THE MORTGAGE SOCIETY OF FINLAND

Interim Report

1 January – 31 March 2016

The Interim Report for the period of 1 January – 30 June 2016 will be published on August 10, 2016.

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

Hypo Group's January – March 2016

The home finance specialist Hypo's stable growth continued. The inauguration of mortgage banking activity diversifies the funding and improves Hypo's competitiveness.

CEO Ari Pauna:

"In the insecure global market conditions the home finance specialist's financial performance remained stable. An increasing amount of loan applicants requested a mortgage from Hypo, and the low risk loan book approaches a historical EUR 2.0 billion level. In January, Hypo was granted a license for mortgage banking activity which guarantees stable and profitable growth also in the future. The operating profit for 2016 will reach that of 2015 unless there will be significant negative changes in the operating environment."

- Group's operating profit reached nearly 2015 level, EUR 2.1 million (EUR 2.2 million 1-3/2015)
- Fee and commission income EUR 1.1 million (EUR 1.0 million)
- Loan portfolio EUR 1,489.7 million (EUR 1,420.7 million 31.12.2015)
- Deposits EUR 1,095.0 million (EUR 1,040.0 million)
- Common Equity Tier 1 (CET1) ratio 13.7 % (13.8 % 31.12.2015)
- Liquidity remained at good level in EUR 406.0 million (EUR 458.6 million 31.12.2015) and covered payment obligations related to debt agreements for 19 months following the reporting date

THE GROUP'S KEY FIGURES

(1000 €)	1-3/2016	1-3/2015	2015
Net interest income	782	1 346	4 574
Net fee and commission income	1 061	937	3 416
Total other income	2 621	2 209	8 681
Total expenses (incl. depreciation, other operating expenses and impairment losses)	-2 405	-2 306	-9 149
Operating profit	2 060	2 186	7 523
Receivables from the public and public sector entities	1 489 743	1 259 760	1 420 711
Deposits	1 094 952	669 587	1 039 955
Balance sheet total	1 972 925	1 620 422	1 959 478
Common Equity Tier 1 (CET1) ratio	13,7	14,7	13,8
Cost-to-income ratio,%	53,9	51,5	54,9
Non-performing assets, % of the loan portfolio	0,22	0,19	0,16
LTV-ratio, % / Loan to Value, average, %	40,4	43,7	41,1
Loans / deposits, %	136,1	188,1	136,6

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

HYPO 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.

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

OPERATING ENVIRONMENT

Economic development varied between different sectors in Q1 2016. Domestic demand increased gradually with services and construction leading the way. Similarly car sales, retail trade and housing market improved. On the other hand exports were weak and unemployment rate remained elevated above 9 percent. Consumer prices declined marginally due to lower interest rates and oil prices. European Central Bank declined key interest rates in March which led to a slight decline in short-term interest rates. In February the 12 month Euribor rate fell below zero and at the end of March the 12 month Euribor rate was -0.005 percent.

The annual growth of the housing loan stock in Finland was 2.4 % in February 2016. Household deposits have increased by 0.6 % year-on-year.

Compared with February 2015, house prices of old apartments in the Helsinki Metropolitan Area increased by 2.7 %. Elsewhere in Finland, prices declined by 1.7 %**.**

RESULT AND PROFITABILITY

January – March 2016

Hypo Group's operating profit was EUR 2.1 million (EUR 2.2 million for January – March 2015).

Despite the loan portfolio growth, net interest income decreased by 42 % compared with the corresponding period last year due to declining interest rates and significant strengthening of liquidity.

The net fee income was EUR 1.1 million (EUR 0.9 million).

Net income from investment properties (housing units and residential land) amounted to EUR 2.0 million (EUR 1.2 million). This included EUR 1.6 million of capital gains (EUR 0.6 million). The growth in gains is related to ownership arrangements with Suomen Asunnot ja Tontit I Ky.

Group’s cost-to-income ratio was 53.9 % (51.5 %).

Impairments were EUR 0.0 million (EUR 0.0 million).

Group’s comprehensive income, EUR 1.8 million (EUR 2.0 million), includes EUR 1.7 million (EUR 1.8 million) of profit for the financial year and the change in the fair value reserve included in equity amounting to EUR 0.1 million (EUR 0,2 million).

PERSONNEL AND DEVELOPMENT

On 31 March 2016, the number of permanent personnel was 51 (51 on 31 March 2015). 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 1,489.7 million (EUR 1,420.7 million on 31 December 2015).

Hypo has an entirely residential property-secured loan portfolio. The average Loan-to-Value ratio of the loan portfolio was 40.4 % at the end of the year (41.1 % on 31 December 2015).

Non-performing receivables remained at a low level, amounting to EUR 3.4 million (EUR 2.3 million on 31 December 2015), representing only 0.22 % of the loan portfolio (0.16 %).

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 406.0 million (EUR 458.6 million on 31 December 2015), which corresponds to 20.6 % (23.4 %) of the total assets. The cash and cash equivalents (which totalled EUR 402.3 million) consisted of assets distributed widely across various counterparties, and of debt securities that are tradable on the secondary market, of which 74 % 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 96 %.

The surplus of EUR 7.4 million (EUR 7.4 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 a low level, 3.2 % of the total assets (3.5 % on 31 December 2015). 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 7.2 million (EUR 8.8 million on 31 December 2015).

Derivative contracts

The balance sheet value of derivative receivables was EUR 0.0 million on 31 March 2016 (EUR 0.5 million on 31 December 2015), and the value of liabilities was EUR 8.2 million (EUR 5.6 million).

Deposits and other funding

The proportion of deposit funding of total funding remained at the year-end level and was EUR 1,095.0 million on 31 March 2016 (EUR 1,040.0 million on 31 December 2015). The share of deposits accounted for 59.7 % (56.9 %) 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.

The share of long-term deposits and other funding of total funding was 38.2 % on 31 March 2016 (39.5 %).

The total funding at the end of the financial year was EUR 1,835.6 million (EUR 1,829.2 million).

EQUITY, CAPITAL ADEQUACY AND RISK MANAGEMENT

Hypo Group's equity amounted to EUR 103.4 million at the end of the financial year (EUR 101.5 million on 31 December 2015). 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 on 31 March 2016 was 13.7 % (13.8 % on 31 December 2015). Profit for the financial period 1 January – 31 March

2016 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 March, Group's Leverage Ratio was 4.3 % (4.3 %).

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.

KEY EVENTS SINCE THE END OF THE FINANCIAL YEAR

Hypo will issue a covered bond during the second quarter and as a consequence may buy back some of its outstanding senior bonds from the secondary market. Standard & Poor's preliminary rating for the cover pool is 'AAA' stable including one unused notch.

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

FUTURE OUTLOOK

Current year's economic development is shadowed by global economic uncertainties and open questions regarding the domestic labour market. We believe however that the first quarter's positive development in housing and mortgage markets will continue in the largest growth centers.

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

Helsinki, 26 April 2016

The Board

Sources:

Loans and deposits; Bank of Finland

Housing prices; February 2016; 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 €)	1-3/2016	1-3/2015	2015
Interest income	5 064,9	5 222,5	20 960,0
Interest expenses	-4 283,1	-3 876,9	-16 386,2
NET INTEREST INCOME	781,8	1 345,6	4 573,8
Income from equity investments	0,0	0,0	0,0
Fee and commission income	1 075,6	952,1	3 469,2
Fee and commission expenses	-14,2	-14,7	-53,0
Net income from securities and foreign currency transactions			
Net income from securities trading	-924,9	198,3	-569,5
Net income from foreign currency transactions	0,1	0,2	0,5
Net income from financial assets available for sale	1 546,7	832,6	2 474,2
Net income from investment properties	2 002,4	1 181,8	6 783,0
Other operating income	-2,9	-4,0	-6,8
Administrative expenses			
Personnel costs			
Wages and salaries	-1 178,2	-1 242,8	-4 390,0
Other personnel related costs	0,0		
Pension costs	-251,9	-259,0	-982,9
Other personnel related costs	-93,9	-55,4	-95,7
Other administrative expenses	-635,6	-568,3	-2 564,2
Total administrative expenses	-2 159,6	-2 125,4	-8 032,9
Depreciation and impairment losses on tangible and intangible assets	-73,2	-84,5	-375,1
Other operating expenses	-173,1	-104,6	-746,5
Impairment losses on loans and other commitments	1,4	8,5	6,0
OPERATING PROFIT	2 060,0	2 186,0	7 522,7
Income taxes	-363,0	-404,4	-1 314,9
OPERATING PROFIT AFTER TAX	1 697,1	1 781,6	6 207,9
PROFIT FOR THE PERIOD	1 697,1	1 781,6	6 207,9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

(1000 €)	1-3/2016	1-3/2015	2015
Profit for the period	1 697,1	1 781,6	6 207,9
Items that may be reclassified subsequently to income statement			
Change in fair value reserve			
Cash flow hedges	-57,7	460,5	1 241,3
Available for sale financial assets	138,3	-217,0	-1 557,0
	80,5	243,5	-315,7
Items that may not be reclassified subsequently to the income statement			
Revaluation of defined benefit pension plans	0,0	0,0	324,5
Effect of changes in the ownership of Bostads Ab Taos	0,0	0,0	3,1
Correction for year 2014	34,9	0,0	-62,3
	34,9	0,0	265,3
Total other comprehensive income items	115,4	243,5	-50,5
COMPREHENSIVE INCOME FOR THE PERIOD	**1 812,5**	**2 025,1**	**6 157,4**

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)	**31.3.2016**	**31.12.2015**	**31.3.2015**
ASSETS			
Cash	126 000,0	170 000,0	30 000,0
Debt securities eligible for refinancing with central banks			
Treasury bills			
Other	265 003,9	270 650,5	215 121,5
Receivables from credit institutions			
Repayable on demand	8 446,3	11 404,9	32 837,0
Other	794,5	786,4	5 556,8
	9 240,8	12 191,3	38 393,8
Receivables from the public and public sector entities			
Other than those repayable on demand	1 489 743,4	1 420 711,2	1 259 760,3
Debt securities			
From others	2 053,0	2 051,5	5 102,0
	2 053,0	2 051,5	5 102,0
Shares and holdings	132,4	132,4	113,4
Derivative financial instruments		510,4	
Intangible assets			
Other long-term expenditure	2 322,1	1 927,8	967,2
Tangible assets			
Investment properties and shares and holdings in investment properties	62 727,2	67 784,8	55 784,8
Other properties and shares and holdings in real estate corporations	936,5	939,2	873,0
Other tangible assets	365,7	330,5	340,9
	64 029,4	69 054,5	56 998,6
Other assets	7 942,9	8 029,7	8 151,6
Accrued income and advances paid	5 898,2	3 640,7	5 252,2
Deferred tax receivables	558,4	577,8	561,8
TOTAL ASSETS	**1 972 924,6**	**1 959 477,6**	**1 620 422,5**

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)	31.3.2016	31.12.2015	31.3.2015
LIABILITIES			
Liabilities to credit institutions			
Central banks	20 000,0	20 000,0	20 000,0
Credit institutions			
Repayable on demand			3 169,2
Other than those repayable on demand	126 022,2	131 385,7	139 057,6
	146 022,2	151 385,7	162 226,8
Liabilities to the public and public sector entities			
Deposits			
Repayable on demand	563 477,3	516 063,0	296 177,1
Other	531 474,9	522 879,5	354 229,0
	1 094 952,3	1 038 942,5	650 406,1
Other liabilities			
Other than those repayable on demand	32 462,9	34 028,9	38 631,6
	1 127 415,1	1 072 971,4	689 037,7
Debt securities issued to the public			
Bonds	496 739,5	521 878,6	513 783,1
Other	51 972,2	69 451,3	99 121,0
	548 711,7	591 329,9	612 904,0
Derivative financial instruments	8 245,5	5 627,4	7 054,6
Other liabilities			
Other liabilities	9 423,2	7 862,4	17 817,8
Deferred income and advances received	7 085,4	6 061,3	7 291,1
Subordinated liabilities			
Other	13 469,4	13 469,7	17 962,4
Deferred tax liabilities	9 189,7	9 219,9	8 710,4
EQUITY			
Basic capital	5 000,0	5 000,0	5 000,0
Other restricted reserves			
Reserve fund	22 797,5	22 794,7	22 794,7
Fair value reserve			
From cash flow hedging	-1 471,5	-1 413,8	-2 194,6
From fair value recognition	-610,8	-749,1	591,0
Defined benefit pension plans	1 531,8	1 531,8	1 207,4
Unrestricted reserves			
Other reserves	22 923,5	22 923,5	22 923,5
Retained earnings	51 494,9	45 254,9	45 314,1
Profit for the year	1 697,1	6 207,9	1 781,6
	103 362,5	101 550,0	97 417,7
TOTAL LIABILITIES	**1 972 924,6**	**1 959 477,6**	**1 620 422,5**

CHANGE IN EQUITY (1000 €)	Basic capital	Revaluation reserves	Reserve fund	Fair value reserve	Other reserves	Retained earnings	Total
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						1 781,6	1 781,6
Other comprehensive income							
Hedging of cash flow							
Cash flow hedges							
Amount recognised in equity							
Amount transferred to the income statement			0,9			-0,9	0,0
Change in deferred taxes							
Financial assets available for sale				241,5			241,5
Change in fair value				334,1			334,1
Amount transferred to the income statement				-115,1			-115,1
Change in deferred taxes							
Revaluation of defined benefit plans				561,4			561,4
Actuarial gains / losses				-832,6			-832,6
Change in deferred taxes				54,2			54,2
Investment property, revaluation reserves							
Amount transferred to the previous period profits				0,0			0,0
Change in deferred taxes				0,0			0,0
	0,0	0,0	0,9	243,5	0,0	-0,9	243,5
Equity 31 March 2015	**5 000,0**	**0,0**	**22 794,7**	**-396,3**	**22 923,5**	**47 095,7**	**97 417,7**

	Basic capital	Revaluation reserves	Reserve fund	Fair value reserve	Other reserves	Retained earnings	Total
Equity 1 January 2016	5 000,0	0,0	22 794,7	-631,0	22 923,5	51 462,8	101 550,0
Profit for the year						1 697,1	1 697,1
Other comprehensive income							
Correction for the year 2015						34,9	34,9
Effect of changes in the ownership of Taos							
Profit use of funds			2,8			-2,8	0,0
Cash flow hedges							
Amount recognised in equity				-630,6			-630,6
Amount transferred to the income statement				558,5			558,5
Change in deferred taxes				14,4			14,4
Financial assets available for sale							
Change in fair value				1 719,6			1 719,6
Amount transferred to the income statement				-1 546,7			-1 546,7
Change in deferred taxes				-34,6			-34,6
Revaluation of defined benefit plans							
Actuarial gains / losses				0,0			0,0
Change in deferred taxes				0,0			0,0
Total other comprehensive income	0,0	0,0	2,8	80,5	0,0	32,1	115,4
Equity 31 March 2016	**5 000,0**	**0,0**	**22 797,5**	**-550,5**	**22 923,5**	**53 192,0**	**103 362,5**

CONSOLIDATED CASH FLOW STATEMENT

(1000 €)	1-3/2016	1-3/2015
Cash flow from operating activities		
Interest received	4 250,8	4 396,9
Interest paid	-2 479,4	-1 962,9
Fee income	1 014,5	964,5
Fee expenses	-14,2	-14,7
Net income from securities and foreign currency transactions	-924,8	198,5
Net income from available-for-sale financial assets	1 546,7	832,6
Net income from investment properties	1 548,4	2 212,4
Other operating income	-2,9	-4,0
Administrative expenses	-4 225,5	-3 301,3
Other operating expenses	-184,2	-105,0
Credit and guarantee losses	1,4	8,5
Income taxes	-152,3	-69,9
Total net cash flow from operating activities	**378,5**	**3 155,8**
Operating assets increase (-) / decrease (+)		
Receivables from customers (lending)	-70 181,2	-49 225,0
Investment properties	5 039,6	-902,7
Operating assets increase (-) / decrease (+) total	**-65 141,6**	**-50 127,7**
Operating liabilities increase (+) / decrease (-)		
Liabilities to the public and public sector organisations (deposits)	56 009,8	182 342,5
Operating liabilities increase (+) / decrease (-) total	56 009,8	182 342,5
NET CASH FLOWS ACCRUED FROM OPERATING ACTIVITIES	**-8 753,3**	**135 370,6**
Cash flows from investments		
Change in fixed assets	-500,0	-200,9
NET CASH FLOWS ACCRUED FROM INVESTMENTS	**-500,0**	**-200,9**
Casf flows from financing		
Bank loans, new withdrawals	4 979,4	7 915,6
Bank loans, repayments	-10 343,0	-46 063,3
Other liabilities, increase (-) / decrease (+)	1 659,8	963,3
Bonds, new issues	7 790,3	55 597,6
Bonds, repayments	-29 949,3	-60 464,3
Certificates on deposit, new issues	32 227,3	41 173,5
Certificates on deposit, repayments	-49 706,4	-72 081,2
Subordinated liabilities, new withdrawals	17,7	4,7
Subordinated liabilities, repayments	-17,9	-4,4
NET CASH FLOWS ACCRUED FROM FINANCING	**-43 342,2**	**-72 958,6**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-52 595,5**	**62 211,1**
Cash and cash equivalents at the beginning of the period	**454 893,2**	**226 406,2**
Cash and cash equivalents at the end of the period	**402 297,7**	**288 617,3**
CHANGE IN CASH AND CASH EQUIVALENTS	**-52 595,5**	**62 211,1**

NOTES

1. Key accounting policies

This Interim Report 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 2016 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 Report should be read in conjunction with the Group's 31 December 2015 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.

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 March 2016.

3. Own funds and capital ratios

Hypo Group own funds and capital ratios	31.3.2016	31.12.2015	31.3.2015
Equity	103 362,5	101 550,0	97 417,7
Fair value reserve	1 471,5	1 413,8	2 194,6
Revaluation of defined pension plans	-1 531,8	-1 531,8	-1 207,4
Surplus from defined pension plans	-5 895,9	-5 880,2	-5 513,6
Common Equity Tier 1 (CET1) capital before regulatory adjustments	97 406,3	95 551,7	92 891,3
Intangible assets	-1 857,7	-1 542,2	-773,7
Common Equity Tier 1 (CET1) capital	95 548,6	94 009,5	92 117,6
	0,0	0,0	0,0
Additional Tier 1 (AT1) capital	0,0	0,0	0,0
	0,0	0,0	0,0
Tier 1 capital (T1 = CET1 + AT1)	95 548,6	94 009,5	92 117,6
	0,0	0,0	0,0
Tier 2 (T2) capital	0,0	0,0	0,0
	0,0	0,0	0,0
Total Capital (TC = T1 + T2)	95 548,6	94 009,5	92 117,6
	0,0	0,0	0,0
Total risk-weighted items	696 193,7	682 150,8	625 498,7
of which credit risk	667 830,1	653 785,3	598 966,1
of which market risk	0,4	2,4	0,0
of which operational risk	28 363,1	28 363,1	26 532,7
of which other risks	0,0	0,0	0,0
Common Equity Tier 1 (CET1) in relation to risk-weighted items (%)	13,7	13,8	14,7
Tier 1 capital (T1) in relation to risk-weighted items (%)	13,7	13,8	14,7
Total capital (TC) in relation to risk-weighted items (%)	13,7	13,8	14,7
Minimum capital	5 000,0	5 000,0	5 000,0
Capital conservation buffer in relation to risk-weighted items (%)	2,5	2,5	2,5
Countercyclical capital buffer in relation to risk-weighted items (%)	0,0	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 €)	31.3.2016	31.12.2015	31.3.2015
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	262 275,7	218 022,7	222 996,0
Potential redemptions of partially owned housing units and those to be completed	0,0	809,2	864,9
Total	264 457,6	221 013,8	226 042,9

5. Fair values of financial instruments

(1000 €)	Fair value determination principle	31.3.2016	31.12.2015	31.3.2015
Financial assets			Fair value	Fair value
Debt securities eligible for refinancing with central banks	A	265 003,9	270 650,5	204 400,2
Debt securities	A	2 053,0	2 051,5	5 102,0
Derivative contracts	B	0,0	510,4	0,0
Total		267 056,8	273 212,4	209 502,2
Financial liabilities				
Derivative contracts	B	8 245,5	5 627,4	7 054,6

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.

Opinion on the review of the 1 January – 31 March 2016 Interim Report of the Mortgage Society of Finland (Translation)

Introduction

We have performed a review of the Mortgage Society of Finland's balance sheet of 31 March 2016, 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 31 March 2016 and the result and cash flows of its operations for the three months period ended.

Helsinki, April 19th 2016

PricewaterhouseCoopers Oy
Authorised Public Accountants

Juha Tuomala
Authorised Public Accountant