-	-	-6	-132	-138
+ Depreciation for the period	1,388	-	230	709	939
Accumulated depreciation and impairment charges 30 Jun	27,921	-	6,669	1,561	8,230
Carrying amount 30 Jun	**1,332**	**299**	**2,194**	**6,875**	**9,368**

Jan–Dec 2024 (EUR 1,000)	Intangible assets Total	Tangible assets Real estate	Other tangible assets	Right-of-use assets	Total
Acquisition cost 1 Jan	29,014	299	6,478	15,406	22,183
+ Additions	239	-	386	656	1,042
- Disposals	-	-	-29	-7,530	-7,560
Acquisition cost 31 Dec	29,253	299	6,835	8,532	15,665
Accumulated depreciation and impairment charges 1 Jan	22,703	-	5,920	6,614	12,535
- Accumulated depreciation on disposals	-	-	-29	-7,277	-7,306
+ Depreciation for the period	3,830	-	554	1,646	2,201
Accumulated depreciation and impairment charges 31 Dec	26,533	-	6,445	984	7,429
Carrying amount 31 Dec	**2,720**	**299**	**389**	**7,548**	**8,236**

Note 14. Credit risks of financial assets and other commitments

MuniFin Group's credit risks are described in the Consolidated Financial Statements 2024 Note *2 Risk management principles and the Group's risk position* in Section *6. Credit Risk*. The accounting policies of the expected credit loss calculations and impairment stages are described in the accounting policies of the Consolidated Financial Statements 2024 (Note *1*) in Section *9. Impairment of financial assets*.

The following table presents exposures under expected credit loss calculations by asset groups and impairment stages.

Exposures by asset groups and impairment stages	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3*			
30 Jun 2025 (EUR 1,000)	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Expected credit losses
Cash and balances with central banks at amortised cost	7,770,390	0	-	-	-	-	7,770,390	0
Loans and advances to credit institutions at amortised cost	1,986,579	-111	-	-	-	-	1,986,579	-111
Loans and advances to the public and public sector entities at amortised cost	32,706,670	-152	2,046,048	-2,608	322,911	-560	35,075,629	-3,320
Leased assets in Loans and advances to the public and public sector entities at amortised cost	1,596,504	-10	863	0	178	0	1,597,545	-10
Debt securities at amortised cost	1,510,053	-2	991	0	-	-	1,511,044	-2
Debt securities at fair value through other comprehensive income	793,575	-72	-	-	-	-	793,575	-72
Cash collateral to CCPs in Other assets at amortised cost	746,986	-4	-	-	-	-	746,986	-4
Credit commitments (off-balance sheet)	2,822,070	-16	65,624	-5	428	0	2,888,121	-22
Total	**49,932,826**	**-367**	**2,113,526**	**-2,614**	**323,516**	**-560**	**52,369,868**	**-3,541**

* The Group has collateral and guarantee arrangements that fully cover the stage 3 receivables as described in the Consolidated Financial Statements 2024 Note *2 Risk management principles and the Group's risk position* in Section *6. Credit risk*. The Group's management expects that all the stage 3 receivables will be recovered and no final credit loss will emerge. Stage 3 receivables include EUR 976 thousand (EUR 1,926 thousand) of originated credit impaired receivables (*Purchased or Originated Credit Impaired, POCI*). Expected credit losses for the POCI receivables amount to EUR 2 thousand (EUR 3 thousand).

The increase in stage 3 receivables during the period was mainly due to a single municipality-owned company having a forbearance that was classified as non-performing.

Exposures by asset groups and impairment stages	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
Adjusted 31 Dec 2024 (EUR 1,000)	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Expected credit losses
Cash and balances with central banks at amortised cost	7,776,889	0	-	-	-	-	7,776,889	0
Loans and advances to credit institutions at amortised cost	789,785	-61	-	-	-	-	789,785	-61
Loans and advances to the public and public sector entities at amortised cost	31,381,806	-142	2,086,923	-2,103	291,705	-316	33,760,434	-2,561
Leased assets in Loans and advances to the public and public sector entities at amortised cost	1,561,931	-9	1,139	0	-	-	1,563,069	-9
Debt securities at amortised cost	1,824,426	-1	986	0	-	-	1,825,412	-1
Debt securities at fair value through other comprehensive income	377,480	-45	-	-	-	-	377,480	-45
Cash collateral to CCPs in Other assets at amortised cost	889,687	-5	-	-	-	-	889,687	-5
Credit commitments (off-balance sheet)	2,864,012	-16	71,219	-2	-	-	2,935,231	-18
Total	**47,466,016**	**-280**	**2,160,266**	**-2,105**	**291,705**	**-316**	**49,917,988**	**-2,701**

During the reporting period, the Group has corrected the presentation of balances with central banks. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *2 Basis of preparation of the Half Year Report and corrections to previous reporting period*.

The following table presents a summary of total changes and reconciliation of expected credit losses by impairment stages during the period.

Total expected credit losses by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2025	**-280**	**-2,105**	**-316**	**-2,701**
New assets originated or purchased	-122	-508	-32	-662
Assets derecognised or repaid (excluding write-offs)	46	104	27	178
Transfers to Stage 1	0	35	-	35
Transfers to Stage 2	0	1	-	1
Transfers to Stage 3	0	2	-237	-235
Additional provision *(Management overlay)*	-	-130	-	-130
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs* used for ECL calculations	-12	-12	-2	-26
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Total 30 Jun 2025	**-367**	**-2,614**	**-560**	**-3,541**

* MuniFin Group has updated in the first half of 2025 the macro scenarios to take into account forward-looking information. The expected credit losses decreased by EUR 26 thousand due to changes made in parameters during the reporting period.

At the end of June 2025, the Group's management estimated that, despite the lower interest rates, some customers in the housing sector may still experience difficulties in the sufficiency of cash flow due to, among other things, oversupply and a regional underutilisation of the premises. This could manifest in increased payment delays and forbearances for the Group. Thus the Group's management assessed the need for additional discretionary provision based on a group-spesific assessment, and recognised a provision of EUR 130 thousand. The additional discretionary provision relates to the balance sheet item *Loans and advances to the public and public sector entities*. The additional discretionary provision has not been allocated to the contract level.

The total credit risk of the MuniFin Group has remained low, and the amount of expected credit losses (*ECL*) remains low. MuniFin Group's customer exposures have zero risk weight in the capital adequacy calculation as they are from Finnish municipalities, joint municipal authorities, wellbeing services counties, or involve a municipality, joint municipal authority, wellbeing services county's guarantee or a state deficiency guarantee supplementing the real estate collateral. The Group's management estimates that all receivables will be recovered in full and therefore no final credit loss will arise. On 30 June 2025, MuniFin Group had EUR 14 423 thousand (EUR 13 449 thousand) in receivables due to the insolvency of customers, for which the collateral realisation process is ongoing or where the credit receivable is due for payment by the guarantor. Credit risk of the liquidity portfolio has remained on a good quality level and the average rating of debt securities in the portfolio was AA+ (AA+).

Total expected credit losses by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-267**	**-1,894**	**-214**	**-2,375**
New assets originated or purchased	-92	-92	-69	-253
Assets derecognised or repaid (excluding write-offs)	93	121	67	282
Transfers to Stage 1	-2	361	-	359
Transfers to Stage 2	4	-158	-	-154
Transfers to Stage 3	0	1	-65	-64
Additional provision *(Management overlay)*	-	625	-	625
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-16	-1,070	-35	-1,122
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Total 31 Dec 2024	**-280**	**-2,105**	**-316**	**-2,701**

The following tables present changes and reconciliation of expected credit losses by impairment stages and asset groups during the period.

Expected credit losses on Cash and balances with central banks at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2025	**0**	**-**	**-**	**0**
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write-offs)	0	-	-	0
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Total 30 Jun 2025	**0**	**-**	**-**	**0**

Adjusted
Expected credit losses on Cash and balances with central banks at amortised cost by impairment stages

(EUR 1,000)	Not credit-impaired Stage 1 12-month ECL	Stage 2 Lifetime ECL	Credit-impaired Stage 3 Lifetime ECL	Total ECL
Opening balance 1 Jan 2024	**-1**	**-**	**-**	**-1**
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write-offs)	0	-	-	0
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Total 31 Dec 2024	**0**	**-**	**-**	**0**

During the reporting period, the Group has corrected the presentation of balances with central banks. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *2 Basis of preparation of the Half Year Report and corrections to previous reporting period*.

Expected credit losses on Loans and advances to credit institutions at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2025	**-61**	**-**	**-**	**-61**
New assets originated or purchased	-68	-	-	-68
Assets derecognised or repaid (excluding write-offs)	20	-	-	20
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-2	-	-	-2
Total 30 Jun 2025	**-111**	**-**	**-**	**-111**

Adjusted Expected credit losses on Loans and advances to credit institutions at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-73**	**-**	**-**	**-73**
New assets originated or purchased	-50	-	-	-50
Assets derecognised or repaid (excluding write-offs)	63	-	-	63
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-1	-	-	-1
Total 31 Dec 2024	**-61**	**-**	**-**	**-61**

During the reporting period, the Group has corrected the presentation of balances with central banks. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *2 Basis of preparation of the Half Year Report and corrections to previous reporting period*.

Expected credit losses on Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2025	**-142**	**-2,103**	**-316**	**-2,561**
New assets originated or purchased	-6	-505	-32	-543
Assets derecognised or repaid (excluding write-offs)	5	103	27	135
Transfers to Stage 1	0	35	-	35
Transfers to Stage 2	0	2	-	2
Transfers to Stage 3	0	2	-237	-235
Additional provision *(Management overlay)*	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-8	-12	-2	-23
Changes to models and inputs used for ECL calculations	-	-	-	-
Write-offs	-	-	-	-
Total 30 Jun 2025	**-152**	**-2,608**	**-560**	**-3,320**

Expected credit losses on Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-122**	**-1,872**	**-214**	**-2,207**
New assets originated or purchased	-16	-90	-69	-175
Assets derecognised or repaid (excluding write-offs)	6	121	67	194
Transfers to Stage 1	-2	340	-	338
Transfers to Stage 2	4	-157	-	-154
Transfers to Stage 3	0	1	-65	-64
Additional provision *(Management overlay)*	-	625	-	625
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-13	-1,070	-35	-1,119
Write-offs	-	-	-	-
Total 31 Dec 2024	**-142**	**-2,103**	**-316**	**-2,561**

Expected credit losses on Lease receivables in Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2025	**-9**	**0**	**-**	**-9**
New assets originated or purchased	0	0	0	0
Assets derecognised or repaid (excluding write-offs)	0	0	-	0
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	0	0	-	0
Transfers to Stage 3	-	0	-	0
Changes to models and inputs used for ECL calculations	-1	0	0	-1
Total 30 Jun 2025	**-10**	**0**	**0**	**-10**

Expected credit losses on Leased assets in Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-8**	**-21**	**-**	**-29**
New assets originated or purchased	-1	0	-	-1
Assets derecognised or repaid (excluding write-offs)	0	0	-	0
Transfers to Stage 1	-	21	-	21
Transfers to Stage 2	0	0	-	0
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-1	0	-	-1
Total 31 Dec 2024	**-9**	**0**	**-**	**-9**

Expected credit losses on Debt securities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2025	**-1**	**0**	**-**	**-1**
New assets originated or purchased	-2	0	-	-2
Assets derecognised or repaid (excluding write-offs)	1	0	-	1
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	0	-	0
Total 30 Jun 2025	**-2**	**0**	**-**	**-2**

Expected credit losses on Debt securities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-1**	**0**	**-**	**-1**
New assets originated or purchased	-1	0	-	-1
Assets derecognised or repaid (excluding write-offs)	1	0	-	1
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	0	-	0
Total 31 Dec 2024	**-1**	**0**	**-**	**-1**

Expected credit losses on Debt securities at fair value through other comprehensive income by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2025	**-45**	**-**	**-**	**-45**
New assets originated or purchased	-37	-	-	-37
Assets derecognised or repaid (excluding write-offs)	10	-	-	10
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-1	-	-	-1
Total 30 Jun 2025	**-72**	**-**	**-**	**-72**

The loss allowance on debt instruments classified at fair value through comprehensive income is recognised in Fair value reserve. The accumulated loss allowance is recognised to the profit or loss upon derecognition of the assets. More details regarding presentation of allowance for expected credit losses is presented in Consolidated Financial Statements 2024 accounting policies in Note *1* in Section *9.4 Presentation of allowance for ECL in the statement of financial position*.

Expected credit losses on Debt securities at fair value through other comprehensive income by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-42**	**-**	**-**	**-42**
New assets originated or purchased	-12	-	-	-12
Assets derecognised or repaid (excluding write-offs)	10	-	-	10
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	-	-	0
Total 31 Dec 2024	**-45**	**-**	**-**	**-45**

Expected credit losses on Cash collateral to CCPs in Other assets at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2025	**-5**	**-**	**-**	**-5**
New assets originated or purchased	0	-	-	0
Assets derecognised or repaid (excluding write-offs)	1	-	-	1
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	-	-	0
Total 30 Jun 2025	**-4**	**-**	**-**	**-4**

Expected credit losses on Cash collateral to CCPs in Other assets at amortised cost by impairment stages	**Not credit-impaired**		**Credit-impaired**	**Total**
	Stage 1	**Stage 2**	**Stage 3**	
(EUR 1,000)	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**ECL**
Opening balance 1 Jan 2024	**-6**	**-**	**-**	**-6**
New assets originated or purchased	0	-	-	0
Assets derecognised or repaid (excluding write-offs)	2	-	-	2
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	-	-	0
Total 31 Dec 2024	**-5**	**-**	**-**	**-5**

Expected credit losses on Credit commitments (off-balance sheet) by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2025	**-16**	**-2**	**-**	**-18**
New assets originated or purchased	-8	-4	0	-12
Assets derecognised or repaid (excluding write-offs)	9	1	-	10
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	0	-1	-	-1
Transfers to Stage 3	0	-	0	0
Changes to models and inputs used for ECL calculations	0	0	0	-1
Total 30 Jun 2025	**-16**	**-5**	**0**	**-22**

The loss allowance on binding credit commitments is recognised under *Other liabilities*. More details regarding presentation of allowance for expected credit losses is presented in Consolidated Financial Statements 2024 accounting policies in Note *1* in Section *9.4 Presentation of allowance for ECL in the statement of financial position.*

Expected credit losses on Credit commitments (off-balance sheet) by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-15**	**0**	**-**	**-15**
New assets originated or purchased	-12	-2	-	-14
Assets derecognised or repaid (excluding write-offs)	11	0	-	11
Transfers to Stage 1	0	0	-	0
Transfers to Stage 2	0	0	-	0
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	0	0	-	0
Total 31 Dec 2024	**-16**	**-2**	**-**	**-18**

Forward-looking information

In the assessment of whether the credit risk of an instrument has significantly increased (*SICR*) and in the measurement of expected credit losses, forward-looking information and macroeconomic scenarios are included in the model. These macroeconomic projections cover a period of 3 years and as no reliable macroeconomic projections exceeding a three-year time horizon are available, forward-looking adjustment will be limited to a three-year period. Mainly three scenarios are used; base, optimistic and adverse. Scenarios include probability weights. The scenario probability weightings are described in the adjacent table.

	30 Jun 2025			31 Dec 2024		
Scenario	**2025**	**2026**	**2027**	**2025**	**2026**	**2027**
Adverse	40%	40%	40%	40%	40%	40%
Base	50%	50%	50%	50%	50%	50%
Optimistic	10%	10%	10%	10%	10%	10%

MuniFin Group has identified key drivers of credit losses for each portfolio that share similar kinds of credit risk characteristics and estimated the relationship between macroeconomic variables and credit losses. The ECL model consists of the following macroeconomic variables for Finnish counterparties of financial assets: Finnish government long-term interest rates, the development of residential housing prices and unemployment rate. For non-Finnish financial assets, stress test scenarios published by the European Central Bank are employed in the model and scenario parameters. Each variable covers an estimate over a period of three years. The adjacent table presents the macroeconomic variables and their forecasts over the three-year forecast period.

		30 Jun 2025			31 Dec 2024		
Macroeconomic variables	**Scenario**	**2025**	**2026**	**2027**	**2025**	**2026**	**2027**
Government of Finland long-term interest rates, %	Base	4.7	4.9	4.5	5.0	4.2	3.5
	Optimistic	2.9	3.0	3.0	2.8	2.8	2.8
	Adverse	3.2	3.3	3.3	3.2	3.2	3.1
Residential Real Estate (selling price, YoY change), %	Base	-10.0	-0.5	3.0	-10.0	0.0	4.0
	Optimistic	1.0	3.5	2.0	4.0	3.0	2.0
	Adverse	3.0	4.5	3.5	4.0	2.5	2.5
Unemployment rate, %	Base	10.5	10.8	9.5	10.8	10.2	9.2
	Optimistic	8.9	8.2	7.9	8.3	7.5	6.9
	Vahva	8.0	6.9	6.3	6.5	6.0	5.7

Scenario descriptions

Base scenario

The ongoing trade disputes disrupt global trade flows and value chains, leading to a reduction in production across various sectors. The most substantial impacts on GDP will be observed in China and the USA, but the repercussions are felt worldwide. The trade war influences inflation in two distinct ways: firstly, through supply-side disruptions that increase price pressures, and secondly, through weakening demand that lowers prices. In the United States, the supply shock is more pronounced, resulting in accelerated inflation. Conversely, in the Eurozone, the demand shock may outweigh the supply shock, leading to a neutral or slightly negative impact on inflation.

As tensions in international trade pose a greater threat to euro area growth than to inflation, the ECB is likely to cut interest rates slightly more than previously anticipated. Rising government borrowing generally puts upward pressure on long-term interest rates. However, euro area bonds may benefit from a positive spillover effect as investors diversify away from U.S. assets. Due to these offsetting effects, changes in the trajectory of long-term interest rates remain relatively modest.

Investors' heightened risk perception is expected to widen credit spreads over the coming years slightly more than previously forecasted, with the exception of senior financials. The Group expects the euro to continue appreciating, supported by valuation factors. In the short term, the euro is also benefiting from capital outflows from dollar-denominated assets.

Due to the uncertain economic environment, the recovery of the Finnish economy is anticipated to be slower than previously expected. Finland's GDP is expected to grow 1.0% in 2025. Cyclical recovery will accelerate economic growth to 2.0% in 2026, after which the economy will grow according to its long-term potential. Average yearly unemployment rate is expected to peak at 8.9% in 2025 and remain elevated at 8.2% in 2026.

The weak economic outlook is also contributing to a reduction in municipal tax revenues and an increase in the costs of employment services. Additionally, significant public sector wage increases are raising municipal expenses. As a result, the municipal financing deficit will rise significantly from the 2024 level.

The outlook for the housing and real estate markets remains subdued, even though trading activity has already begun to recover slightly. The prices of owner-occupied apartments in major cities are expected to rise by 1.0% in 2025. Prices in commercial real estate markets are expected to stagnate in 2025 and turn rising only from 2026 onwards.

Optimistic scenario

In the optimistic scenario, the economy is expected to recover faster than in the baseline scenario. The Finnish GDP is projected to grow 2.2% in 2025 and 3.0% in 2026. Unemployment will start to decline in the latter half of 2025 and fall below 7.0% already in 2026. Consumer price inflation remains at or just below 2.0% over the forecast period. Home price inflation is anticipated to accelerate to 3.0% in 2025, followed by a 4.0% annual gain in 2026. Due to the faster-than-expected recovery in aggregate demand, the ECB is anticipated to start raising interest rates from 2026 onwards.

Adverse scenario

The adverse scenario describes a situation where the trade war escalates, leading to significantly more severe disruptions in global trade and value chains compared to the baseline scenario.

Furthermore, the volatile situation in the Middle East expands into a conflict between Israel and Iran, causing strong upward pressure on energy prices. Cost inflation intensifies in Europe, and to anchor inflation expectations, the ECB is forced to tighten monetary policy again. The slow recovery of the economy quickly turns into a new recession. The difficulties in the private sector lead to a significant increase in banks' credit losses. Risk premiums in financial markets widen considerably.

The abrupt slowdown of foreign trade and the new rise in interest rates push Finland's economy back into a deep recession. GDP contracts by 2.5% in 2025 and 0.5% in 2026. The economic recovery will only regain momentum in 2027. Unemployment rises sharply above 10.0% already in 2025. Due to the prolonged recession and high unemployment, Finland's public debt is increasing even faster, which widens the risk premiums on Finnish government bonds. The rise in living costs and interest rates deepens the distress of Finnish households. The slump in the housing market and construction continues, and the decline in housing prices intensifies.

The following table presents the sensitivity of the expected credit losses to the forward-looking information assuming 100 % weight for adverse scenario until 2025 (2024).

	30 Jun 2025			31 Dec 2024		
Sensitivity analysis (EUR 1,000)	**Weighted scenario**	**Adverse scenario (100%)**	**Excluding weighted scenario**	**Weighted scenario**	**Adverse scenario (100%)**	**Excluding weighted scenario**
ECL	3,411	5,747	3,212	2,701	4,765	2,578
Proportion of the exposure in Stage 2 and 3	4.86%	10.44%	4.79%	5.21%	11.26%	5.17%

The sensitivity analysis does not include the additional discretionary provisions (*management overlay*).

Non-performing and forborne exposures

Non-performing and forborne exposures refer to receivables that are more than 90 days past due, other receivables classified as risky and forborne exposures due to the customer's financial difficulties.

Non-performing and forborne exposures 30 Jun 2025 (EUR 1,000)	Performing exposures (gross)	Non-performing exposures (gross)	Total exposures (gross)	Total expected credit losses	Total exposures (net)
Over 90 days past due	-	8,971	8,971	-91	8,880
Unlikely to be paid	-	77,558	77,558	-252	77,306
Forborne exposures	425,798	236,555	662,353	-529	661,824
Total	**425,798**	**323,084**	**748,882**	**-872**	**748,010**

Non-performing and forborne exposures 31 Dec 2024 (EUR 1,000)	Performing exposures (gross)	Non-performing exposures (gross)	Total exposures (gross)	Total expected credit losses	Total exposures (net)
Over 90 days past due	-	8,535	8,535	-85	8,451
Unlikely to be paid	-	152,231	152,231	-137	152,094
Forborne exposures	430,479	130,939	561,418	-352	561,066
Total	**430,479**	**291,705**	**722,184**	**-573**	**721,610**

Forbearances are concessions to the original contractual payment terms agreed upon at the customer's initiative, aimed at helping the customer cope with temporary payment difficulties. Performing forborne exposures are those that have recovered from non-performing status during the trial period or forbearance measures made into a performing loan; all performing forborne exposures are classified as stage 2. Loan modifications due to reasons other than the customer's financial difficulties are not classified as forborne exposures; such receivables are classified as stage 1. The Group considers a loan forborne when such concessions or modifications are provided because of the borrower's present or expected financial difficulties, and the Group would not have agreed to them if the borrower had been in good financial condition; all such receivables are classified as stage 3.

During the first half of the year 2025, loan forbearance measures were granted particularly to customers in the housing sector, whose underutilisation of the premises has increased because of intensified competition for tenants. As a result of the granted repayment deferrals, the unpaid installments have mostly been deferred to the end of the loan maturity, to be paid with the final installment, or to the current 5-year period if the loan is a state deficiency guaranteed interest subsidised loan. Forbearance measures were not applied to leasing receivables.

Geopolitical uncertainties have had no direct impact on MuniFin's customers or receivables. The general incease in the cost level still continues to affect the sufficiency of customers' cash flows, and may continue to appear as increased forbearance measures, payment delays and as a deterioration of the customers' creditworthiness.

Realised credit losses

The Group has not had any final realised credit losses during the reporting period or the comparison period.

Note 15. Liabilities to credit institutions

(EUR 1,000)	30 Jun 2025	31 Dec 2024
Bilateral loans to credit institutions	220,176	167,558
Liabilities to credit institutions, payable on demand	9,707	-
Received cash collateral on derivatives	22,153	716,137
Total	**252,036**	**883,694**

Note 16. Debt securities issued

(EUR 1,000)	30 Jun 2025 Carrying amount	30 Jun 2025 Nominal value	31 Dec 2024 Carrying amount	31 Dec 2024 Nominal value
Bonds	43,016,002	43,902,965	41,125,457	42,306,455
Other*	3,755,346	4,111,525	3,408,849	3,421,647
Total	**46,771,347**	**48,014,490**	**44,534,306**	**45,728,102**

* Line item contains short-term funding issued by MuniFin.

All funding issued by MuniFin is guaranteed by the Municipal Guarantee Board.

Benchmark issuances during the reporting period	Value date	Maturity date	Interest-%	Nominal value (1,000)	Currency
Fixed rate benchmark bond, issued under the MTN programme	28 Jan 2025	14 Dec 2029	2.625 %	1,250,000	EUR
Fixed rate benchmark bond, issued under the MTN programme	31 Mar 2025	1 Apr 2030	4.250 %	1,000,000	USD
Fixed rate benchmark bond, issued under the MTN programme	10 Jun 2025	14 Jun 2032	2.625 %	1,000,000	EUR

In the above table, the benchmark issuances are included by the settlement date.

Note 17. Other liabilities

(EUR 1,000)	30 Jun 2025	31 Dec 2024
Other liabilities		
Lease liabilities	6,978	7,599
Cash collateral taken from CCPs	211,414	259,850
Other	15,675	17,732
Total	**234,068**	**285,181**

Note 18. Collateral given

Given collaterals on behalf of own liabilities and commitments (EUR 1,000)	30 Jun 2025	31 Dec 2024
Loans and advances to credit institutions to the counterparties of derivative contracts*	1,426,240	608,408
Loans and advances to credit institutions to the central bank**	22,741	31,980
Loans and advances to the public and public sector entities to the central bank***	4,692,163	4,814,713
Loans and advances to the public and public sector entities to the Municipal Guarantee Board****	14,024,472	13,705,743
Debt securities to the central counterparty*****	155,397	101,703
Other assets to the central counterparties of derivative contracts******	746,982	889,682
Total	**21,067,996**	**20,152,229**

* MuniFin Group has given cash collateral to the counterparties of derivative contracts based on the CSA agreements of the derivative contracts (*ISDA/Credit Support Annex*).

** Item consists of minimum reserve in the central bank.

*** MuniFin is a monetary policy counterparty approved by the central bank and for this purpose, loans have been pledged to the central bank for possible operations related to this counterparty position.

**** MuniFin Group has pledged loans to the Municipal Guarantee Board. The Municipal Guarantee Board guarantees MuniFin's funding and MuniFin places collateral for the Municipal Guarantee Board's guarantees as defined in the Act on the Municipal Guarantee Board.

***** MuniFin Group has active account with central counterparties LCH Limited and Eurex Clearing AG. Debt securities are pledged to LCH.

****** MuniFin Group has given cash collateral to the central counterparties of derivative contracts.

Collateral given is presented at the carrying amounts of the reporting date.

Note 19. Contingent assets and liabilities

The Group has no contingent assets or liabilities at 30 June 2025 or at the comparison date 31 December 2024.

Note 20. Off-balance-sheet commitments

(EUR 1,000)	30 Jun 2025	31 Dec 2024
Credit commitments	2,888,121	2,935,231
Total	**2,888,121**	**2,935,231**

Expected credit loss on credit commitments is EUR 22 thousand (EUR 18 thousand). More information on credit risks of financial assets and other commitments can be found on Note *14*.

Note 21. Related-party transactions

MuniFin Group's related parties include:

- MuniFin's shareholders whose ownership and corresponding voting rights in the Company exceed 20%. The shareholder with more than 20% of the voting rights is Keva.
- The key management personnel including the CEO, the Deputy to the CEO, other members of the Executive Management Team, members of the Board of Directors, the spouses, children and dependents of these persons and the children and dependents of these persons' spouses.
- Entities, which are directly or indirectly controlled or jointly controlled by the above-mentioned persons or where these persons have significant influence.

The Group's operations are restricted by the Act on the Municipal Guarantee Board and the framework agreement concluded between MuniFin and the Municipal Guarantee Board, pursuant to which MuniFin may only grant loans to parties stipulated by law (municipalities, joint municipal authorities, corporations that are wholly owned by municipalities or under their control, wellbeing services counties and joint county authorities for wellbeing services, other units of wellbeing services counties that are wholly owned or under control of wellbeing services county administration and wellbeing services enterprises, and corporations designated by government authorities and engaged in the renting or production and maintenance of housing on social grounds).

The Group has carried out only employment-based remuneration transactions with the related party natural persons. The Group does not have loan or financial receivables from these related parties.

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

Note 22. Events after the reporting period

During the reporting period, MuniFin Group took part in the European Central Bank's SSM Stress Test covering the years 2025–2027. The results of Europe-wide stress tests were published on 1 August 2025. The Group's capital position remained strong also even in the adverse scenario depicting unfavourable economic conditions.

Auditor’s report on review of interim financial information of Municipality Finance Plc for the six-month-period ended 30 June 2025

To the Board of Directors of Municipality Finance Plc

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Municipality Finance Plc as of 30 June 2025 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flows for the six-month period then ended and notes, comprising material accounting policy information and other explanatory notes. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting.

Helsinki 4 August 2025

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)

MuniFin (Municipality Finance Plc) is one of Finland's largest credit institutions. The owners of the company include Finnish municipalities, the public sector pension fund Keva and the State of Finland. The Group's balance sheet totals over EUR 55 billion.

MuniFin's customers include municipalities, joint municipal authorities, wellbeing services counties, corporate entities under their control, and affordable social housing organisations. Lending is used for environmentally and socially responsible investment targets such as public transportation, sustainable buildings, hospitals and healthcare centres, schools and day care centres, and homes for people with special needs.

MuniFin's customers are domestic, but the company operates in a completely global business environment. The company is an active Finnish bond issuer in international capital markets and the first Finnish green and social bond issuer. The funding is exclusively guaranteed by the Municipal Guarantee Board.

Read more: www.munifin.fi

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MuniFin