



HYPO

THE MORTGAGE SOCIETY OF FINLAND

**Financial Statements Release for the
period 1 January – 31 December 2015**

Audited Financial Statement will be published on 2 March 2016

The 2015 Annual Report will be published on 31 March 2016.

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

This report is preliminary and unaudited.

Hypo Group's January – December 2015

The home finance specialist Hypo's stable and healthy growth continued. Liquidity was significantly strengthened and the capital adequacy remained strong. Deposits exceeded one billion euros.

CEO Ari Pauna:

"In uncertain times customers appreciate the expertise of a specialist organization. Low risk loan portfolio grew faster than the market while liquidity was significantly strengthened. Healthy growth continues and Group's loan book (incl. off-balance) is approaching a historical EUR 2.0 billion level. Operating profit will reach 2015 level in 2016 unless there will be significant negative changes in the market."

- Group's operating profit reached 2014 level, EUR 7.5 million (EUR 7.5 million 1-12/2014)
- Fee and commission income EUR 3.5 million (EUR 3.7 million)
- Loan portfolio EUR 1,420.7 million (EUR 1,204.0 million 31.12.2014)
- Deposits increased to EUR 1,040.0 million (EUR 507.4 million)
- Common Equity Tier 1 (CET1) ratio 13.8% (15.1% 31.12.2014)
- Liquidity doubled to EUR 458.6 million (EUR 229.9 million 31.12.2014) and covered payment obligations related to debt agreements for 22 months following the reporting date

THE GROUP'S KEY FIGURES

(1000 €)

	1-12/2015	1-12/2014	10-12/2015	10-12/2014
Net interest income	4 574	6 427	961	1 629
Net fee and commission income	3 416	3 610	836	1 081
Total other income	8 681	7 219	2 811	2 052
Total expenses (incl. depreciation, other operating expenses and impairment losses)	-9 149	-9 759	-2 838	-3 179
Operating profit	7 523	7 498	1 770	1 584
Receivables from the public and public sector entities	1 420 711	1 204 042	1 420 711	1 204 042
Deposits	1 039 955	507 388	1 039 955	507 388
Balance sheet total	1 959 478	1 499 915	1 959 478	1 499 915
Common Equity Tier 1 (CET1) ratio	13,8	15,1	13,8	15,1
Cost-to-income ratio,%	54,9	56,4	61,4	69,7
Non-performing assets, % of the loan portfolio	0,16	0,23	0,16	0,23
LTV-ratio, % / Loan to Value, average, %	41,1	44,9	41,1	44,9
Loans / deposits, %	136,6	237,3	136,6	237,3

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Hypo Group's interim report can be accessed at
<http://www.hypo.fi/en/>

HYPON GROUP

The Mortgage Society of Finland Group (hereafter "Hypo Group" or "Hypo") is the only nationwide expert organization 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. Hypo has 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.

In August Standard&Poor's Ratings Services assigned a BBB/A-3 long- and short-term counterparty credit ratings to Hypo.

OPERATING ENVIRONMENT

Economic conditions in Finland remained stagnant in Q4 2015. Domestic demand was fragile and exports also faltered.

Unemployment rate remained heightened above 9 percent, but the number of bankruptcies declined markedly from previous year. Consumer prices declined marginally due to lower interest rates and oil prices. European Central Bank cut the deposit rate in December leading to a slight decline in Euribor rates. 12 month Euribor rate was 0.06 percent at the end of December.

The annual growth of the housing loan stock in Finland was 2.4 % in November 2015. Household deposits have increased by 0.4% year-on-year.

Compared with December 2014, prices of old apartments in the Helsinki Metropolitan Area

increased by 3.1 %. Elsewhere in Finland, prices declined by 1.7%.

RESULT AND PROFITABILITY

October - December 2015

Hypo Group's operating profit was EUR 1.8 million (EUR 1.6 million for October – December 2014). Income totalled EUR 4.6 million (EUR 4.8 million) and expenses EUR 2.9 million (EUR 3.2 million).

January – December 2015

Hypo Group's operating profit was EUR 7.5 million (EUR 7.5 million for January – December 2014).

Despite the loan portfolio growth, net interest income decreased by 29% compared with the corresponding period last year due to significant strengthening of liquidity and low interest rates.

The net fee income was EUR 3.4 million (EUR 3.6 million).

Net income from investment properties (housing units and residential land) amounted to EUR 6.8 million (EUR 4.4 million). This included EUR 4.0 million of capital gains (EUR 1.8 million) of which EUR 1.9 million is related to ownership arrangements of the headquarter building TAOS housing company.

Group's cost-to-income ratio was 54.9 % (56.4 %).

Impairments were EUR 0.0 million (EUR 0.0 million).

Group's comprehensive income, EUR 6.2 million (EUR 7.9 million), includes EUR 6.2 million (EUR 4.9 million) of profit for the financial year and the change in the fair value reserve included in equity amounting to EUR -0.3 million (EUR 1.0 million) as well as the revaluation of defined benefit pension plans worth EUR 0.3 million (EUR 0.7 million).

PERSONNEL AND DEVELOPMENT

On 31 December 2015, the number of permanent personnel was 52 (50 on 31 December 2014). These figures do not include the CEO and the COO. Cooperation with Helmi Business College continued.

ASSETS AND LIABILITIES

Lending

The loan portfolio grew to EUR 1,420.7 million (EUR 1,204.0 million on 31 December 2014).

Hypo has an entirely residential property-secured loan portfolio. The average Loan-to-Value ratio of the loan portfolio was 41.1% at the end of the year (44.9% on 31 December 2014).

The non-performing receivables remained at a low level, amounting to EUR 2.3 million (EUR 2.7 million on 31 December 2014), representing only 0.16% of the loan portfolio (0.23%).

Liquid assets and other receivables

At the end of the financial year, cash and cash equivalents in accordance with the cash flow statement, combined with current account and other binding credit facilities, totalled EUR 458.6 million (EUR 229.9 million on 31 December 2014), which corresponds to 23.4% (15.3%) of the total assets and is a double compared to the same period last year. The cash and cash equivalents (which totalled EUR 454.9 million) consisted of assets distributed widely across various counterparties, and of debt securities that are tradable on the secondary market, of which 77% had a credit rating of at least AA- or were of equivalent credit quality and 99% were ECB repo eligible. The Liquidity Coverage Ratio was 128%.

The surplus of EUR 7.4 million (EUR 6.9 million) from the Mortgage Society of Finland's pension foundation has been recognised in Group's other assets.

The share of housing and residential land holdings remained at the same level at 3.5% of the total assets (3.6% on 31 December 2014). Apartments and residential land owned and rented out by Hypo enable Group to offer its customers a more 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. The property in Hypo's own use is located in the centre of Helsinki. The difference between the fair value and the book value of the property in total remained strongly positive at EUR 8.8 million (EUR 12.7 million 31.12.2014).

Derivative contracts

The balance sheet value of derivative receivables was EUR 0.5 million on 31 December 2015 (EUR 0.0 million on 31 December 2014), and the value of liabilities was EUR 5.6 million (EUR 7.9 million).

Deposits and other funding

Group's funding position has been strengthened during the financial year, and the proportion of deposit funding of total funding was further increased. Deposits doubled during the financial year, to EUR 1,040.0 million (EUR 507.4 million on 31 December 2014), including deposits made by financial institutions EUR 1.0 million. The share of deposits accounted for 56.9% (36.9%) of total funding. The deposit bank Suomen AsuntoHypoPankki Oy is a member of the Deposit Guarantee Fund and a wholly owned subsidiary of the Mortgage Society of Finland.

During the financial year the Mortgage Society of Finland carried out two wholesale bond issues with total nominal amount of EUR 125.0 million. Hypo repurchased its own bonds to the nominal amount of EUR 48.6 million. The share of long-term deposits and other funding of total funding was 39.5% on 31 December 2015 (54.0%).

The total funding at the end of the financial year was EUR 1,829.2 million (EUR 1,375.2 million).

EQUITY, CAPITAL ADEQUACY AND RISK MANAGEMENT

Hypo Group's equity amounted to EUR 101.5 million at the end of the financial year (EUR 95.4 million on 31 December 2014). The changes in equity during the period are presented in Group's statement of equity attached to this Interim Report.

Group's CET1 capital in relation to risk weighted assets as at 31.12.2015 was 13.8% (15.1% on 31 December 2014). Profit for the financial period 1 January – 31 December 2015 is included in the Core Tier 1 equity, based on the statement by the auditors. In measuring credit and counterparty risk, the standardised approach is used. Group's own funds are quantitatively and qualitatively strong in relation to Group's current and future business, as well as to changes, even exceptional ones, in the operating environment. At the end of December, Group's Leverage Ratio was 4.3% (4.6%).

There have been no significant negative changes in the risk levels during the financial year. 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 SINCE THE END OF THE FINANCIAL YEAR

The Financial Supervisory Authority has granted Hypo an authorisation to conduct mortgage bank operations. By starting the operations during 2016, Hypo's competitive position will further strengthen through more diversified and international funding sources.

Otherwise there have not been any significant changes in the outlook or financial standing of the Mortgage Society of Finland or its Group.

FUTURE OUTLOOK

Finnish economy has turned into a slow recovery which can be threatened by global uncertainty and an unstable situation in domestic labour market. Strong urbanization continues, keeping housing markets running in the major growth centers. Low interest rates support housing loan demand. As a home finance specialist focusing in growth centers, Hypo has excellent possibilities to keep growing the business in a profitable manner.

Group management estimates that the 2016 operating profit will reach 2015 levels.

Helsinki, 29 January 2016

The Board

Sources:

Loans and deposits; Bank of Finland

Housing prices; December 2015; 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 €)	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Interest income	5 301,1	5 347,4	20 960,0	21 070,7
Interest expenses	-4 340,4	-3 718,5	-16 386,2	-14 643,2
NET INTEREST INCOME	960,7	1 629,0	4 573,8	6 427,5
Income from equity investments	0,0	0,0	0,0	84,0
Fee and commission income	852,7	1 089,8	3 469,2	3 658,9
Fee and commission expenses	-16,8	-8,4	-53,0	-48,6
Net income from securities and foreign currency transactions				
Net income from securities trading	279,4	-101,0	-569,5	-101,0
Net income from foreign currency transactions	0,2	-0,3	0,5	-1,0
Net income from financial assets available for sale	728,4	545,8	2 474,2	2 880,8
Net income from investment properties	1 803,0	1 609,5	6 783,0	4 362,5
Other operating income	0,2	-1,7	-6,8	-6,5
Administrative expenses				
Personnel costs				
Wages and salaries	-1 185,7	-1 479,3	-4 390,0	-4 662,6
Other personnel related costs	0,0			
Pension costs	-308,8	-502,1	-982,9	-1 110,6
Other personnel related costs	-25,1	-178,1	-95,7	-319,1
Other administrative expenses	-803,6	-880,7	-2 564,2	-2 763,0
Total administrative expenses	-2 323,2	-3 040,3	-8 032,9	-8 855,4
Depreciation and impairment losses on tangible and intangible assets	-93,0	-79,5	-375,1	-312,1
Other operating expenses	-414,8	-201,8	-746,5	-560,1
Impairment losses on loans and other commitments	-7,3	143,0	6,0	-31,1
OPERATING PROFIT	1 769,5	1 584,1	7 522,7	7 498,0
Income taxes	-305,1	-278,1	-1 314,9	-1 330,3
OPERATING PROFIT AFTER TAX	1 464,5	1 306,0	6 207,9	6 167,7
PROFIT FOR THE YEAR	1 464,5	1 306,0	6 207,9	6 167,7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

(1000 €)	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Profit for the period	1 464,5	1 306,0	6 207,9	6 167,7
Items that may be reclassified subsequently to income statement				
Change in fair value reserve				
Cash flow hedges	1,3	-92,4	1 241,3	309,0
Available for sale financial assets	-300,9	-89,6	-1 557,0	703,6
	-299,6	-182,0	-315,7	1012,7
Items that may not be reclassified subsequently to the income statement				
Revaluation of defined benefit pension plans	147,0	211,4	324,5	719,4
Effect of changes in the ownership of Bostads Ab Taos	-166,8	0,0	3,1	0,0
Correction for year 2014	-62,3		-62,3	
	-82,1	211,4	265,3	719,4
Total other comprehensive income items	-381,7	29,3	-50,5	1732,0
COMPREHENSIVE INCOME FOR THE YEAR	1 082,7	1 335,4	6 157,4	7 899,7

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)

	31.12.2015	31.12.2014
ASSETS		
Cash	170 000,0	75 000,0
Debt securities eligible for refinancing with central banks		
Treasury bills		
Other	270 650,5	111 070,4
Receivables from credit institutions		
Repayable on demand	11 404,9	35 085,8
Other	786,4	159,3
	<u>12 191,3</u>	<u>35 245,1</u>
Receivables from the public and public sector entities		
Other than those repayable on demand	1 420 711,2	1 204 041,8
Debt securities		
From others	2 051,5	5 090,7
	<u>2 051,5</u>	<u>5 090,7</u>
Shares and holdings	132,4	113,4
Derivative financial instruments	510,4	0,0
Intangible assets		
Other long-term expenditure	1 927,8	948,5
Tangible assets		
Investment properties and shares and holdings in investment properties	67 784,8	54 356,9
Other properties and shares and holdings in real estate corporations	939,2	842,6
Other tangible assets	330,5	273,4
	<u>69 054,5</u>	<u>55 472,9</u>
Other assets	8 029,7	7 762,1
Accrued income and advances paid	3 640,7	4 506,1
Deferred tax receivables	577,8	663,8
TOTAL ASSETS	<u>1 959 477,6</u>	<u>1 499 914,8</u>

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)

31.12.2015**31.12.2014****LIABILITIES**

Liabilities to credit institutions		
Central banks	20 000,0	35 000,0
Credit institutions		
Repayable on demand	0,0	16 824,7
Other than those repayable on demand	131 385,7	148 549,9
	<u>151 385,7</u>	<u>200 374,6</u>
Liabilities to the public and public sector entities		
Deposits		
Repayable on demand	516 063,0	192 068,3
Other	522 879,5	275 995,4
	<u>1 038 942,5</u>	<u>468 063,7</u>
Other liabilities		
Other than those repayable on demand	34 028,9	40 339,7
	<u>1 072 971,4</u>	<u>508 403,4</u>
Debt securities issued to the public		
Bonds	521 878,6	518 423,4
Other	69 451,3	130 028,7
	<u>591 329,9</u>	<u>648 452,1</u>
Derivative financial instruments	5 627,4	7 856,7
Other liabilities		
Other liabilities	7 862,4	8 125,9
Deferred income and advances received	6 061,3	4 551,0
Subordinated liabilities		
Other	13 469,7	17 962,1
Deferred tax liabilities	9 219,9	8 796,5
EQUITY		
Basic capital	5 000,0	5 000,0
Other restricted reserves		
Reserve fund	22 794,7	22 793,8
Fair value reserve		
From cash flow hedging	-1 413,8	-2 655,1
From fair value recognition	-749,1	807,9
Defined benefit pension plans	1 531,8	1 207,4
Unrestricted reserves		
Other reserves	22 923,5	22 923,5
Retained earnings	45 254,9	39 147,4
Profit for the year	6 207,9	6 167,7
	<u>101 550,0</u>	<u>95 392,6</u>
TOTAL LIABILITIES	<u>1 959 477,6</u>	<u>1 499 914,8</u>

CHANGE IN EQUITY (1000 €)	Basic capital	Revaluation reserves	Reserve fund	Fair value reserve	Other reserves	Retained earnings	Total
Equity 1 January 2014	5 000,0	0,0	22 790,4	-2 371,8	22 923,5	39 150,8	87 492,9
Profit for the year						6 167,7	6 167,7
Other comprehensive income							
Hedging of cash flow			3,4			-3,4	0,0
Cash flow hedges							
Amount recognised in equity				-542,1			-542,1
Amount transferred to the income statement				928,4			928,4
Change in deferred taxes				-77,3			-77,3
Financial assets available for sale							
Change in fair value				3 760,4			3 760,4
Amount transferred to the income statement				-2 880,8			-2 880,8
Change in deferred taxes				-175,9			-175,9
Revaluation of defined benefit plans							
Actuarial gains / losses				899,2			899,2
Change in deferred taxes				-179,8			-179,8
Total other comprehensive income	0,0	0,0	3,4	1 732,0	0,0	-3,4	1 732,0
Equity 31 December 2014	5 000,0	0,0	22 793,8	-639,8	22 923,5	45 315,1	95 392,6
Equity 1 January 2015	5 000,0	0,0	22 793,8	-639,8	22 923,5	45 315,1	95 392,6
Profit for the year						6 207,9	6 207,9
Other comprehensive income							
Correction for the year 2014						-62,3	-62,3
Effect of changes in the ownership of Taos						3,1	3,1
Profit use of funds			0,9			-0,9	0,0
Cash flow hedges							
Amount recognised in equity				51,9			51,9
Amount transferred to the income statement				1 499,7			1 499,7
Change in deferred taxes				-310,3			-310,3
Financial assets available for sale							
Change in fair value				527,9			527,9
Amount transferred to the income statement				-2 474,2			-2 474,2
Change in deferred taxes				389,3			389,3
Revaluation of defined benefit plans							
Actuarial gains / losses				405,6			405,6
Change in deferred taxes				-81,1			-81,1
Total other comprehensive income	0,0	0,0	0,9	8,7	0,0	-60,2	-50,5
Equity 31 December 2015	5 000,0	0,0	22 794,7	-631,0	22 923,5	51 462,8	101 550,0

CONSOLIDATED CASH FLOW STATEMENT

(1000 €)	1-12/2015	1-12/2014
Cash flow from operating activities		
Interest received	20 866,3	20 586,8
Interest paid	-15 750,1	-15 177,7
Fee income	3 439,5	3 665,9
Fee expenses	-53,0	-48,6
Net income from securities and foreign currency transactions	-569,1	-101,9
Net income from available-for-sale financial assets	2 474,2	2 880,8
Net income from investment properties	7 925,8	3 246,5
Other operating income	-6,8	-6,5
Administrative expenses	-6 923,5	-7 778,7
Other operating expenses	-844,7	-703,9
Credit and guarantee losses	6,0	-31,1
Income taxes	-1 272,6	-1 227,2
Total net cash flow from operating activities	9 292,0	5 304,4
Operating assets increase (-) / decrease (+)		
Receivables from customers (lending)	-214 610,2	-228 501,9
Investment properties	-16 645,8	-4 180,8
Operating assets increase (-) / decrease (+) total	-231 255,9	-232 682,8
Operating liabilities increase (+) / decrease (-)		
Liabilities to the public and public sector organisations (deposits)	570 878,8	152 841,0
Operating liabilities increase (+) / decrease (-) total	570 878,8	152 841,0
NET CASH FLOWS ACCRUED FROM OPERATING ACTIVITIES	348 914,9	-74 537,4
Cash flows from investments		
Change in fixed assets	-1 508,1	-510,5
Equity investments increase (-) / decrease (+)	-18,9	0,0
Dividends received	0,0	84,0
NET CASH FLOWS ACCRUED FROM INVESTMENTS	-1 527,1	-426,5
Cash flows from financing		
Bank loans, new withdrawals	40 608,5	364 062,2
Bank loans, repayments	-89 597,3	-354 784,2
Other liabilities, increase (-) / decrease (+)	-7 185,6	-6 073,1
Bonds, new issues	180 569,8	258 330,7
Bonds, repayments	-178 226,3	-152 547,2
Certificates on deposit, new issues	208 286,5	274 108,8
Certificates on deposit, repayments	-268 863,9	-260 484,1
Subordinated liabilities, new withdrawals	35,9	967,4
Subordinated liabilities, repayments	-4 528,3	-4 839,9
NET CASH FLOWS ACCRUED FROM FINANCING	-118 900,8	118 740,5
NET CHANGE IN CASH AND CASH EQUIVALENTS	228 487,1	43 776,6
Cash and cash equivalents at the beginning of the period	226 406,2	182 629,5
Cash and cash equivalents at the end of the period	454 893,2	226 406,2
CHANGE IN CASH AND CASH EQUIVALENTS	228 487,1	43 776,6

NOTES

1. Key accounting policies

This release applies the same IFRS accounting policies as the Group's Financial Statements on 31 December 2015. The release 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 year which started on 1 January 2015 did not have any material impact on the consolidated result or balance sheet.

The release does not contain all information and Notes that are required in the annual 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 59,5 per cent. The financial statements of AsuntoHypoPankki and Taos have been consolidated using the acquisition cost method, and housing company-type associated companies are treated in the same manner as other housing company-type investments.

During the period under review, Hypo started applying trade date accounting for all financial instruments.

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 – 31 December 2015.

3. Own funds and capital ratios

Hypo Group own funds and capital ratios	31.12.2015	31.12.2014
Equity	101 550,0	95 392,6
Fair value reserve	1 413,8	1 847,1
Revaluation of defined pension plans	-1 531,8	-1 207,4
Surplus from defined pension plans	-5 880,2	-5 515,1
Common Equity Tier 1 (CET1) capital before regulatory adjustments	95 551,7	90 517,3
Intangible assets	-1 542,2	-758,8
Common Equity Tier 1 (CET1) capital	94 009,5	89 758,5
Additional Tier 1 (AT1) capital	0,0	0,0
Tier 1 capital (T1 = CET1 + AT1)	94 009,5	89 758,5
Tier 2 (T2) capital	0,0	807,9
Total Capital (TC = T1 + T2)	94 009,5	90 566,4
Total risk-weighted items	682 150,8	595 458,2
of which credit risk	653 785,3	568 925,6
of which market risk	2,4	0,0
of which operational risk	28 363,1	26 532,7
of which other risks	0,0	0,0
Common Equity Tier 1 (CET1) in relation to risk-weighted items (%)	13,8	15,1
Tier 1 capital (T1) in relation to risk-weighted items (%)	13,8	15,1
Total capital (TC) in relation to risk-weighted items (%)	13,8	15,2
Minimum capital	5 000,0	5 000,0
Capital conservation buffer in relation to risk-weighted items (%)	2,5	0,0
Countercyclical capital buffer in relation to risk-weighted items (%)	0,0	0,0

The own funds and capital adequacy are presented in accordance with the EU's Capital Requirements Regulation (575/2013).

The capital requirement for credit risk is calculated using the standard method.

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

As of 1.1.2015 the unrealised gains and losses are included in CET1.

Until 31.12.2014 the unrealised losses were included in CET1 and the unrealised gains in T2.

4. Contingent off-balance sheet commitments

(1000 €)	<u>31.12.2015</u>	<u>31.12.2014</u>
Commitments made on behalf of a customer to benefit a third party		
Guarantees	2 181,9	2 181,9
Irrevocable commitments given on behalf of a customer		
Granted but unclaimed loans	218 022,7	218 099,9
Potential redemptions of partially owned housing units and those to be completed	<u>809,2</u>	<u>1 340,3</u>
Total	221 013,8	221 622,1

5. Fair values of financial instruments

(1000 €)	<u>31.12.2015</u>	<u>31.12.2014</u>
	Fair value determination principle	
Financial assets	Fair value	Fair value
Debt securities eligible for refinancing with central banks	A 270 650,5	100 310,3
Debt securities	A 2 051,5	5 090,7
Derivative contracts	B 510,4	0,0
Total	<u>273 212,4</u>	<u>105 401,0</u>
Financial liabilities		
Derivative contracts	B 5 627,4	7 856,7

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. 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.