THE MORTGAGE SOCIETY OF FINLAND

Interim Report
1 January–31 March 2022

The Interim Report for the period of 1 January 2022 to 30 June 2022 will be published on 31 August 2022

The Interim Report does not contain all information and Notes that are required in the Annual Financial Statements. The Interim Report should be read in conjunction with the Group's Financial Statements 2021 and Stock Exchange Releases published during the period of 1 January to 31 March 2022.

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

The Interim Report has been approved on 29 April 2022 by the Board of Directors of The Mortgage Society of Finland to be published on 2 May 2022.

The Interim Report is unaudited.

Hypo Group's Interim Report can be accessed at http://www.hypo.fi/en/financial-information/

Hypo Group’s January–March 2022

The home finance specialist Hypo Group’s net interest income grew, capital adequacy and liquidity remained strong.

CEO Ari Pauna:

“Focusing on low-risk housing collateralized lending in urbanising Finland still provides stability despite the war in Ukraine and the prolonged corona crisis. Hypo Group’s net interest income and total income continued to grow, and CET 1 Capital adequacy and liquidity remained strong. Impairment losses remained at low level.”

- Operating profit was EUR 1.0 million (EUR 1.1 million 1–3/2021)
- Net interest income increased to EUR 4.3 million (EUR 4.0 million 1–3/2021)
- Non-performing loans remained low at 0.20% of loan book (0.14% 31 December 2021)
- Expected credit losses were 0.01% of the loan book
- Net fee and commission income was EUR 0.7 million (EUR 0.9 million 1–3/2021)
- Other income grew to EUR 1.8 million (EUR 1.3 million 1–3/2021) including valuation originated net income from securities trading EUR 1.1 million (EUR 0.4 million 1–3/2021)
- Total costs grew to EUR 5.8 million (EUR 5.1 million 1–3/2021) including an estimated EUR 1.9 million contribution to the Resolution Fund for the year 2022 (EUR 1.7 million 1–3/2021) and EUR 0.9 million in IT costs related to the renewal project of the core banking system (EUR 0.6 million 1–3/2021)
- Common Equity Tier 1 (CET1) ratio, calculated with standard and basic methods, was 13.9% (13.6% on 31 December 2021)
- Liquidity Coverage Ratio (LCR) was 134.1 % (179.9 % on 31 December 2021)

GROUP'S KEY FIGURES

(1000 €)	**1-3/2022**	**1-3/2021**	**2021**
Net interest income	4 270	4 026	17 276
Net fee and commission income	720	869	4 077
Total other income	1 844	1 272	4 734
Total expenses	-5 816	-5 079	-18 023
Operating profit	1 018	1 089	8 064
Receivables from the public and public sector entities	2 641 064	2 586 253	2 636 986
Deposits	1 520 958	1 563 683	1 660 288
Balance sheet total	3 217 483	3 503 477	3 324 839
Return on equity % (ROE)	2.3	2.3	4.7
Common Equity Tier 1 (CET1) ratio, %	13.9	13.5	13.6
Cost-to-income ratio, %	85.4	82.4	69.0
Non-performing assets, % of the loan portfolio	0.20	0.10	0.14
LTV-ratio, % / Loan to Value, average, %	32.0	33.9	33.1
Loans / deposits, %	173.6	165.4	158.8
Liquidity Coverage Ratio (LCR), %	134.1	213.7	179.9
Net Stable Funding Ratio (NSFR), %	108.6	114.6	114.1
Leverage Ratio (LR), %	4.0	3.5	3.8

Calculation of key figures and definitions are set out below.

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HYPO GROUP

The Mortgage Society of Finland Group (hereafter “Hypo Group” or “Group”) is the only nationwide expert organization specialized in home financing and housing in Finland. Hypo Group grants mortgages as well as renovation loans and consumer loans, both secured by residential property collateral, for first-time and other homebuyers. Hypo Group continuously develops new ways and models for housing and home financing.

Our customer promise – a *secure way for better living* – guides all our operations. Nearly 22 thousand customers, mainly in growth centers, have already taken us up on our promise.

The Mortgage Society of Finland, the parent company of the Group, has its domicile and administrative headquarters in Helsinki. The street address of the Mortgage Society of Finland is Yrjönkatu 9 A, 00120 Helsinki and the mail address is P.O.Box 509, 00101 Helsinki. The Mortgage Society of Finland is a mutual company governed by its member customers.

Suomen AsuntoHypoPankki Oy is a deposit bank that offers its customers deposit products and residential land trustee services. Suomen AsuntoHypoPankki Oy is a member of the Deposit Guarantee Fund and a wholly owned subsidiary of The Mortgage Society of Finland.

S&P Global Ratings (S&P) has assigned ‘BBB/A-2’ issuer credit ratings with stable outlook to The Mortgage Society of Finland.

Rating for the covered bonds of The Mortgage Society of Finland is ‘AAA’ with stable outlook (S&P Global Ratings).

OPERATING ENVIRONMENT

The Russian invasion of Ukraine impaired the outlook of global economy in February. The war drives up especially energy and commodity prices, disrupts commerce and weakens consumer confidence. The development of global economy remains uncertain as it depends on the duration of the conflict and the sanctions. At the same time the fading impact of the Omicron variant of the coronavirus has led to signs of easing supply bottlenecks. Rising inflation threatens economic activity if the war gets prolonged. The global composite output Purchasing Managers’ index declined in March after its rise in February as a consequence of the war-induced uncertainty.

Non-financial sector companies’ stock prices declined by 12% and the bank equity prices of euro area declined by 10% from 16 December 2021 to 9 March 2022. The Governing Council of ECB decided to hold the key interest rates unchanged in its meeting in March. The net asset purchases under the pandemic emergency purchase programme were discontinued at the end of March 2022 and the asset purchases will be reduced further. The long-term risk-free interest rates hiked significantly towards the end of the quarter. The Euribor rates rose and 12 months Euribor rate was –0.073% at the end of the first quarter.

The Finnish working day adjusted change of total output grew 2.9% in February from previous year’s corresponding month. In February the employment situation improved and the number of unemployed was lower than a year ago by 40 thousand persons but on the same level as two years ago. Consumer confidence weakened to its lowest level since the beginning of the coronavirus pandemic in March.

According to preliminary data, prices of old dwellings went up more than 3% between January and February from the previous year in the whole country. The corresponding price change was more than 3% in the metropolitan area while in the whole country excluding greater Helsinki prices rose by less than 3%. Home sales volumes were slightly lower and average times to sale fell in the whole country. The housing loan stock growth was 3.8% and the average interest rate on mortgage loans was 0.79% in the end of February.

The number of housing starts of residential buildings went up by more than 23% compared to the previous year between November and January. The year-on-year change in consumer prices was 5.8% in March.

KEY EVENTS

During the financial period, Hypo Group focused on strengthening its core businesses and on the renewal project of the core banking system, launched in 2019. Deployment of the first part of the new core information system took place during the review period. At the same the group ended the use of Oy Samlink Ab's IT system. Deployment proceeded as planned and without disruptions. The other parts of the new system are estimated to be in use by the year-end 2022.

The first quarter was marked by the armed attach by Russia into Ukraine. The sanctions adopted by EU in response to Russia's military attack against Ukraine, have had minor impact on Hypo Group's operations. The Group closely monitors the effect the war has on the general interest rate- and market development.

During the review period, the COVID-19 pandemic showed signs of acceleration. The Group has practiced remote working and the instructions of the authorities since the beginning of the pandemic and has succeeded in maintaining a good ability to function throughout the pandemic. Customers have been guided to operate online or by telephone and they have been offered moratoria on loan repayments within the normal credit policy, but the actual need for moratoria has remained low.

The amount of non-performing loans remained on a low level and it is not expected to grow significantly during the next financial period. The Forward-Looking Factor (FLF) affecting the amount of Expected Credit Losses (ECL) remained on its basic level and there have been no major changes in ECL levels or amounts.

Even though the pandemic has not yet had a major effect on the Hypo Group, the Group did prepare for future possible effects by making a supplementary provision of 32 thousand euros based on management judgement in 2020. The provision is allocated to loans on a certain ECL level and it has been made to cover the general uncertainty concerning the COVID-19 pandemic. The provision was kept unchanged.

RESULTS AND PROFITABILITY

January-March 2022

Hypo Group's operating profit was EUR 1.0 million (EUR 1.1 million for January–March 2021). Income grew 11 % from previous year and totalled EUR 6.8 million (EUR 6.2 million). Expenses grew 15% from previous year and totalled EUR 5.8 million (EUR 5.1 million), due to the growth of other operating expenses and the conservative expensing without activating the internal expenses of the core banking project. The largest single expense item was the estimated yearly contribution to the Single Resolution Fund EUR 1.9 million (EUR 1.7 million) which grew by 11% from the previous year and represented as much as 32% of total expenses on the financial period. Net interest income grew 6% to EUR 4.3 million (EUR 4.0 million) due to the moderate growth of other interest income and lower funding costs. Net fee and commission income totalled EUR 0.7 million (EUR 0.9 million).

Net income from investment properties (housing units and residential land) amounted to EUR 0.5 million (EUR 0.8 million), of which sale loss from investment properties were EUR 4.5 thousand (sale profit EUR 0.1 million).

Group's cost-to-income ratio was 85.4% (82.4%). The weakening was mainly due to operating expenses, which grew more than operating income.

Group's other comprehensive income EUR 0.2 million (EUR 0.6 million) includes EUR 0.8 million (EUR 0.8 million) profit for the financial period as well as the change in the fair value reserve EUR -0.4 million (EUR -0.2 million) and the revaluation of defined benefit pension plans EUR -0.2 million (EUR 0.04 million).

PERSONNEL

On 31 March 2022, the number of permanent personnel was 57 (55 on 31 December 2021). These figures do not include the CEO and the vice CEO.

ASSETS AND LIABILITIES

Lending

During the financial period, the loan portfolio remained on the same level as previous year, EUR 2,641.0 million (2,637.0 million on 31 December 2021).

Hypo Group has an entirely residential property-secured loan portfolio.

The weighted average Loan-to-Value ratio of the loan portfolio remained on a strong level and was 32.0% (33.1%) at the end of the financial period.

The amount of non-performing loans remained low at EUR 5.2 million (EUR 3.8 million), representing 0.20% (0.14%) of the loan portfolio. The increase was mainly due to one single exposure, which became non-performing during the financial period. There are no final credit losses expected from this exposure.

Liquid assets and other receivables

At the end of the financial period, cash and cash equivalents in accordance with the cash flow statement, combined with current account and other binding credit facilities, totalled EUR 473.3 million (EUR 590.9 million on 31 December 2021), which corresponds to 14.7% (17.8%) of the total assets. The cash and cash equivalents which totalled EUR 470.3 million consisted of assets distributed widely across various counterparties, and of debt securities tradable on the secondary market, of which 100.0% (100.0%) had a credit rating of at least 'AA- 'or were of equivalent credit quality and 100.0% (100.0%) were ECB repo eligible. Liquidity covers wholesale funding cash flows for the following 14 months. The Liquidity Coverage Ratio was 134.1% (179.9%).

The defined benefit plans surplus of EUR 4.7 million (EUR 4.9 million) from the Mortgage Society of Finland's pension fund has been recognized in Group's other assets.

Hypo Group offers rental apartments and residential land for its customers. Hypo Group's properties are located in selected growth centers, mainly in the Helsinki Metropolitan Area. The property in Hypo Group's own use, the Mortgage House, is located in the center of Helsinki. The difference between the fair value and the book value of the properties totalled EUR 4.7 million (EUR 4.7 million). Group's properties carry housing company loans for EUR 0.7 million (EUR 0.9 million).

Derivative contracts

The balance sheet value of derivative receivables was EUR 3.0 million on 31 March 2022 (EUR 14.3 million on 31 December 2021), and the value of liabilities was EUR 33.8 million (EUR 10.7 million).

Deposits and other funding

The total amount of deposits decreased by 8.4% and was EUR 1,521.0 million at the end of the financial period (EUR 1,660.3 million on 31 December 2021). The share of deposits accounted for 50.5% (53.0%) of total funding.

Since 2016 the Mortgage Society of Finland has issued covered bonds, totalling EUR 1,450 million (EUR 1,450 million) at the end of the financial period. The total amount of certificates of deposit grew to EUR 108.0 million (EUR 51.0 million).

The share of long-term funding of total funding was 45.9% on 31 March 2022 (45.4%). The requirement to hold stable funding (Net Stable Funding Ratio, NSFR) entered into force on 28 June 2021. The Group's NSFR-ratio at the end of the financial period was 108.6% (114.1%)

The total funding decreased by 3.9% and was EUR 3,011.2 million at the end of the financial period (EUR 3,132.2 million).

RISK TOLERANCE AND RISK MANAGEMENT

At the end of the financial period, Hypo Group's equity amounted to EUR 144.0 million (EUR 143.7 million on 31 December 2021). The changes in equity during the period are presented in Group's statement of equity attached to this Report.

Group's CET1 capital in relation to risk-weighted assets on 31 March 2022 was 13.9% (13.6% on 31 December 2021). Profit for the financial period is included in the Common Equity Tier 1 capital, based on the statement by the auditors. In measuring credit risk, the standardized approach is used. Group's own funds are quantitatively and qualitatively on an adequate level in relation to Group's current and future business. At the end of the financial period, Group's Leverage Ratio was 4.0% (3.8%).

The Finnish Financial Supervisory Authority (The Finnish FSA) has set a discretionary additional capital requirement of 1.25 percent (Pillar 2 requirement) for the Hypo Group. The requirement entered into force on 31 December 2019, and it will remain in force until further notice, however not longer than until 31 December 2022. The decision was made as a normal part of the Group's continuous supervisory review.

The Group's total capital requirement at the end of the financial period was 11.75%, consisting of minimum capital requirement 8%, capital conservation buffer requirement 2.5%, discretionary capital add-on (Pillar 2 requirement) 1.25% and countercyclical buffer requirements of foreign exposures.

The Finnish Financial Stability Authority has set a minimum requirement of own funds and eligible liabilities (MREL) as stated in the act on the Resolution of Credit Institutions and Investment Firms (1194/2014) chapter 8, section 7 for the Mortgage Society of Finland, applying from 1 January 2022. The requirement will consist solely of the loss-absorption amount (LAA) according to the act 1194/2014 chapter 8, section 7, subsection 2, paragraph 1. It can be covered with the same own funds as the capital adequacy requirement and therefore it will not cause any need to increase MREL-eligible funds.

The information required by EU's Capital Requirements Regulation (EU) 575/2013 Part eight (ie. Pillar 3 -information) is published yearly for the most part. The key metrics are published semi-annually. The amending regulation (EU) 2019/876 (ie. CRR II) entered into force on 28 June 2021, connecting the disclosure requirements to the size and complexity of the institution. The Finnish FSA has classified the Mortgage Society of Finland as a small and non-complex institution, for whom the disclosure requirements were simplified in the amendment.

SUMMARY OF CAPITAL ADEQUACY

(1000 €)	**31.3.2022**	**31.12.2021**
Common Equity Tier 1 capital before deductions	143 974,7	143 705.0
Deductions from Common Equity Tier 1 capital	-8 838,9	-15 451,5
Total Common Equity Tier 1 capital (CET1)	135 135,7	128 253,5
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Total Additional Tier 1 capital (AT1)	-	-
Tier 1 capital (T1 = CET1 + AT1)	135 135,7	128 253,5
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	-	-
Total capital (TC = T1 + T2)	135 135,7	128 253,5
Total risk weighted assets	969 757,3	944 445,6
of which credit risk	906 559,2	881 669,4
of which market risk (foreign exchange risk)	-	-
of which operational risk	43 383,2	43 383,2
of which other risks	19 814,9	19 393,0
CET1 Capital ratio (CET1-%)	13,9	13,6
T1 Capital ratio (T1-%)	13,9	13,6
Total capital ratio (TC-%)	13,9	13,6
Minimum capital	5 000,0	5 000,0

There have been no significant changes in the risk levels during the financial period. More detailed information on risk management practices and on capital adequacy is published with the Annual Financial Statements.

KEY EVENTS SINCE THE END OF THE FINANCIAL PERIOD

Since the end of the financial period of 1 January – 31 March 2022, no significant changes have occurred in the outlook or financial standing of the Mortgage Society of Finland or its Group.

On 20 April 2022 Hypo Group issued EUR 150 million covered bond to replace a similar covered bond maturing on 29 April 2022. It can be used as a collateral in central bank funding if needed. On 26 April 2022 Hypo also made a EUR 150 million tap issue to its 1/2019 covered bond, maturing on 13 March 2026.

FUTURE OUTLOOK

Outlook is exceptionally murky now. Economic growth will slow down due to the war in Ukraine as well as tightening monetary policy. Inflation remains high and real earnings decline. Risks are also related to the COVID-19 pandemic as new variations are a possibility. Housing markets react to the uncertainty with decreased volumes in housing transactions and construction. Main growth centers remain strong, while Eastern Finland is especially vulnerable. Urbanization will even increase due to the strong newbuilding to Helsinki-Tampere-Turku -areas. Institutional investors and subsidized building support construction activity. On the other hand, rising rates and tighter financing conditions will limit the activity.

Hypo Group focuses on finalisation and deployment of its new core information system and on strengthening its core business. The Group expects the share of profit made by it to rise following the increase of net interest and net fee income. Capital adequacy and liquidity will remain on a strong level.

The operating profit for 2022 is expected to be on the same level or slightly smaller than in 2021. The expectation contains uncertainties due to the development in economy and interest rates as well as uncertainties related to the renewal project of Hypo Group's core information systems, war in Ukraine and coronavirus pandemic.

Helsinki, 29 April 2022

The Board

CONSOLIDATED INCOME STATEMENT, IFRS

(1000 €)	1-3/2022	1-3/2021	2021
Interest income	6 743,0	6 700,5	28 017,3
Interest expenses	-2 473,4	-2 674,5	-10 741,6
NET INTEREST INCOME	4 269,6	4 026,0	17 275,7
Fee and commission income	738,4	882,7	4 146,5
Fee and commission expenses	-18,6	-13,6	-69,4
Net income from securities and foreign currency transactions			
Net income from securities trading	1 096,9	387,9	1 671,7
Net income from financial assets at fair value through other comprehensive income	0,0	0,0	53,1
Net income from hedge accounting	266,2	128,4	31,8
Net income from investment properties	490,8	761,1	3 006,6
Other operating income	-9,6	-5,3	-29,0
Administrative expenses			
Personnel costs			
Wages and salaries	-1 728,8	-1 651,8	-7 154,3
Other personnel related costs			
Pension costs	-321,3	-268,6	-1 167,9
Other personnel related costs	-39,4	-47,8	-322,7
Other administrative expenses	-1 303,5	-949,4	-5 136,4
Total administrative expenses	-3 393,0	-2 917,5	-13 781,3
Depreciation and impairment losses on tangible and intangible assets	-192,4	-217,9	-796,3
Other operating expenses	-2 253,4	-1 944,2	-3 409,6
Net gains/losses on derecognition of financial assets measured at amortised cost	23,4	0,9	-36,1
Net gains/losses on derecognition of other financial assets	-0,3	0,0	0,0
OPERATING PROFIT	1 018,0	1 088,6	8 063,9
Income taxes	-187,0	-293,5	-1 505,6
OPERATING PROFIT AFTER TAX	831,0	795,1	6 558,3
PROFIT FOR THE PERIOD	831,0	795,1	6 558,3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

(1000 €)	1-3/2022	1-3/2021	2021
Profit for the period	831,0	795,1	6 558,3
Other comprehensive income items			
Items that may be reclassified subsequently to income statement			
Change in fair value reserve			
Financial assets at fair value through other comprehensive income	-404,7	-228,8	-446,4
	-404,7	-228,8	-446,4
Items that may not be reclassified subsequently to the income statement			
Revaluation of defined benefit pension plans	-156,7	45,9	643,5
	-156,7	45,9	643,5
Total other comprehensive income items	-561,4	-182,9	197,0
COMPREHENSIVE INCOME FOR THE PERIOD	**269,7**	**612,2**	**6 755,4**

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)	**31.3.2022**	**31.12.2021**	**31.3.2021**
ASSETS			
Cash	291 000,0	388 200,0	556 900,0
Debt securities eligible for refinancing with central banks			
Treasury bills			
Other	172 470,4	191 526,2	238 197,4
Receivables from credit institutions			
Repayable on demand	6 778,7	8 148,1	9 261,9
Other	20,4	47,3	59,5
	6 799,1	8 195,5	9 321,3
Receivables from the public and public sector entities			
Other than those repayable on demand	2 641 063,8	2 636 986,1	2 586 253,2
Shares and holdings	23,9	23,9	132,4
Derivative financial instruments	3 039,0	14 250,5	22 372,5
Intangible assets			
Other long-term expenditure	9 884,2	9 173,9	7 571,1
Tangible assets			
Investment properties and shares and holdings in investment properties	55 111,5	55 410,4	57 248,0
Other properties and shares and holdings in real estate corporations	628,1	630,0	635,4
Other tangible assets	503,5	516,1	481,4
	56 243,1	56 556,4	58 364,8
Other assets	32 554,4	17 227,3	15 558,8
Accrued income and advances paid	4 327,0	2 692,9	8 799,6
Deferred tax receivables	77,7	6,3	6,3
TOTAL ASSETS	**3 217 482,5**	**3 324 838,8**	**3 503 477,4**

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)	**31.3.2022**	**31.12.2021**	**31.3.2021**
LIABILITIES			
Liabilities to credit institutions			
Central banks	150 000,0	150 000,0	100 000,0
Credit institutions			
Repayable on demand			
Other than those repayable on demand	1 111,0	1 110,9	3 332,3
	151 111,0	151 110,9	103 332,3
Liabilities to the public and public sector entities			
Deposits			
Repayable on demand	895 302,1	940 016,3	914 352,3
Other	625 655,8	720 271,6	649 330,7
	1 520 958,0	1 660 288,0	1 563 683,0
Other liabilities			
Other than those repayable on demand	8 935,3	9 447,1	11 108,8
	1 529 893,3	1 669 735,0	1 574 791,8
Debt securities issued to the public			
Bonds	1 222 206,2	1 260 394,3	1 575 040,8
Other	107 983,1	50 994,8	50 997,2
	1 330 189,2	1 311 389,0	1 626 038,0
Derivative financial instruments	33 792,9	10 680,7	9 319,5
Other liabilities			
Other liabilities	11 858,9	23 339,5	34 040,2
Deferred income and advances received	7 021,1	5 166,5	8 568,8
Deferred tax liabilities	9 641,4	9 712,3	9 824,9
EQUITY			
Basic capital	5 000,0	5 000,0	5 000,0
Other restricted reserves			
Reserve fund	31 316,9	31 316,9	31 316,9
Fair value reserve			
From fair value recognition	20,0	424,7	642,3
Defined benefit pension plans	3 815,7	3 972,4	3 374,8
Unrestricted reserves			
Other reserves	22 923,5	22 923,5	22 923,5
Retained earnings	80 067,5	73 509,2	73 509,2
Profit for the period	831,0	6 558,3	795,1
	143 974,7	143 705,0	137 561,8
TOTAL LIABILITIES	**3 217 482,5**	**3 324 838,8**	**3 503 477,4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(1000 €)	Basic capital	Reserve fund	Fair value reserve	Other reserves	Retained earnings	Total
Equity 1 January 2021	5 000,0	28 893,0	4 200,0	22 923,5	75 933,1	136 949,6
Profit for the period					795,1	795,1
Other comprehensive income						
Profit use of funds		2 423,8			-2 423,8	0,0
Financial assets at fair value through other comprehensive income						
Change in fair value			-286,0			-286,0
Change in deferred taxes			57,2			57,2
Revaluation of defined benefit plans						
Actuarial gains / losses			57,4			57,4
Change in deferred taxes			-11,5			-11,5
Total other comprehensive income	0,0	2 423,8	-182,9	0,0	-2 423,8	-182,9
Equity 31 March 2021	**5 000,0**	**31 316,9**	**4 017,1**	**22 923,5**	**74 304,3**	**137 561,8**
Equity 1 January 2022	5 000,0	31 316,9	4 397,1	22 923,5	80 067,5	143 705,0
Profit for the period					831,0	831,0
Other comprehensive income						
Profit use of funds						0,0
Financial assets at fair value through other comprehensive income						
Change in fair value			-506,0			-506,0
Amount transferred to the income statement			0,0			0,0
Change in deferred taxes			101,3			101,3
Revaluation of defined benefit plans						
Actuarial gains / losses			-195,9			-195,9
Change in deferred taxes			39,2			39,2
Total other comprehensive income	0,0	0,0	-561,4	0,0	0,0	-561,4
Equity 31 March 2022	**5 000,0**	**31 316,9**	**3 835,7**	**22 923,5**	**80 898,6**	**143 974,7**

CONSOLIDATED CASH FLOW STATEMENT

(1000 €)	1-3/2022	1-3/2021
Cash flow from operating activities		
Interest received	5 108,5	4 912,4
Interest paid	-2 964,1	-3 051,5
Fee income	766,6	891,1
Fee expenses	-18,6	-13,6
Net income from securities and foreign currency transactions	1 096,9	387,9
Net income from financial assets at fair value through other comprehensive income	0,0	0,0
Net income from hedge accounting	266,2	128,4
Net income from investment properties	663,4	665,5
Other operating income	-9,6	-5,3
Administrative expenses	-614,5	-1 293,8
Other operating expenses	-2 259,0	-1 949,2
Expected credit losses	23,3	1,1
Income taxes	-223,8	-561,6
Total net cash flow from operating activities	**1 835,4**	**111,5**
Operating assets increase (-) / decrease (+)		
Receivables from customers (lending)	-3 748,5	-76 621,9
Collateral, derivatives	-28 013,2	-5 700,9
Investment properties	-107,6	22,3
Operating assets increase (-) / decrease (+) total	**-31 869,3**	**-82 300,5**
Operating liabilities increase (+) / decrease (-)		
Liabilities to the public and public sector organisations (deposits)	-139 330,0	1 448,6
Operating liabilities increase (+) / decrease (-) total	**-139 330,0**	**1 448,6**
NET CASH FLOWS ACCRUED FROM OPERATING ACTIVITIES	**-169 363,9**	**-80 740,4**
Cash flows from investments		
Change in fixed assets	-888,2	-965,1
Equity investments increase (-) / decrease (+)	0,0	0,0
NET CASH FLOWS ACCRUED FROM INVESTMENTS	**-888,2**	**-965,1**
Cash flows from financing		
Bank loans, new withdrawals	736,3	4,2
Bank loans, repayments	-736,1	-3,7
Other liabilities, increase (+) / decrease (-)	-524,0	-860,4
Bonds, new issues	38 686,1	298 832,3
Bonds, repayments	-42 550,5	-1 299,5
Certificates on deposit, new issues	85 997,6	30 042,8
Certificates on deposit, repayments	-29 009,3	-30 033,4
NET CASH FLOWS ACCRUED FROM FINANCING	**52 600,0**	**296 682,3**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-117 652,1**	**214 976,9**
Cash and cash equivalents at the beginning of the period	**587 921,7**	**589 441,9**
Cash and cash equivalents at the end of the period	**470 269,5**	**804 418,7**
CHANGE IN CASH AND CASH EQUIVALENTS	**-117 652,1**	**214 976,9**

NOTES

1. Key accounting policies

This Interim Report applies the same IFRS accounting policies as the Group's Financial Statements on 31 December 2021. The Interim Report has been prepared in accordance with the IAS 34 standard (Interim Financial Reporting) approved in the EU. No other new standards or interpretations with material effect on Hypo Group's financial position, profit or equity, entered into force in the financial period beginning 1 January 2022.

The Interim Report does not contain all information and Notes that are required in the annual Financial Statements. The Interim Report should be read in conjunction with the Group's Financial Statements 2021 and Stock Exchange Releases published during 1 January to 31 March 2022. The figures in the tables in the Release are presented in thousands of euros.

Parent company of the Group, the Mortgage Society of Finland has its domicile and administrative headquarters in Helsinki. The street address of the Mortgage Society of Finland is Yrjönkatu 9 A, 00120 Helsinki and the mail address is P.O.Box 509, 00101 Helsinki. Hypo is a mutual company governed by its member customers.

The Interim Report has been approved on 29 April 2022 by the Board of Directors of The Mortgage Society of Finland to be published on 2 May 2022. The Interim Report has not been audited.

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

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 percent, and Bostadsaktiebolaget Taos, of which the Group companies own 54.6 percent. The financial statements of AsuntoHypoPankki have been consolidated using the acquisition cost method. Ownership in housing company Bostadsaktiebolaget Taos is accounted for using IFRS 11 Joint Arrangements -standard. Assets, liabilities, revenue and expenses of the joint operations are recognized in relation to Hypo Group's interest in the joint operation. Inter-company transactions and balances between Group companies are eliminated.

2. New standards and interpretations

Standards and interpretations entered into force during the financial period have not had a material effect on Group's financial statements. Accordingly, the new standards and interpretations published by the IASB that have not yet been adopted are not expected to have a material effect on the consolidated financial statements.

3. Issuances and repayments of debt securities and equity instruments

Issuances, repayments and repurchases of debt securities appear on cash flow statement for the period from 1 January to 31 March 2022. Equity instruments have not been issued nor repaid during the period from 1 January to 31 March 2022.

4. Capital Adequacy Information

Hypo Group's own funds and capital ratios

(1000 €)	31.3.2022	31.12.2021
Common Equity Tier 1 (CET1) capital: Instruments and reserves		
Capital instruments and the related share premium accounts	5 000,0	5 000,0
of which: Basic capital	5 000,0	5 000,0
Retained earnings	80 067,5	73 509,2
Accumulated other comprehensive income and other reserves	58 076,1	58 637,4
Independently reviewed interim profits net of any foreseeable charge or dividend	831,0	6 558,3
Common Equity Tier 1 (CET1) capital before regulatory adjustments	143 974,7	143 705,0
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Intangible assets	-983,1	-7 339,1
Deferred tax assets that rely on future profitability	-77,7	-6,3
Value adjustments due to the requirements for prudent valuation	-209,8	-216,9
Defined-benefit pension fund assets	-7 568,3	-7 889,2
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-8 838,9	-15 451,5
Common Equity Tier 1 (CET1) capital	135 135,7	128 253,5
Additional Tier 1 (AT1) capital	0,0	0,0
Tier 2 (T2) capital	0,0	0,0
Total capital (TC = T1 + T2)	135 135,7	128 253,5
Total risk weighted assets	969 757,3	944 445,6
Capital ratios and buffers		
Common Equity Tier 1 (CET1) as a percentage of total risk exposure amount	13,9	13,6
Tier 1 (T1) as a percentage of total risk exposure amount	13,9	13,6
Total capital as a percentage of total risk exposure amount	13,9	13,6
Institution specific buffer requirement, %	7,0	7,0
of which: capital conservation buffer requirement, %	2,5	2,5
of which: countercyclical buffer requirement, %	0,0	0,0
of which: systemic risk buffer requirement, %	0,0	0,0
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer, %	0,0	0,0
Discretionary capital add-on (Pillar 2), %	1,25	1,25
Commom Equity Tier 1 available to meet buffers, %	10,4	10,1

The own funds and capital adequacy are presented in accordance with the EU’s Capital Requirements Regulation (575/2013).
The capital requirement for credit and counterparty credit risk is calculated using the standard method.
The capital requirement for operational risk is calculated using the basic method.
No restrictions applied in the EU’s Capital Requirements Regulation (575/2013) compliant own funds calculation and no elements of own funds other than what is laid down in this regulation is used.

Credit and counterparty risks according to the standard method, operative risk and other risks, balance sheet and off-balance sheet items

(1000 €) **31.3.2022**

Credit and counterparty risks	Original exposure pre conversion factors	Exposure value	Risk weighted exposure amount after SME-supporting factor	Own funds requirement
Exposures to central governments or central banks	387 991,1	438 950,7	0,0	0,0
Exposures to regional governments or local authorities	56 923,0	64 155,3	0,0	0,0
Exposures to international organisations	2 272,6	2 272,6	0,0	0,0
Exposures to credit institutions	67 366,7	84 294,1	36 518,3	2 921,5
Exposures to corporates	43 199,1	1 190,6	907,1	72,6
Retail exposures	48 269,5	15 253,8	9 953,0	796,2
Exposures secured by mortgages on immovable property	2 802 021,0	2 658 580,3	786 750,4	62 940,0
Exposures in default	4 976,0	4 880,9	4 885,7	390,9
Exposures in the form of covered bonds	18 814,7	18 814,7	1 881,5	150,5
Equity investments	23,9	23,9	23,9	1,9
Other items	66 139,4	66 139,4	65 639,4	5 251,1
	3 497 996,9	3 354 556,2	906 559,2	72 524,7
Operational risk			43 383,2	3 470,7
Other risks			19 814,9	1 585,2
All items in total	**3 497 996,9**	**3 354 556,2**	**969 757,3**	**77 580,6**

(1000 €) **31.12.2021**

Credit and counterparty risks	Original exposure pre conversion factors	Exposure value	Risk weighted exposure amount after SME-supporting factor	Own funds requirement
Exposures to central governments or central banks	483 099,8	535 914,3	0,0	0,0
Exposures to regional governments or local authorities	77 821,6	84 041,9	0,0	0,0
Exposures to international organisations	0,0	0,0	0,0	0,0
Exposures to credit institutions	56 825,6	53 043,8	18 411,5	1 472,9
Exposures to corporates	54 400,9	32 714,3	22 468,0	1 797,4
Retail exposures	50 413,1	12 637,3	8 348,2	667,9
Exposures secured by mortgages on immovable property	2 747 455,5	2 620 014,6	770 417,5	61 633,4
Exposures in default	2 646,8	2 480,4	2 490,7	199,3
Exposures in the form of covered bonds	10 706,6	10 706,6	1 070,7	85,7
Equity investments	23,9	23,9	23,9	1,9
Other items	58 938,9	58 938,9	58 438,9	4 675,1
	3 542 332,5	3 410 515,9	881 669,4	70 533,5
Operational risk			43 383,2	3 470,7
Other risks			19 393,0	1 551,4
All items in total	**3 542 332,5**	**3 410 515,9**	**944 445,6**	**75 555,6**

Risk-weighting of the following exposures: sovereigns, regional governments, local authorieties, public sector entities, institutions and companies;
is based on the ratings assigned by S&P, Fitch and Moody's where applicable.
Own funds requirement for credit and counterparty risks have been calculated using eight percent requirement of risk-weighted exposures
in accordance with Article 438 of the EU’s Capital Requirements Regulation (575/2013) .
The other risk-weighted items consist of credit valuation risk (CVA).

5. Contingent liabilities and other off-balance sheet commitments

(1000 €)	**31.3.2022**	**31.12.2021**
Irrevocable commitments given on behalf of a customer		
Granted but unclaimed loans	254 293,7	215 837,3
Total	254 293,7	215 837,3

6. Fair values of financial instruments

(1000 €)		**31.3.2022**	**31.12.2021**
Financial assets	Fair value determination principle	Fair value	Fair value
Debt securities eligible for refinancing with central banks	A	172 470,4	191 526,2
Derivative contracts	B	3 039,0	14 250,5
Total		175 509,5	205 776,7
Financial liabilities			
Derivative contracts	B	33 792,9	10 680,7

Derivative contracts consist of interest rate 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. There have been no transfers between the stages (A, B, C).

7. Related party information

Hypo Group's related parties include its subsidiary, members of the Board of Directors and the Supervisory Board, CEO and debuty to the CEO, members of the Management Group and close family members of the aforementioned as well as related party entities. In addition, The Mortgage Society of Finland's pension fund and joint operations are included in related parties. Those related party transactions that have not been eliminated in the consolidated financial statements are presented.

There have been no other material changes in the related party transactions since 31 December 2021.

8. IFRS 9 expected credit losses by stage

(1000 €)	Net book value	Expected credit loss allowance	Net book value	Expected credit loss allowance
	31.3.2022	**31.3.2022**	**31.12.2021**	**31.12.2021**
Receivables from the public and public sector entities				
Level 1, performing loans, no significant increase in credit risk	2 588 087,2	9,6	2 617 809,1	9,6
Level 2, performing loans with a significant increase in credit risk	47 771,3	68,2	15 373,9	72,1
Level 3, non-performing loans	5 205,3	115,8	3 803,1	129,2
Total	**2 641 063,8**	**193,6**	**2 636 986,1**	**210,9**
Debt instruments, FVOCI				
Level 1, performing loans, no significant increase in credit risk	86 229,5	0,0	77 814,7	0,0
Other assets, trade receivables				
Level 1, performing loans, no significant increase in credit risk	332,5	0,0	382,5	0,0
Off-balance sheet commitments; granted but undrawn loans				
Level 1, performing loans, no significant increase in credit risk	254 293,7	0,3	215 837,3	0,1

There were no significant ECL-level transitions during the financial period. New loans were originated to level one.
The Forward Looking Factor (FLF) of the ECL model is on level 0. The level of FLF is evaluated monthly.

(1000 €)	Net expected credit losses with P&L impact	Net expected credit losses with P&L impact	Net expected credit losses with P&L impact
	1–3/2022	**1–3/2021**	**1–12/2021**
Receivables from the public and public sector entities			
Level 1, performing loans, no significant increase in credit risk	0,0	-5,0	2,5
Level 2, performing loans with a significant increase in credit risk	3,9	7,1	0,3
Level 3, non-performing loans	13,4	114,3	115,2
Total	**17,3**	**116,5**	**118,0**
Debt instruments, FVOCI			
Level 1, performing loans, no significant increase in credit risk	0,0	0,0	0,0
Other assets, trade receivables			
Level 1, performing loans, no significant increase in credit risk	0,0	0,0	0,0
Off-balance sheet commitments; granted but undrawn loans			
Level 1, performing loans, no significant increase in credit risk	-0,2	0,0	-0,1

9. IFRS 15 Income distribution

Group's total income

(1000 €)

	1–3/2022	1–3/2021	2021
Interest income	6 743,0	6 700,5	28 017,3
Interest expense	-2 473,4	-2 674,5	-10 741,6
Net interest income	4 269,6	4 026,0	17 275,7
Net fee income			
from lending operations	321,6	402,30	1 923,6
from land trustee services	384,0	389,06	1 784,3
from other operations	14,2	77,76	369,2
Total net fee income	719,8	869,1	4 077,2
Net income from treasury operations	1 363,2	516,4	1 756,7
Net income from investment properties	495,3	680,3	2 518,7
Capital gains on investment properties	-4,5	80,8	487,9
Other income	-9,6	-5,3	-29,0
Non-interest income	1 844,4	1 272,2	4 734,3
Total income	6 833,8	6 167,3	26 087,1

10. IFRS 16 Leases

Hypo Group as lessee

(1000 €)

Right-of-use assets	1–3/2022	1–3/2021	2021
Depreciation - IT	0,0	0,0	0,0
Depreciation - Apartments	56,0	56,4	255,8
Carrying amount - IT	0,0	0,0	0,0
Carrying amount - Apartments	392,0	251,3	82,0
Lease liabilities			
Interest expense	2,7	1,8	5,1
Carrying amounts sorted by remaining maturity			
Non-fixed-term leases	393,2	252,1	83,0
Relief options			
Expenses from leases of low-value assets	2,9	2,2	8,8

Hypo Group leases office premises in Helsinki as well as IT products and services.
The lease terms of these contracts are non-fixed.

Hypo Group as a lessor

(1000 €)

Operative leases	1–3/2022	1–3/2021	2021
Lease income	538,1	594,4	2 271,6
Undiscounted lease payments to be received			
1 year	743,9	836,0	751,5
2 year	230,8	500,4	302,5
3 year	206,4	231,5	204,7
4 year	185,9	207,1	190,8
5 year	180,5	186,7	178,8
>5 years	5 309,9	5 536,0	5 292,3

Hypo Group leases out building plots, apartments, office space and parking lots.

11. Information concerning asset encumbrance

31 March 2022

(1000 €)	Book value of encumbered assets		Fair value of encumbered assets		Book value of unencumbered assets		Fair value of unencumbered assets	
		of which notionally elligible EHQLA and HQLA		of which notionally elligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
A - Assets	1 877 836		1 877 836		1 339 647		1 339 647	
Equity instruments					24		24	
Debt securities	10 583	10 583	10 583	10 583	162 374	162 374	162 374	162 374
Other assets, including lending	1 867 253	-	1 867 253		1 177 249	289 977	1 177 249	

B - Collateral received

	Unencumbered
	Fair value of collateral received or own debt securities issued available for encumbrance
Own covered bonds and asset-backed securities issued and not yet pledged	32 281

C - Encumbered assets and associated liabilities

	Liabilities associated with encumbered assets	Encumbered assets
Book value of selected financial liabilities	148 977	213 051
Debt securities issued to the public	1 224 229	1 626 938
Derivative contracts	25 537	37 847
Total	1 398 743	1 877 836

D - Information on the importance of encumbrance

The amount of assets reported under items A and C above does not include excess collateral except for covered bonds. Group's encumbered assets consist of debt securities, cover asset pool and cash collateral for derivative contracts that are tradable on the secondary market and eligible as ECB collateral and that have been pledged against a loan from the central bank.

Encumbered assets totaled EUR 1,877.8 million, out of which of covered bonds were EUR 1,698.7 million on 31 March 2022. Unencumbered debt securities that are tradable on the secondary market and eligible as ECB collateral and that can be used as collateral in monetary policy operations totaled EUR 162.3 million on 31 March 2022. EUR 520.2 million of unencumbered loans may be used as collateral for covered bonds.

31 December 2021

(1000 €)	Book value of encumbered assets		Fair value of encumbered assets		Book value of unencumbered assets		Fair value of unencumbered assets	
		of which notionally elligible EHQLA and HQLA		of which notionally elligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
A - Assets	1 858 022		1 858 022		1 466 817		1 466 817	
Equity instruments					24		24	
Debt securities	10 743	10 743	10 743	10 743	181 245	181 245	181 245	181 245
Other assets, including lending	1 847 278	-	1 847 278		1 285 548	387 365	1 285 548	

B - Collateral received

	Unencumbered
	Fair value of collateral received or own debt securities issued available for encumbrance
Own covered bonds and asset-backed securities issued and not yet pledged	34 326

C - Encumbered assets and associated liabilities

	Liabilities associated with encumbered assets	Encumbered assets
Book value of selected financial liabilities	149 165	210 860
Debt securities issued to the public	1 262 978	1 625 969
Derivative contracts	3 299	21 194
Total	1 415 442	1 858 022

D - Information on the importance of encumbrance

The amount of assets reported under items A and C above does not include excess collateral except for covered bonds. Group's encumbered assets consist of debt securities, cover asset pool and cash collateral for derivative contracts that are tradable on the secondary market and eligible as ECB collateral and that have been pledged against a loan from the central bank.

Encumbered assets totaled EUR 1,858,0 million, out of which of covered bonds were EUR 1,695.9 million on 31 December 2021. Unencumbered debt securities that are tradable on the secondary market and eligible as ECB collateral and that can be used as collateral in monetary policy operations totaled EUR 181.2 million on 31 December 2021. EUR 549.4 million of unencumbered loans may be used as collateral for covered bonds.

Sources:
Loans and deposits; Bank of Finland
Housing prices; Statistics Finland

Key indicators and alternative performance measures are reported together with indicators defined and named in the IFRS standards in order to give useful additional information on the business operations. Key indicators and alternative performance measures describe the economic profit, financial standing or cash flows from business operations, but are other than the indicators defined and named in the IFRS standards. The indicators defined in the Capital Requirements Regulation (EU 575/2013) CRR, describe the risk-absorbing capacity of a credit institution.

Definitions of Alternative Performance Measures:

Operating profit/profit before appropriations and taxes, milj. €	Interest income + income from equity investments + fee income + net income from financial assets at fair value through other comprehensive income + net income from currency operations and securities trading + net income from hedge accounting + income from investment properties + other operating income – (administrative expenses + depreciation and impairment losses on tangible and intangible assets + other operating expenses+ expected credit losses on loans and other commitments)	
Return on equity % (ROE)	Operating profit - income taxes ——— Equity + accumulated appropriations less deferred tax liabilities (average total at the beginning and end of the year)	x 100
Cost-to-income ratio, %	Administrative expenses + depreciation and impairment losses on tangible and intangible assets + other operating expenses ——— Net interest income + income from equity investments + net fee and commission income + net income from currency operations and securities trading + net income from financial assets at fair value through other comprehensive income + net income from hedge accounting + net income from investment properties + other operating income	x 100
LTV-ratio (Loan to Value, average), %	Receivables from the public and public sector entities ——— Fair value of collateral received against the receivables from the public and public sector entities Loan-to-value ratio is calculated by dividing the outstanding loan balance with the fair value of the total amount of the collaterals allocated to the loan. Only housing and residential property collaterals are taken into account. The average LTV ratio is the weighted average of individual loan-to-value ratios.	x 100
Expected credit losses, %	Expected credit losses from loans to the public in P&L ——— Lending to the public at the end of the period	x 100
Loans/deposits %	Receivables from the public and public sector entities ——— Deposits	x 100
Deposits out of total funding, %	Deposits ——— Total funding Total funding includes liabilities to credit institutions, liabilities to the public and public sector entities, debt securities issued to the public as well as subordinated liabilities.	x 100
Long-term funding out of total funding, %	Total funding with a remaining maturity of 12 months ——— Total funding Total funding includes liabilities to credit institutions, liabilities to the public and public sector entities, debt securities issued to the public as well as subordinated liabilities.	x 100
Short-term liquidity, months	Coverage of short-term liquidity to wholesale funding cash flows (difference of days multiplied with 365 (days in a year)multiplied with 12 (months in a year))	
Average number of personnel	Number of personnel includes those in employment relationship during the financial year. Average number of personnel is calculated by dividing the sum of the number of permanent full-time personnel at the end of each month by the total number of months.	

Definitions of Key Financial Indicators set out in EU's Capital Requirements Regulation:

Non-performing assets, % of the loan portfolio

$$\frac{\text{Receivables from the public and public sector entities deemed unlikely to be paid + receivables past due and unpaid over 90 days}}{\text{Receivables from the public and public sector entities}} \times 100$$

Non-performing assets are presented in accordance with the EU's Capital Requirements Regulation (575/2013).

LCR-ratio, %

$$\frac{\text{Liquid assets}}{\text{Outflow of liquidity – Inflow of liquidity (within 30 days)}} \times 100$$

LCR-ratio is calculated in accordance with the EU's Capital Requirement Regulation CRR (EU 575/2013).

NSFR-ratio, %

$$\frac{\text{Available stable funding}}{\text{Required stable funding}} \times 100$$

NSFR-ratio is calculated in accordance with the EU's Capital Requirement Regulation CRR (EU 575/2013).

Leverage Ratio, %

$$\frac{\text{Tier 1 Capital}}{\text{Total exposure}} \times 100$$

Leverage Ratio, % is calculated in accordance with the EU's Capital Requirement Regulation CRR (EU 575/2013).

Common Equity Tier 1 (CET1) ratio %

$$\frac{\text{Common Equity Tier 1, CET1}}{\text{Total risk}} \times 100$$

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

Description of Alternative Performance Measures:

Operating profit, profit before appropriations and taxes is an indicator of profitability in the financial statement describing the net revenues from business operations after taking into account expenses, expected credit losses/impairment losses and depreciations.

Return on equity % (ROE) measures profitability of business operations by revealing how much profit is generated in relaton to the equity accrued over a financial period. The Mortgage Society of Finland is a mutual company and thus it does not pay dividends.

Cost-to-income ratio, % describes business performance by comparing total costs to total income. The less input is used to accumulate revenue, the better the efficiency.

LTV-ratio (Loan to Value, average), % compares the outstanding balance of credit owed by a customer to the fair value of the collaterals provided by the customer. The ratio reflects a credit institution's lending in relation to its collateral position.

Loans / deposits, % describes the relation of lending to deposit funding. A ratio exceeding 100 per cent indicates that in addition to deposit funding, wholesale funding and equity are used as funding sources.

Deposits out of total funding, % indicator describes the structure of funding.

Long-term funding out of total funding, % the ratio describes the structural funding risk of a credit institution. Long-term funding extends the planning and implementation horizon of the credit institution's funding therefore reducing the risk of having to raise funds under disadvantageous market conditions.

Short-term liquidity, months, describes the coverage of short-term liquidity to wholesale funding cash flows.

Average number of personnel describes the personnel resources available.

Expected credit losses, % compares expected credit losses in P&L from the loan portfolio to the loan portfolio in total. The smaller the ratio the less credit losses are expected in the future.

This is an unofficial English language translation of the original Finnish language release (Financial Statements Release) 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.

Opinion on the review of the 1 January – 31 March 2022 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 2022, 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 2022 and the result and cash flows of its operations for the three months period ended.

Helsinki 2 May 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)

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