THE MORTGAGE SOCIETY OF FINLAND

Interim Report

1 January – 30 September 2014

The 2014 Annual Report will be published on 12 February 2015.

The figures in the tables in the Report are presented in thousands of euros.

The Hypo Group's January – September 2014

The home finance specialist Hypo's operating profit improved by almost 40 percent, deposits increased to over EUR 400 million and the Common Equity Tier 1 (CET1) ratio remained strong clearly above 14 percent.

CEO Ari Pauna:

"Uncertain times, urbanization and the restructuring of the financial sector have increased the business and growth opportunities of the Hypo Group specializing in housing finance. The year 2014 will be markedly better than 2013.''

- The Group's operating profit improved by 37 % to EUR 5.9 million (EUR 4.3 million 1-9/2013)
- The net interest income increased by 45% to EUR 4.8 million (EUR 3.3 million)
- Fee and commission income EUR 2.6 million (EUR 2.0 million)
- Loan portfolio EUR 1,130.5 million (EUR 977.9 million 31.12.2013)
- Deposits increased to 405.3 million (EUR 359.7 million)
- Common Equity Tier 1 (CET1) ratio 14.7 % (14.7%)

THE GROUP'S KEY FIGURES

(1000 €)	1-9/2014	1-9/2013	7-9/2014	7-9/2013	2013
Net interest income	4 799	3 317	1 672	1 190	5 290
Net fee and commission income	2 529	2 029	737	681	2 723
Total other income	5 167	4 287	2 027	1 626	6 034
Total expenses (incl. depreciation, other operating expenses and impairme	-6 580	-5 317	-2 248	-1 774	-8 041
Operating profit	5 914	4 316	2 188	1 723	6 006
Receivables from the public and public sector entities	1 130 482	887 324	1 130 482	887 324	977 893
Deposits	405 285	323 693	405 285	323 693	359 734
Balance sheet total	1 365 551	1 102 852	1 365 551	1 102 852	1 219 595
Common Equity Tier 1 (CET1) ratio	14,7	-	14,7	-	14,7
Tier 1 ratio	14,7	-	14,7	-	14,7
Total capital ratio	14,8	-	14,8	-	14,7
Cost-to-income ratio,%	51,2	55,5	50,8	50,7	57,4
Permanent personnel, end of period	50	38	50	38	44
Non-performing assets, % of the loan portfolio	0,19	0,13	0,19	0,13	0,10
LTV-ratio, % / Loan to Value, average, %	46,4	50,1	46,4	50,1	50,0
Deposits / loans, %	35,9	36,5	35,9	36,5	36,8

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The Hypo Group's interim report can be accessed at
http://www.hypo.fi/tietoa-hyposta/sijoittajille/taloudelliset-tiedot/

THE HYPO GROUP

The Mortgage Society of Finland Group (hereafter “the Hypo Group” or “Hypo”) is the only nationwide expert organisation specialising in home financing and housing in Finland. Hypo aims to constantly complement traditional home financing and housing products with new, alternative and customer-oriented solutions.

The Mortgage Society of Finland grants loans to households and housing companies with domestic housing or residential property as collateral. Suomen AsuntoHypoPankki Oy deposit bank offers its customers deposit and debt securities products, payment cards and residential land trustee services. On 30 September 2014, Hypo had approximately 24,000 customers. Maintaining the strong capital adequacy and keeping the customer promise “Secure way for better living” guides Hypo in growing the business in a profitable manner, while managing risks.

OPERATING ENVIRONMENT

The development of the Finnish Economy has been continuingly sluggish. Both exports and domestic demand have developed modestly and the unemployment rate has been slowly increasing. The inflation has remained very low. The ECB monetary policy has kept the mortgage reference rates at exceptionally low levels which has supported the households’ debt servicing ability. The economic development has not yet resulted in any considerable problems to customers in servicing their debts.

The annual growth of the housing loan stock in Finland was 1.7% in September 2014. Household deposits have decreased by 0.8% year-on-year.

In September house prices in old blocks fell by 1.7% (+2.9%) in the Helsinki Metropolitan Area at an annual level. Elsewhere in Finland, prices declined by 2.1% (decreased 1.2%) compared to the corresponding period in the previous year.

RESULT AND PROFITABILITY

July - September 2014

Hypo Group's operating profit was EUR 2.2 million (EUR 1.7 million for July – September 2013). Income totalled EUR 4.4 million (EUR 3.5 million) and expenses EUR 2.2 million (EUR 1.8 million).

January – September 2014

Hypo Group's operating profit was EUR 5.9 million (EUR 4.3 million for January – September 2013).

Net interest income developed favourably, growing by 45% compared to the corresponding period last year. The increase was due to both loan volume growth and a positive development in interest margins.

The fee income, EUR 2.6 million (EUR 2.0 million), consists of fees related to lending, land trustee services, and the payment card business.

Net income from investment properties (housing units and residential land) amounted to EUR 2.8 million (EUR 4.2 million). This included EUR 1.1 million of capital gains (EUR 2.1 million).

The Group’s cost-to-income ratio was 51.2 % (55.5 %).

Net impairments were EUR 0.2 million (EUR 0.0 million).

The Group’s comprehensive income, EUR 6.6 million (EUR 4.3 million), includes EUR 4.9 million (EUR 3.4 million) of profit for the period under review and the change in the fair value reserve included in equity amounting to EUR 1.2 million (EUR 1.0 million), as well as the revaluation of defined benefit pension plans EUR 0.5 million (EUR -0.1 million).

PERSONNEL

Nine permanent employees were hired during the period under review. Cooperation with Helmi Business College continued. On 30 September 2014, the number of permanent personnel was 50 (38). These figures do not include the CEO and the COO.

ASSETS AND LIABILITIES

Lending

The loan portfolio grew to EUR 1,130.5 million (EUR 977.9 million on 31 December 2013).

Hypo's loan portfolio is entirely secured by residential property which is typical of mortgage banks. The Loan-to-Value ratio of the loan portfolio was 46.4 % at the end of the period (50.0 % on 31 December 2013).

The non-performing receivables remained at a low level, amounting to EUR 2.2 million (EUR 1.0 million on 31 December 2013), which corresponds to 0.19 % of the loan portfolio (0.10%).

Liquid assets and other receivables

At the end of the period, cash and cash equivalents in accordance with the cash flow statement, combined with current account and other binding credit facilities, totalled EUR 180.5 million (EUR 205.6 million on 31 December 2013), which corresponds to 13.2% (16.8%) of the total assets. The cash and cash equivalents (which totalled EUR 167.0 million) consisted of assets distributed widely across various counterparties, and of debt securities that are tradable on the secondary market, of which 37.4% had a credit rating of AA- or higher and 96.2% were ECB eligible.

The surplus of EUR 6.9 million (EUR 6.2 million) from the Mortgage Society of Finland's pension foundation has been recognised in the Group's other assets.

The share of housing and residential land holdings remained stable at 3.7 % of the total assets (3.8 % on 31 December 2013). Apartments and residential land owned and rented out by Hypo enable the Group to offer its customers a comprehensive selection of housing products and services. Hypo's properties are located in selected growth centres, mainly in the Helsinki Metropolitan Area, distributed across key residential districts.

Derivative contracts

The balance sheet value of receivables from derivatives was EUR 3.4 million on 30 September 2014 (EUR 1.6 million on 31 December 2013), and the value of liabilities was EUR 5.9 million (EUR 4.6 million).

Interest rate swaps and currency swaps made for hedging purposes are recognised at fair value, and their offset entries are recognised in either the fair value reserve included in equity (cash flow hedging) or through profit or loss (foreign exchange revaluation). The fair values of embedded derivatives related to equity index-linked bonds, as well as the fair values of the related option contracts have been recognised through profit or loss, and their offset entries have been recorded in the derivatives' balance sheet values.

Deposits and other funding

The Group's funding position remained stable in the period under review, and the proportion of deposit and retail bond funding of total funding was further increased. Total deposits and retail bonds increased by 12.8 % during the period under review, to EUR 422.7 million (EUR 374.7 million on 31 December 2013), including deposits made by financial institutions. The share of deposits and retail bonds accounted for 34.1 % (33.8 %) of total funding. The deposit bank Suomen AsuntoHypoPankki Oy is covered by the Deposit Guarantee Fund and is a wholly owned subsidiary of the Mortgage Society of Finland.

The Mortgage Society of Finland carried out two retail bond issues during the period under review, with a nominal amount of EUR 4.6 million, as well as two wholesale bond issues, the nominal amounts of which totalled EUR 100 million. Bonds with a nominal amount totalling EUR 29.4 million were repurchased. The share of long-term deposit and other funding of total funding was 57.8 % (59.5 %) on 30 September 2014.

The total funding at the end of the period under review was EUR 1,240.1 million (EUR 1,109.6 million).

EQUITY, CAPITAL ADEQUACY AND RISK MANAGEMENT

The Hypo Group's equity amounted to EUR 94.1 million at the end of the period under review (EUR 87.5 million on 31 December 2013). The changes in equity during the period are presented in the Group's statement of equity attached to this Interim Report.

The Group's Core Tier 1 ratio (CET1 ratio) stood at 14.7% (14.7% on 31 December 2013). Profit for the financial period 1 January – 30 September 2014 is included in the Core Tier 1 equity, based on the statement by the auditors. The Group's own funds are quantitatively and qualitatively strong in relation to the Group's current and future business, as well as to changes, even exceptional ones, in the operating environment.

The Group's business risks have been reviewed actively and comprehensively during the period. There have been no significant negative changes in the risk levels. More detailed information on capital adequacy and risk management practices are published as part of the audited annual Financial Statements, the Notes and the Annual Report. The same information and any updates therein can also be accessed at www.hypo.fi.

KEY EVENTS AFTER THE END OF THE FINANCIAL PERIOD

Since the end of the financial period of 1 January – 30 September 2014, there have not been any significant changes in the outlook or financial standing of the Mortgage Society of Finland or its Group.

FUTURE OUTLOOK

The Group management estimates that the 2014 operating profit will improve compared to 2013. However, the uncertainty surrounding the international and especially the domestic economy keeps Finnish consumer confidence at low levels thus creating more uncertainty also for the Finnish housing market and Hypo's financial performance.

Sources:

Loans and deposits; Bank of Finland

Housing prices; September 2014; Statistics Finland

Cost-to-income ratio:

(Administrative expenses + depreciation and impairments from tangible and intangible assets + other operating income) / (net interest income + profit from equity investments + net income from fees and commissions + net income from available-for-sale financial assets + net income from securities trading and currency operations + net income from investment properties + other operating income)

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

CONSOLIDATED INCOME STATEMENT, IFRS

(1000 €)	7-9/2014	7-9/2013	1-9/2014	1-9/2013	2013
Interest income	5 464,3	4 314,4	15 723,3	12 500,2	17 663,2
Interest expenses	-3 792,4	-3 124,1	-10 924,7	-9 183,5	-12 373,0
NET INTEREST INCOME	1 671,9	1 190,3	4 798,5	3 316,7	5 290,2
Income from equity investments	0,0	0,0	84,0	70,0	98,0
Fee and commission income	751,4	690,5	2 569,1	2 049,0	2 747,6
Fee and commission expenses	-14,7	-9,8	-40,1	-20,2	-24,2
Net income from securities and foreign currency transactions					
Net income from foreign currency transactions	-0,1	0,3	-0,7	-1,1	-1,7
Net income from financial assets available for sale	1 444,8	-3,3	2 335,1	13,6	103,6
Net income from investment properties	584,5	1 624,7	2 753,0	4 180,2	5 825,4
Other operating income	-2,0	4,2	-4,8	24,2	8,5
Administrative expenses					
Personnel costs					
Wages and salaries	-1 109,8	-714,2	-3 183,3	-2 176,9	-3 329,2
Other personnel related costs					
Pension costs	-209,2	-123,4	-608,5	-386,5	-824,9
Other personnel related costs	-37,3	-19,6	-141,0	-61,0	-99,7
Other administrative expenses	-650,1	-755,4	-1 882,3	-2 182,8	-3 060,9
Total administrative expenses	-2 006,4	-1 612,6	-5 815,1	-4 807,2	-7 314,7
Depreciation and impairment losses on tangible and intangible assets	-76,5	-66,4	-232,7	-184,1	-261,4
Other operating expenses	-170,6	-93,2	-358,3	-353,6	-484,3
Impairment losses on loans and other commitments	5,5	-1,7	-174,1	28,4	19,1
OPERATING PROFIT	2 187,8	1 723,1	5 913,9	4 315,9	6 006,1
Income taxes	-391,5	-358,7	-1 052,2	-895,9	-1 116,5
OPERATING PROFIT AFTER TAX	1 796,3	1 364,4	4 861,7	3 419,9	4 889,7
PROFIT FOR THE PERIOD	1 796,3	1 364,4	4 861,7	3 419,9	4 889,7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

(1000 €)	**7-9/2014**	**7-9/2013**	**1-9/2014**	**1-9/2013**	**2013**
Profit for the period	1 796,3	1 364,4	4 861,7	3 419,9	4 889,7
Items that may be reclassified subsequently to income statement					
Change in fair value reserve					
Cash flow hedges	202,5	756,6	401,4	937,0	700,0
Available for sale financial assets	-132,3	96,2	793,3	38,6	-110,3
	70,2	852,8	1194,7	975,6	589,7
Change in tax rates					
Deferred tax of loan loss provision	0,0	0,0	0,0	0,0	1074,7
Deferred tax of revaluation reserve	0,0	0,0	0,0	0,0	409,7
Deferred tax of Eläkesäätiö IAS 19	0,0	0,0	0,0	0,0	275,1
	0,0	0,0	0,0	0,0	1759,5
Items that may not be reclassified subsequently to the income statement					
Revaluation of defined benefit pension plans	0,0	-101,9	508,0	-101,9	488,0
Total other comprehensive income items	70,2	750,9	1702,7	873,7	2 837,2
COMPREHENSIVE INCOME FOR THE PERIOD	**1 866,4**	**2 115,3**	**6 564,3**	**4 293,6**	**7 726,9**

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)	**30.9.2014**	**31.12.2013**	**30.9.2013**
ASSETS			
Cash	18 000,0	560,0	15,7
Debt securities eligible for refinancing with central banks			
Treasury bills		10 029,5	
Other	129 462,5	109 193,2	132 578,9
Receivables from credit institutions			
Repayable on demand	10 099,5	16 932,4	12 973,0
Other	4 303,4	43 915,0	3 852,3
	14 402,9	60 847,4	16 825,3
Receivables from the public and public sector entities			
Other than those repayable on demand	1 130 481,6	977 893,5	887 324,3
Debt securities			
From others	5 095,1	1 999,4	0,0
	5 095,1	1 999,4	0,0
Shares and holdings	113,4	113,4	113,4
Derivative financial instruments	3 426,4	0,0	8,0
Intangible assets			
Other long-term expenditure	902,5	739,1	599,4
Tangible assets			
Investment properties and shares and holdings in investment properties	49 959,3	46 068,6	51 741,5
Other properties and shares and holdings in real estate corporations	830,5	828,3	830,3
Other tangible assets	287,7	298,8	310,5
	51 077,5	47 195,7	52 882,3
Other assets	7 502,2	7 518,0	7 069,8
Accrued income and advances paid	4 445,0	2 740,6	4 502,7
Deferred tax receivables	641,6	765,4	932,6
TOTAL ASSETS	**1 365 550,7**	**1 219 595,1**	**1 102 852,4**

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)	30.9.2014	31.12.2013	30.9.2013
LIABILITIES			
Liabilities to credit institutions			
Central banks	52 000,0	40 000,0	40 000,0
Credit institutions			
Repayable on demand	23 674,2	27 749,5	25 836,5
Other than those repayable on demand	123 967,7	123 347,0	135 177,4
	199 641,9	191 096,5	201 013,9
Liabilities to the public and public sector entities			
Deposits			
Repayable on demand	198 387,0	182 996,3	152 024,9
Other	160 821,4	132 226,4	129 081,9
	359 208,4	315 222,7	281 106,8
Other liabilities			
Other than those repayable on demand	41 890,9	47 241,4	48 952,2
	401 099,3	362 464,1	330 059,0
Debt securities issued to the public			
Bonds	490 127,3	417 847,3	298 191,7
Other	130 460,3	116 404,0	145 301,2
	620 587,6	534 251,3	443 492,9
Derivative financial instruments	5 851,2	3 035,5	1 445,0
Other liabilities			
Other liabilities	9 598,1	7 184,9	7 170,3
Deferred income and advances received	7 922,2	4 490,9	6 253,2
Subordinated liabilities			
Other	18 793,6	21 834,7	20 680,0
Deferred tax liabilities	7 999,7	7 744,3	8 678,3
EQUITY			
Basic capital	5 000,0	5 000,0	5 000,0
Other restricted reserves			
Reserve fund	22 793,8	22 790,4	22 789,4
Fair value reserve			
From cash flow hedging	-2 562,7	-2 964,1	-2 727,1
From fair value recognition	897,6	104,3	253,3
Defined benefit pension plans	996,0	488,0	-101,9
Unrestricted reserves			
Other reserves	22 923,5	22 923,5	22 923,5
Retained earnings	39 147,4	34 261,1	32 502,6
Profit for the period	4 861,7	4 889,7	3 419,9
	94 057,2	87 492,9	84 059,6
TOTAL LIABILITIES	**1 365 550,7**	**1 219 595,1**	**1 102 852,4**

CHANGE IN EQUITY	Basic capital	Reserve fund	Fair value reserve	Other reserves	Retained earnings	Total
(1000 €)						
Equity 1 Jan 2013	5 000,0	22 789,4	-3 449,5	22 923,5	32 502,6	79 766,0
Profit for the period					3 419,9	3 419,9
Other comprehensive income						
Cash flow hedges						
Amount recognised in equity			243,5			243,5
Amount transferred to the income statement			997,5			997,5
Change in deferred taxes			-304,1			-304,1
Financial assets available for sale						
Change in fair value			64,8			64,8
Amount transferred to the income statement			-13,6			-13,6
Change in deferred taxes			-12,5			-12,5
Revaluation of defined benefit plans						
Actuarial gains / losses			-135,0			-135,0
Change in deferred taxes			33,1			33,1
Investment property, revaluation reserves						
Amount transferred to the previous period profits						
Change in deferred taxes						
Total other comprehensive income	0,0	0,0	873,7	0,0	0,0	873,7
Equity 30 September 2013	5 000,0	22 789,4	-2 575,8	22 923,5	35 922,5	84 059,6
Equity 1 Jan 2014	5 000,0	22 790,4	-2 371,8	22 923,5	39 150,8	87 492,9
Profit for the period					4 861,7	4 861,7
Other comprehensive income						
Profit use of funds		3,4			-3,4	0,0
Cash flow hedges						
Amount recognised in equity			-190,9			-190,9
Amount transferred to the income statement			692,7			692,7
Change in deferred taxes			-100,4			-100,4
Financial assets available for sale						
Change in fair value			3 326,7			3 326,7
Amount transferred to the income statement			-2 335,1			-2 335,1
Change in deferred taxes			-198,3			-198,3
Revaluation of defined benefit plans						
Actuarial gains / losses			635,0			635,0
Change in deferred taxes			-127,0			-127,0
Investments property, revaluation reserves						
Amount transferred to the previous period profits						
Change in deferred taxes						
Total other comprehensive income	0,0	3,4	1 702,7	0,0	-3,4	1 702,7
Equity 30 September 2014	**5 000,0**	**22 793,8**	**-669,1**	**22 923,5**	**44 009,1**	**94 057,2**

CONSOLIDATED CASH FLOW STATEMENT

(1000 €)	**1-9/2014**	**1-9/2013**
Cash flow from operating activities		
Interest received	14 726,0	11 672,7
Interest paid	-8 453,2	-8 694,7
Fee income	2 766,5	2 080,7
Fee expenses	-40,1	-20,2
Foreign exchange gains/losses	-0,7	-1,1
Net income from available-for-sale financial assets	2 335,1	13,6
Net income from investment properties	2 215,4	3 307,8
Other operating income	-6,6	24,2
Administrative expenses	-5 194,1	-4 541,0
Other operating expenses	-380,9	-379,6
Credit and guarantee losses	-174,1	28,4
Income taxes	-388,2	-59,1
Total net cash flow from operating activities	**7 404,9**	**3 431,8**
Operating assets increase (-) / decrease (+)		
Receivables from customers (lending)	-154 727,3	-163 232,5
Investment properties	-2 026,1	2 159,3
Operating assets increase (-) / decrease (+) total	**-156 753,4**	**-161 073,2**
Operating liabilities increase (+) / decrease (-)		
Liabilities to the public and public sector organisations (deposits)	43 986,2	12 579,6
Operating liabilities increase (+) / decrease (-) total	43 986,2	12 579,6
NET CASH FLOWS ACCRUED FROM OPERATING ACTIVITIES	**-105 362,3**	**-145 061,8**
Cash flows from investments		
Change in fixed assets	-387,2	-495,1
Dividends received	84,0	70,0
NET CASH FLOWS ACCRUED FROM INVESTMENTS	**-303,2**	**-425,1**
Casf flows from financing		
Bank loans, new withdrawals	123 926,7	134 991,1
Bank loans, repayments	-115 381,3	-121 266,8
Other liabilities, increase (-) / decrease (+)	-1 735,3	-3 067,7
Bonds, new issues	135 482,1	205 490,9
Bonds, repayments	-63 311,0	-104 152,5
Certificates on deposit, new issues	182 646,7	201 163,8
Certificates on deposit, repayments	-168 590,4	-156 645,3
Subordinated liabilities, new withdrawals	963,6	20 000,0
Subordinated liabilities, repayments	-4 004,7	0,0
NET CASH FLOWS ACCRUED FROM FINANCING	**89 996,4**	**176 513,3**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-15 669,1**	**31 026,4**
Cash and cash equivalents at the beginning of the period	**182 629,5**	**118 393,5**
Cash and cash equivalents at the end of the period	**166 960,5**	**149 419,9**
CHANGE IN CASH AND CASH EQUIVALENTS	**-15 669,1**	**31 026,4**

NOTES

1. Key accounting policies

This Interim Report applies the same IFRS accounting policies as the Group's Financial Statements on 31 December 2013. The Interim Report has been prepared in accordance with the IAS 34 standard (Interim Financial Reporting) approved in the EU. The new IFRS standards and interpretations effective from the financial period which started on 1 January 2014 did not have any material impact on the consolidated result or balance sheet.

The Interim Report does not contain all information and Notes that are required in the annual Financial Statements. The Report should be read in conjunction with the Group's 31 December 2013 Financial Statements.

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

The Hypo Group's consolidated financial statements cover The Mortgage Society of Finland as well as the deposit bank Suomen AsuntoHypoPankki Oy, of which The Mortgage Society of Finland owns 100 per cent, and the housing company Bostadsaktiebolaget Taos, of which the Group companies own 59.4 per cent. The financial statements of AsuntoHypoPankki and Taos have been consolidated using the acquisition cost method, the housing company Asunto Oy Vanhaväylä 17 (the Group's ownership is 80.4 per cent) and housing company-type associated companies are treated in the same manner as other housing company-type investments.

2. Issuance and repayments of debt and equity securities

The issuance of debt securities and repayments/repurchases thereof are presented in the consolidated cash flow statement for 1 January – 30 September 2014.

3. Own funds and capital ratios

Hypo Group own funds and capital ratios *

1 000 €	**30.9.2014**	**31.12.2013**
Common Equity Tier 1 (CET1) capital before regulatory adjustments	89 217,1	84 829,2
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-722,0	-591,2
Common Equity Tier 1 (CET1)	88 495,1	84 238,0
Additional Tier 1 capital before regulatory adjustments	0,0	0,0
Total regulatory adjustments to Additional Tier 1 capital	0,0	0,0
Additional Tier 1 (AT1) capital	0,0	0,0
Tier 1 capital (T1 = CET1 + AT1)	88 495,1	84 238,0
Tier 2 (T2) Capital before regulatory adjustments	901,5	201,6
Total regulatory adjustments to Tier 2 (T2) Capital	0,0	0,0
Tier 2 (T2) capital	901,5	201,6
Total capital (TC = T1 + T2)	89 396,6	84 442,6
Total risk weighted assets	602 491,9	572 825,0
of which credit risk	578 482,9	548 816,0
of which market risk	0,0	0,0
of which operative risk	24 009,0	24 009,0
Common Equity Tier 1 (CET1) in relation to risk weighted assets (%)	14,7	14,7
Tier 1 (T1) in relation to risk weighted assets (%)	14,7	14,7
Total capital (TC) in relation to risk weighted assets (%)	14,8	14,7

* Capital ratios are calculated based on the Regulation (EU) No 575/2013.
Credit risk is calculated using the standard method and operative risk based on the basic method.

4. Contingent off-balance sheet commitments

(1000 €)	30.9.2014	31.12.2013	30.9.2013
Commitments made on behalf of a customer to benefit a third party			
Guarantees	2 181,9	2 181,9	2 181,9
Irrevocable commitments given on behalf of a customer			
Granted but unclaimed loans	207 126,1	107 700,3	113 196,1
Potential redemptions of partially owned housing units and those to be completed	378,4	761,6	761,6
Total	209 686,4	110 643,7	116 139,6

5. Fair values of financial instruments

(1000 €)		30.9.2014	31.12.2013	30.9.2013
Financial assets	Fair value determination principle	Fair value	Fair value	Fair value
Debt securities eligible for refinancing with central banks	A	118 662,8	109 193,2	132 578,9
Debt securities	A	5 095,1	1 999,4	0,0
Derivative contracts	B	3 426,4	0,0	8,0
Total		127 184,2	111 192,6	132 586,9
Financial liabilities				
Derivative contracts	B	5 851,2	3 035,5	1 445,0

Derivative contracts consist of interest rate and currency swaps with various counterparties for hedging purposes.

Fair value determination principles:

A: Quoted price on an active market
B: Verifiable price, other than quoted
C: Unverifiable market price

Fair values and valuation principles are disclosed above for items that are measured at fair value on a recurring basis. Due to system development, fair value measurement for debt securities has been improved. Therefore, the fair values of debt instruments now correspond to the highest fair value hierarchy level A. The fair values of debt securities (financial assets) are presented based on public quotes from active markets. The fair values of derivatives are calculated by discounting the future cash flows of the contracts using the market interest rates of the closing date. Fair values are presented excluding accrued interest.

Helsinki, November 6th 2014

Sari Lounasmeri Chairman	Harri Hiltunen Vice Chairman	Kai Heinonen
Hannu Kuusela	Teemu Lehtinen	Ari Pauna CEO
Elli Reunanen Deputy CEO	Vesa Vihriälä	Tuija Virtanen

OPINION ON THE REVIEW OF THE 1 JANUARY – 30 SEPTEMBER 2014 INTERIM REPORT OF THE MORTGAGE SOCIETY OF FINLAND

Introduction

We have performed a review of the Mortgage Society of Finland's balance sheet of 30 September 2014, income statement, statement of changes in equity and the cash flow statement for the three months period ended, as well as the summary of significant accounting policies and other Notes. The Board of Directors and CEO are responsible for preparing the Interim Report and ensuring it provides accurate and sufficient information in accordance with the International Financial Reporting Standards (IFRS) approved in the EU, and other statutes and regulations concerning the preparation of the Interim Report in effect in Finland. Based on the review we have performed, we are issuing an opinion on the Interim Report in accordance with the Securities Act Section 2, Article 5a(7).

Scope of review

The review was performed in accordance with the 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 enquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially narrower in scope than an audit conducted in accordance with international standards and recommendations 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 Interim Report is not prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the EU and other statutes and regulations concerning the preparation of the Interim Report in effect in Finland. The Report provides accurate and sufficient information on the financial standing of the entity on 30 September 2014 and the result and cash flows of its operations for the nine months period ended.

Helsinki, November 6th 2014

PricewaterhouseCoopers Oy

Authorised Public Accountants

Juha Wahlroos
Authorised Public Accountant

Supervisory Board

Markku Koskela, Chairman, Professor

Väinö Teperi, Vice Chairman, Lawyer

Antti Arjanne, CEO

Elina Bergroth, Lecturer

Mikael Englund, CEO

Markus Heino, CEO

Timo Hietanen, Deputy Managing Director

Hannu Hokka, CEO

Kari Joutsa, Master of Laws trained on the bench

Markku Koskinen, Consultant

Elias Oikarinen, Docent

Kallepekka Osara, Farmer

Jukka Räihä, Master of Laws trained on the bench

Mari Vaattovaara, Professor, Vice Dean

Riitta Vahela-Kohonen, Development Manager

Veikko M. Vuorinen, CEO

Board of Directors

Sari Lounasmeri, Chairman, CEO

Harri Hiltunen, Vice Chairman, CEO

Kai Heinonen, Director, Head of Real Estates

Hannu Kuusela, Professor

Teemu Lehtinen, CEO

Ari Pauna, CEO

Elli Reunanen, Deputy CEO

Vesa Vihriälä, CEO

Tuija Virtanen, Researcher, Ph.D. (Econ.)

AUDITING OF THE ACCOUNTS

PricewaterhouseCoopers Oy, Authorised Public Accountants

Principal auditor

Juha Wahlroos, Master of Science (Economics), Authorised Public Accountant

Jukka Mynttinen, Master of Science (Economics), Authorised Public Accountant, deputy

INTERNAL AUDITING

Sari Ojala, Head of Internal Audit