THE MORTGAGE SOCIETY OF FINLAND

Half-year Report

1 January–30 June 2023

The Interim Report for the period of 1 January 2023 to 30 September 2023 will be published on 1 November 2023.

The Half-year Report does not contain all information or notes that are required in the Annual Financial Statements. The Half-year Report should be read in conjunction with the Group's Financial Statements 2022 and Stock Exchange Releases published during the period of 1 January to 30 June 2023.

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

The Half-year Report has been approved on 30 August 2023 by the Board of Directors of The Mortgage Society of Finland to be published on 31 August 2023.

The Half-year Report is unaudited.

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

Hypo Group’s January–June 2023

The home finance specialist Hypo Group’s net operating profit grew and capital adequacy remained strong

CEO Ari Pauna:

“Focusing on low-risk housing collateralized lending in urbanising Finland still provides stability despite the continuous uncertainty in operating environment. Hypo Group’s loan portfolio grew more strongly than the markets. Net interest income, capital adequacy and liquidity remained strong. Non-performing loans and impairment losses remained at low level. The year 2023 has continued as expected. During uncertain times, the services of a specialist organization are in demand. There is a strong demand for home financing from us and we respond to the demand comprehensively supported by completely renewed banking technology.”

- Operating profit was EUR 5.4 million (EUR 4.0 million 1–6/2022)
- Net interest income was EUR 8.0 million (EUR 8.8 million 1–6/2022)
- Non-performing loans remained low at 0.13% of loan book (0.14% 31 December 2022)
- Expected credit losses were 0.01% of the loan book (0.01 % 31 December 2022)
- Net fee and commission income grew to EUR 2.5 million (EUR 1.9 million 1–6/2022)
- Other income grew to EUR 3.2 million (EUR 3.8 million 1–6/2022)
- Total costs decreased to EUR 8.2 million (EUR 10.4 million 1–6/2022)
- Common Equity Tier 1 (CET1) ratio, calculated with standard and basic methods, was 13.9% (13.8% on 31 December 2022)
- Liquidity Coverage Ratio (LCR) was 256.1% (201.6 % on 31 December 2022)

GROUP'S KEY FIGURES (1000 €)	**1-6/2023**	**1-6/2022**	**4-6/2023**	**4-6/2022**	**1-12/2022**
Net interest income	7 961	8 755	3 184	4 485	15 264
Net fee and commission income	2 509	1 866	1 489	1 146	3 592
Total other income	3 180	3 812	2 966	1 968	5 766
Total expenses	-8 203	-10 386	-2 604	-4 571	-17 543
Operating profit	5 448	4 047	5 034	3 029	7 079
Receivables from the public and public sector entities	2 805 114	2 689 470	2 805 114	2 689 470	2 749 916
Deposits	1 405 304	1 448 047	1 405 304	1 448 047	1 463 261
Balance sheet total	3 524 581	3 316 229	3 524 581	3 316 229	3 461 004
Return on equity % (ROE)	5,8	4,6	11,2	6,8	4,0
Common Equity Tier 1 (CET1) ratio	13,9	14,0	13,9	14,0	13,8
Cost-to-income ratio, %	59,4	72,2	34,1	60,3	71,2
Non-performing assets, % of the loan portfolio	0,13	0,22	0,13	0,22	0,14
LTV-ratio, % / Loan to Value, average, %	30,4	31,4	30,4	31,4	30,8
Loans / deposits, %	199,6	185,7	199,6	185,7	187,0
Liquidity Coverage Ratio (LCR), %	256,1	163,0	256,1	163,0	201,6
Net Stable Funding Ratio (NSFR), %	109,9	106,8	109,9	106,8	106,5
Leverage Ratio (LR), %	3,9	4,0	3,9	4,0	3,9

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 expert organization specialized in home financing 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. Over 23 thousand customers 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 offers its customers deposit products and residential land trustee services. Suomen Asuntohypopankki Oy is a member of the Deposit Guarantee Fund and a deposit bank wholly owned by The Mortgage Society of Finland.

S&P Global Ratings 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

Global economic growth remained resilient in the second quarter, driven mainly by the service sector. Inflation remained above the target level and geopolitical tensions as well as weakening of world trade slowed down the growth rate of the global economy. The ongoing Russian invasion of Ukraine still causes challenges to the global economy. The global composite output Purchasing Managers’ index declined in the second quarter, which also indicates a weakening in global economic growth.

Non-financial sector companies’ stock prices increased by 4.5% and the bank equity prices of euro area gained 5.7% from 16 March 2023 to 14 June 2023. The Governing Council of the ECB raised its key interest rates by 0.25 percentage points in both its May and June meetings. The asset purchase programme portfolio is declining at measured and predictable pace. The Governing Council intends to reinvest the principal payments from maturing securities purchased under the pandemic emergency purchase programme until at least the end of 2024. The long-term risk-free interest rates were quite stable during the quarter and settled at the end of the second quarter close to their levels in the beginning of the quarter. The Euribor rates were on the rise and the 12 months Euribor settled at 4.134 percent at the end of the second quarter.

The Finnish working day adjusted change of total output grew in June by less than 1% from a year ago. The employment situation improved and there were 8 000 more people employed in June than a year ago. The number of unemployed was 12 000 higher in June than one year previously. Consumer confidence remained very weak after modest improvement from its lowest level in history at the first quarter of the year.

According to preliminary data, prices of old dwellings fell about 7% between April and June from the previous year in the whole country. The corresponding price decline was more than 8% in the metropolitan area while in the whole country excluding greater Helsinki prices fell by more than 5%. Home sales volumes fell by more than 30% but the number of apartments available for sale increased slightly over the quarter in the whole country. The housing loan stock growth turned negative in April and was -1.2% in the end of June, when the average interest rate on mortgage loans had risen to 3.38%.

The number of housing starts of residential buildings decreased by about 30% between April and June from one year ago. The year-on-year change in consumer prices was 6.3% in June.

KEY EVENTS

During the year 2023, Hypo Group focuses on strengthening its core business and profitability.

The Mortgage Society of Finland's bank subsidiary Suomen Asuntohypopankki Oy raised its Hypo Prime rate based on the development of general market rates. Hypo Prime rate was 1.50 percent at the end of the financial period.

Hypo Group and the Nordic Investment Bank (NIB) signed in June an EUR 20 million loan agreement for on-lending to projects with environmental effects.

The effect of increasing interest rates, especially short-term interest rates, on the Group’s net interest income evened out during the financial period.

The amount of non-performing loans remained on a low level and is not expected to grow significantly towards the end of the year. The Forward-Looking Factor (FLF) affecting the amount of Expected Credit Losses (ECL) remained on highest level reflecting the uncertainties of the operating environment.

RESULTS AND PROFITABILITY

April–June 2023

Hypo Group’s operating profit was EUR 5.0 million (EUR 3.0 million for April–June 2022). Income totaled EUR 7.6 million (EUR 7.6 million) and expenses EUR 2.6 million (EUR 4.6 million).

January–June 2023

Hypo Group’s operating profit was EUR 5.4 million (EUR 4.0 million for January–June 2022). Income decreased by 5.4% from the previous year and totaled EUR 13.7 million (EUR 14.4 million). Net interest income decreased by 9.1% to EUR 8.0 million (EUR 8.8 million) due to increased interest rates. Net fee and commission income totaled EUR 2.5 million (EUR 1.9 million). Net income from investment properties (housing units and residential land) amounted to EUR 1.1 million (EUR 0.9 million), of which EUR 1.2 thousand (EUR 28.5 thousand) were capital gains upon sale. Other operating income totaled EUR 2.2 million (EUR 0.0 million), including EUR -2.2 million contribution to the Resolution Fund for the year 2023.

Expenses decreased by 21.0 % from the previous year and totaled EUR 8.2 million (EUR 10.4 million). The decrease was mainly due to precisions made to calculation principles of regulatory contributions.

Group’s other comprehensive income EUR 4.6 million (EUR 3.0 million) includes EUR 4.4 million (EUR 3.3 million) profit for the financial period as well as the change in the fair value reserve EUR -0.1 million (EUR -0.8 million) and the revaluation of defined benefit pension plans EUR 0.3 million (EUR 0.5 million).

PERSONNEL

On 30 June 2023, the number of permanent personnel was 69 (63 on 31 December 2022). These figures do not include the CEO and the vice CEO.

ASSETS AND LIABILITIES

Lending

During the financial period, the loan portfolio grew by 2.0% to EUR 2,805.1 million (EUR 2,749.9 million on 31 December 2022).

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 30.4% (30.8%) at the end of the financial period.

The amount of non-performing loans remained low at EUR 3.8 million (EUR 3.9 million), representing 0.13% (0.14%) of the loan portfolio. The expected credit losses increased to EUR 0.3 million (EUR 0.2 million) due to one loan.

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, totaled EUR 571.7 million (EUR 560.8 million on 31 December 2022), which corresponds to 16.2% (16.2%) of the total assets. The cash and cash equivalents which totaled EUR 568.7 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 15 months. The Liquidity Coverage Ratio remained on a strong level and was 256.1% (201.6%).

The defined benefit plans surplus of EUR 6.8 million (EUR 6.4 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 difference between the fair value and the book value of the properties totaled EUR 5.1 million (EUR 4.8 million).

Derivative contracts

The balance sheet values of derivative assets and margin call receivables were EUR 73.2 million on 30 June 2023 (EUR 69.2 million on 31 December 2022), and the value of derivative liabilities was EUR 106.8 million (EUR 113.0 million). The amount of derivative liabilities is explained with the values of hedging derivatives for covered bonds.

Deposits and other funding

The total amount of deposits decreased by 4.0% and was EUR 1,405.3 million at the end of the financial period (EUR 1,463.3 million on 31 December 2022). The share of deposits accounted for 44.0% (46.3%) of total funding.

The total amount of covered bonds was EUR 1,770.0 million (EUR 1,770.0 million) at the end of the financial period. The total amount of certificates of deposit was EUR 117.0 million (EUR 61.0 million).

The share of long-term funding of total funding was 42.4% on 30 June 2023 (42.3%). The Group's NSFR-ratio at the end of the financial period was 109.9% (106.5%).

The total funding grew and was EUR 3,194.3 million at the end of the financial period (EUR 3,163.0 million).

CAPITAL ADEQUACY AND RISK MANAGEMENT

At the end of the financial period, Hypo Group's equity amounted to EUR 155.1 million (EUR 150.5 million on 31 December 2022). The changes in equity during the period are presented in Group's statement of changes in equity attached to this Report.

Group's CET1 capital in relation to risk-weighted assets on 30 June 2023 was 13.9% (13.8% on 31 December 2022). 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 3.9% (3.9%).

The Group's total capital requirement at the end of the financial period was 11.25%, consisting of minimum capital requirement 8%, capital conservation buffer requirement 2.5%, discretionary capital add-on 0.75% and countercyclical buffer requirements of foreign exposures.

The Finnish Financial Supervisory Authority (The Finnish FSA) has on 24 August 2022 set a discretionary additional capital requirement of 0.75% (1.25% 31.12.2019-31.12.2022) (Pillar 2 requirement) for The Mortgage Society of Finland group. The requirement is to be met, so that at least three quarters must be Tier 1 capital (T1), of which at least three quarters must be Common Equity Tier 1 capital (CET 1). The requirement took effect on 31 December 2022 and remains in force until further notice, however not longer than 31 December 2025. The decision has been made as part of the group's normal supervisory review and evaluation process.

The Finnish Financial Supervision Authority has on 29 March 2023 decided to set a systematic risk buffer amounting to 1.0% for The Mortgage Society of Finland group. The decision will enter into force after the transitional period on 1 April 2024.

The Finnish Financial Stability Authority has on 25 April 2023 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 25 April 2023. 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. This decision overrules the previous decision from the Finnish Financial Stability Authority dated 28 April 2021.

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.

The information required by EU's Capital Requirements Regulation (EU) 575/2013 Part eight (i.e. Pillar 3 -information) is published yearly for the most part. The key metrics are published semi-annually. The amending regulation (EU) 2019/876 (i.e. 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 €)	30.6.2023	31.12.2022
Common Equity Tier 1 capital before deductions	155 069	150 483
Deductions from Common Equity Tier 1 capital	-14 841	-13 537
Total Common Equity Tier 1 capital (CET1)	140 228	136 947
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Total Additional Tier 1 capital (AT1)	-	-
Tier 1 capital (T1 = CET1 + AT1)	140 228	136 947
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	-	-
Total capital (TC = T1 + T2)	140 228	136 947
Total risk weighted assets	1 007 810	991 991
of which credit risk	945 686	925 679
of which market risk (foreign exchange risk)	-	-
of which operational risk	43 863	43 863
of which other risks	18 261	22 450
CET1 Capital ratio (CET1-%)	13,9	13,8
T1 Capital ratio (T1-%)	13,9	13,8
Total capital ratio (TC-%)	13,9	13,8
Minimum capital	5 000	5 000

KEY EVENTS SINCE THE END OF THE FINANCIAL PERIOD

Since the end of the financial period of 1 January – 30 June 2023, no significant changes have occurred in the outlook or financial standing of the Mortgage Society of Finland or its Group.

FUTURE OUTLOOK

Finland’s economic development will be slow for the rest of the year, when rising interest rates and inflation weaken investments and private consumption. The employment situation still supports the economy and the housing market. The housing market will only recover when inflation and interest rates settle down and consumers' purchasing power improves. The construction industry's economic situation is weakening, and construction investments are falling. New housing starts are decreasing, but the supply of completed new homes will remain high this year. Differences between housing market areas and units become more important and urbanization continues due to the strong newbuilding to Helsinki-Tampere-Turku -areas.

Hypo Group focuses on strengthening its core business and profitability. The Group expects net interest income, net fee and commission income, capital adequacy and liquidity to remain on a strong level.

The operating profit for the year 2023 is expected to be slightly higher than operating profit for 2022. The expectation contains uncertainties due to the development in economy and interest rates as well as due to uncertainties related to the war in Ukraine.

Helsinki, 30 August 2023

The Board

CONSOLIDATED INCOME STATEMENT, IFRS

(1000 €)	1-6/2023	1-6/2022	4-6/2023	4-6/2022	2022
Interest income	55 368	14 158	33 937	7 415	35 145
Interest expenses	-47 406	-5 403	-30 753	-2 929	-19 882
NET INTEREST INCOME	7 961	8 755	3 184	4 485	15 264
Fee and commission income	2 538	1 907	1 502	1 169	3 673
Fee and commission expenses	-29	-41	-14	-23	-81
Net income from financial instruments at FVPL	-45	1 774	114	677	2 432
Net income from financial instruments through FVOCI	0	0	0	0	-1 248
Net income from hedge accounting	-52	1 156	116	890	1 613
Net income from investment properties	1 068	901	524	410	2 762
Other operating income	2 209	-19	2 212	-9	209
Personnel expenses	-3 938	-4 288	-2 184	-2 198	-7 574
Administrative expenses	-2 181	-2 639	-1 173	-1 335	-5 029
Total personnel and administrative expenses	-6 119	-6 926	-3 357	-3 533	-12 603
Depreciation and impairment losses on tangible and intangible assets	-756	-623	-385	-431	-1 489
Other operating expenses	-1 233	-2 869	1 136	-615	-3 436
Final and expected credit losses	-95	32	2	9	-15
OPERATING PROFIT	5 448	4 047	5 034	3 029	7 079
Income taxes	-1 048	-747	-767	-560	-1 274
OPERATING PROFIT AFTER TAX	4 400	3 300	4 268	2 469	5 805
PROFIT FOR THE PERIOD	**4 400**	**3 300**	**4 268**	**2 469**	**5 805**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

(1000 €)	1-6/2023	1-6/2022	4-6/2023	4-6/2022	2022
Profit for the period	4 400	3 300	4 268	2 469	5 805
Other comprehensive income, after tax					
Items that may be reclassified subsequently to income statement					
Change in fair value reserve					
Financial assets at FVOCI	-94	-786	-30	-381	-242
	-94	-786	-30	-381	-242
Items that may not be reclassified subsequently to the income statement					
Revaluation of defined benefit pension plans	323	466	183	623	1 216
Adjustment to previous years retained earnings	-44	0	-44	0	0
	280	466	139	623	1 216
Total other comprehensive income, after tax	186	-320	110	241	974
COMPREHENSIVE INCOME FOR THE PERIOD	**4 586**	**2 980**	**4 377**	**2 710**	**6 778**

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)	30.6.2023	31.12.2022	30.6.2022
ASSETS			
Cash	447 441	393 179	318 500
Debt securities eligible for refinancing with central banks	101 201	140 315	167 549
Receivables from credit institutions	20 041	24 286	11 284
Receivables from the public and public sector entities	2 805 114	2 749 916	2 689 470
Shares and holdings	24	24	24
Derivative contracts	5 137	2 827	929
Intangible assets	10 349	10 230	10 071
Tangible assets			
Investment properties	51 996	50 726	54 475
Other tangible assets	4 887	4 995	1 085
	56 883	55 720	55 560
Other assets	76 832	78 366	58 732
Accrued income and advances paid	1 557	6 133	3 955
Deferred tax receivables	2	8	156
TOTAL ASSETS	**3 524 581**	**3 461 004**	**3 316 229**

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)	30.6.2023	31.12.2022	30.6.2022
LIABILITIES			
Liabilities to credit institutions			
Central banks	50 367	50 000	150 000
Credit institutions	19 950	0	0
	70 317	50 000	150 000
Liabilities to the public and public sector entities			
Deposits	1 405 304	1 463 261	1 448 047
Other liabilities	6 831	7 474	8 435
	1 412 136	1 470 735	1 456 482
Debt securities issued to the public	1 711 800	1 642 313	1 453 404
Derivative contracts	106 829	112 984	67 368
Other liabilities	55 676	14 294	28 586
Deferred income and advances received	2 741	10 248	3 927
Deferred tax liabilities	10 013	9 947	9 778
EQUITY			
Basic capital	5 000	5 000	5 000
Other restricted reserves			
Reserve fund	36 219	34 537	34 537
Fair value reserve			
From fair value recognition	88	182	-361
Defined benefit pension plans	5 512	5 188	4 438
Unrestricted reserves			
Other reserves	22 924	22 924	22 924
Retained earnings	80 926	76 847	76 847
Profit for the period	4 400	5 805	3 300
	155 069	150 483	146 685
TOTAL LIABILITIES	**3 524 581**	**3 461 004**	**3 316 229**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(1000 €)	Basic capital	Reserve fund	Fair value reserve	Other reserves	Retained earnings	Total
Equity 1 January 2022	5 000	31 317	4 397	22 924	80 068	143 705
Profit for the period					3 300	3 300
Other comprehensive income, after tax						
Financial assets at FVOCI						
Change in fair value			-983			-983
Change in deferred taxes			197			197
Revaluation of defined benefit plans						
Actuarial gains / losses			582			582
Change in deferred taxes			-116			-116
Total other comprehensive income, after tax	0	0	-320	0	0	-320
Transactions with owners of the bank						
Distribution of profits		3 220			-3 220	0
Equity 30 June 2022	**5 000**	**34 537**	**4 077**	**22 924**	**80 147**	**146 685**
Equity 1 January 2023	5 000	34 537	5 371	22 924	82 652	150 483
Profit for the period					4 400	4 400
Adjustment to previous year					-44	-44
Other comprehensive income, after tax						
Financial assets at FVOCI						
Change in fair value			-117			-117
Change in deferred taxes			23			23
Revaluation of defined benefit plans						
Actuarial gains / losses			404			404
Change in deferred taxes			-81			-81
Total other comprehensive income, after tax	0	0	229	0	0	229
Transactions with owners of the bank						
Distribution of profits		1 682			-1 682	0
Equity 30 June 2023	**5 000**	**36 219**	**5 600**	**22 924**	**85 327**	**155 069**

CONSOLIDATED CASH FLOW STATEMENT

(1000 €)	1-6/2023	1-6/2022
Cash flow from operating activities		
Interest received and fee income	46 562	14 571
Interest paid and fee expenses	-34 227	-7 024
Final and expected credit losses	-95	32
Administrative and other operating expenses	-7 623	-9 021
Total net cash flow from operating activities	**4 617**	**-1 442**
Operating assets increase (-) / decrease (+)		
Receivables from customers (lending)	4 081	-37 355
Collateral, derivatives	2 787	-51 410
Other operating assets	-472	-563
Operating assets increase (-) / decrease (+) total	**6 396**	**-89 329**
Operating liabilities increase (+) / decrease (-)		
Liabilities to the public and public sector organisations (deposits)	-68 602	-212 241
Other operating liabilities	5	-141
Income taxes	-403	-623
Operating liabilities increase (+) / decrease (-) total	**-69 001**	**-213 005**
NET CASH FLOWS ACCRUED FROM OPERATING ACTIVITIES	**-57 987**	**-303 776**
Cash flows from investments		
Income from financial instruments measured at fair value and hedge accounting	15 729	80 437
Expenses from financial instruments measured at fair value and hedge accounting	-15 826	-77 507
Income from investment properties	1 935	3 485
Expenses from investment properties	-2 647	-1 661
Change in fixed assets	-767	-1 459
NET CASH FLOWS ACCRUED FROM INVESTMENTS	**-1 576**	**3 295**
Cash flows from financing		
Financial liabilities, new withdrawals	465 363	334 586
Financial liabilities, repayments	-394 328	-123 673
Other liabilities, new withdrawals	9 477	8 986
Other liabilities, repayments	-10 055	-10 007
NET CASH FLOWS ACCRUED FROM FINANCING	**70 458**	**209 893**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**10 894**	**-90 589**
Cash and cash equivalents at the beginning of the period	**557 780**	**587 922**
Cash and cash equivalents at the end of the period	**568 674**	**497 333**
CHANGE IN CASH AND CASH EQUIVALENTS	**10 894**	**-90 589**

NOTES

1. Key accounting policies

This Half-year Report applies the same IFRS accounting policies as the Group's Financial Statements on 31 December 2022. The Half-year 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 2023.

The Half-year Report does not contain all information and Notes that are required in the annual Financial Statements. The Half-year Report should be read in conjunction with the Group's Financial Statements 2022 and Stock Exchange Releases published during 1 January to 30 June 2023. The figures in the tables in the Half-year Report 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 Half-year Report has been approved on 30 August 2023 by the Board of Directors of The Mortgage Society of Finland to be published on 31 August 2023. The Half-year 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 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.

The structure of the group's balance sheet, income statement and cash flow statement have been adjusted to better take into account the IAS 1 and IAS 7 regulations. The comparison period amounts have been adjusted accordingly.

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 30 June 2023. Equity instruments have not been issued nor repaid during the period from 1 January to 30 June 2023.

4. Capital Adequacy Information

Hypo Group's own funds and capital ratios

(1000 €)	30.6.2023	31.12.2022
Common Equity Tier 1 (CET1) capital: Instruments and reserves		
Capital instruments and the related share premium accounts	5 000	5 000
of which: Basic capital	5 000	5 000
Retained earnings	80 926	76 847
Accumulated other comprehensive income and other reserves	64 743	62 831
Independently reviewed interim profits net of any foreseeable charge or dividend	4 400	5 805
Common Equity Tier 1 (CET1) capital before regulatory adjustments	155 069	150 483
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Intangible assets	-3 642	-2 991
Deferred tax assets that rely on future profitability	-2	-8
Value adjustments due to the requirements for prudent valuation	-214	-257
Defined-benefit pension fund assets	-10 983	-10 282
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-14 841	-13 537
Common Equity Tier 1 (CET1) capital	140 228	136 947
Additional Tier 1 (AT1) capital	0	0
Tier 2 (T2) capital	0	0
Total capital (TC = T1 + T2)	140 228	136 947
Total risk weighted assets	1 007 810	991 991
Capital ratios and buffers		
Common Equity Tier 1 (CET1) as a percentage of total risk exposure amount	13,9	13,8
Tier 1 (T1) as a percentage of total risk exposure amount	13,9	13,8
Total capital as a percentage of total risk exposure amount	13,9	13,8
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), %	0,75	0,75
Commom Equity Tier 1 available to meet buffers, %	10,4	10,3

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 €)

30.6.2023

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	498 010	545 143	0	0
Exposures to regional governments or local authorities	32 737	38 857	0	0
Exposures to international organisations	2 043	2 043	0	0
Exposures to credit institutions	62 112	77 583	24 720	1 978
Exposures to corporates	41 090	2 790	2 126	170
Retail exposures	48 452	12 382	8 429	674
Exposures secured by mortgages on immovable property	3 012 211	2 861 787	840 707	67 257
Exposures in default	3 531	3 514	3 572	286
Exposures in the form of covered bonds	9 388	9 388	939	75
Equity investments	24	24	24	2
Other items	65 170	65 170	65 170	5 214
	3 774 768	3 618 682	945 686	75 655
Operational risk			43 863	3 509
Other risks			18 261	1 461
All items in total	**3 774 768**	**3 618 682**	**1 007 810**	**80 625**

(1000 €)

31.12.2022

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	487 574	536 185	0	0
Exposures to regional governments or local authorities	32 831	39 298	0	0
Exposures to international organisations	2 016	2 016	0	0
Exposures to credit institutions	60 328	74 750	23 864	1 909
Exposures to corporates	40 221	951	817	65
Retail exposures	36 518	5 301	3 975	318
Exposures secured by mortgages on immovable property	2 951 707	2 809 490	827 644	66 212
Exposures in default	3 604	3 596	3 649	292
Exposures in the form of covered bonds	20 453	20 453	2 045	164
Equity investments	24	24	24	2
Other items	64 161	64 161	63 661	5 093
	3 699 437	3 556 224	925 679	74 054
Operational risk			43 863	3 509
Other risks			22 450	1 796
All items in total	**3 699 437**	**3 556 224**	**991 991**	**79 359**

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 Global ratings, 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 the 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 €)	30.6.2023	31.12.2022
Irrevocable commitments given on behalf of a customer		
Granted but unclaimed loans	299 676	278 051
Total	299 676	278 051

6. Fair values of financial instruments

(1000 €)		30.6.2023	31.12.2022
Financial assets	Fair value determination principle	Fair value	Fair value
Debt securities eligible for refinancing with central banks	1	101 201	140 315
Derivative contracts	2	5 137	2 827
Total		106 338	143 143
Financial liabilities			
Derivative contracts	2	106 829	112 984

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

Fair value determination principles:

1: Quoted prices in active markets

2: Verifiable price, other than quoted

3: 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. The fair value of the derivative contracts contains accrued interest. Fair value of other financial instruments do not contain accrued interests. There have been no transfers between the stages (1, 2, 3).

7. Related party information

Hypo Group’s related parties include its subsidiary, members of the Board of Directors and the Supervisory Board, CEO and vice 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 2022.

8. IFRS 9 expected credit losses by stage

(1000 €)	30.6.2023 Net book value	30.6.2023 Expected credit loss allowance	31.12.2022 Net book value	31.12.2022 Expected credit loss allowance
Debt instruments, FVOCI				
Level 1, performing loans, no significant increase in credit risk	53 157	0	53 346	0
Receivables from the public and public				
Level 1, performing loans, no significant increase in credit risk	2 763 857	17	2 717 711	17
Level 2, performing loans with a significant increase in credit risk	20 174	30	28 352	27
Level 3, non-performing loans	3 783	238	3 853	189
Total	**2 787 814**	**285**	**2 749 916**	**233**
Off-balance sheet commitments; granted				
Level 1, performing loans, no significant increase in credit risk	299 676	1	278 051	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 2.
The level of FLF is evaluated monthly.
The net book value does not include accrued interest.

(1000 €)	1–6/2023 Net expected credit losses with P&L impact	1–6/2022 Net expected credit losses with P&L impact	4–6/2023 Net expected credit losses with P&L impact	4–6/2022 Net expected credit losses with P&L impact	1–12/2022 Net expected credit losses with P&L impact
Debt instruments, FVOCI					
Level 1, performing loans, no significant increase in credit risk	0	-0,3	0	0,3	0
Receivables from the public and public					
Level 1, performing loans, no significant increase in credit risk	0	1,5	0	-1,5	-8
Level 2, performing loans with a significant increase in credit risk	-3	9,8	-3	-5,9	45
Level 3, non-performing loans	-49	14,4	51	-1	-60
Total	**-52**	**25,7**	**49**	**-8,4**	**-22**
Off-balance sheet commitments; granted					
Level 1, performing loans, no significant increase in credit risk	0	0,1	-1	-0,3	-1

9. IFRS 15 Income distribution

Group's total income

(1000 €)

	1-6/2023	1–6/2022	4–6/2023	4–6/2022	2022
Interest income	55 368	14 158	33 937	7 415	35 145
Interest expense	-47 406	-5 403	-30 753	-2 929	-19 882
Net interest income	7 961	8 755	3 184	4 485	15 264
Net fee income					
from lending operations	1 387	1 004	861	682	1 864
from land trustee services	719	738	359	354	1 545
from other operations	403	125	268	110	183
Total net fee income	2 509	1 866	1 489	1 146	3 592
Net income from treasury operations	-97	2 930	230	1 567	2 796
Net income from investment properties	1 067	872	524	377	2 536
Capital gains on investment properties	1	29	0	33	226
Other income	2 209	-19	2 212	-9	209
Non-interest income	3 180	3 812	2 966	1 968	5 766
Total income	13 651	14 433	7 639	7 599	24 622

10. IFRS 16 Leases

Hypo Group as lessee

(1000 €)

Right-of-use assets	1–6/2023	1–6/2022	2022
Depreciation - Apartments	10	134	273
Carrying amount - Apartments	30	413	273
Lease liabilities			
Interest expense	0	6	11
Carrying amounts sorted by remaining maturity			
Non-fixed-term leases	31	413	276
Relief options			
Expenses from leases of low-value assets	4	6	11

Hypo Group leases storage spaces and parking lots in Helsinki.

Hypo Group as a lessor

(1000 €)

Operative leases	1–6/2023	1–6/2022	2022
Lease income	745	907	2 143
Undiscounted lease payments to be received			
1 year	524	680	361
2 year	195	208	184
3 year	164	207	170
4 year	164	182	157
5 year	164	182	157
>5 years	4 348	5 338	4 174

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

11. Information concerning asset encumbrance

30 June 2023

(1000 €)	Book value of encumbered assets	of which notionally elligible EHQLA and HQLA	Fair value of encumbered assets	of which notionally elligible EHQLA and HQLA	Book value of unencumbered assets	of which EHQLA and HQLA	Fair value of unencumbered assets	of which EHQLA and HQLA
A - Assets	2 408 256		2 408 256		1 116 326		1 116 326	
Equity instruments					24		24	
Debt securities	19 418	19 418	19 418	19 418	82 323	82 323	82 323	82 323
Other assets, including lending	2 388 838	-	2 388 838		1 033 979	447 441	1 033 979	

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	16 127

C - Encumbered assets and associated liabilities

	Liabilities associated with encumbered assets	Encumbered assets
Book value of selected financial liabilities	50 367	74 998
Debt securities issued to the public	1 595 492	2 245 738
Derivative contracts	67 880	87 520
Total	1 713 740	2 408 256

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 2,408.3 million, out of which of covered bonds were EUR 2,245.7 million on 30 June 2023. 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 82.3 million on 30 June 2023. EUR 221.9 million of unencumbered loans may be used as collateral for covered bonds.

31 December 2022

(1000 €)	Book value of encumbered assets	of which notionally elligible EHQLA and HQLA	Fair value of encumbered assets	of which notionally elligible EHQLA and HQLA	Book value of unencumbered assets	of which EHQLA and HQLA	Fair value of unencumbered assets	of which EHQLA and HQLA
A - Assets	2 006 658		2 006 658		1 454 346		1 454 346	
Equity instruments					24		24	
Debt securities	19 523	19 523	19 523	19 523	121 267	121 267	121 267	121 267
Other assets, including lending	1 987 136	-	1 987 136		1 333 055	394 473	1 333 055	

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	13 890

C - Encumbered assets and associated liabilities

	Liabilities associated with encumbered assets	Encumbered assets
Book value of selected financial liabilities	48 728	62 073
Debt securities issued to the public	1 581 034	1 858 713
Derivative contracts	107 518	85 872
Total	1 737 280	2 006 658

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 2,006.7 million, out of which of covered bonds were EUR 1,858.7 million on 31 December 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 121.3 million on 31 December 2022. EUR 128.3 million of unencumbered loans may be used as collateral for covered bonds.

Information required by Part Eight of the Capital Requirements Regulation (EU) 575/2013

Template EU KM1 - Key metrics template

(1 000 €)		30.6.2023	31.12.2022	30.6.2022
		a	c	e
		T	T-2	T-4
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	140 228	136 947	135 777
2	Tier 1 capital	140 228	136 947	135 777
3	Total capital	140 228	136 947	135 777
	Risk-weighted exposure amounts			
4	Total risk exposure amount	1 007 810	991 991	968 379
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	13,9141	13,8052	14,0211
6	Tier 1 ratio (%)	13,9141	13,8052	14,0211
7	Total capital ratio (%)	13,9141	13,8052	14,0211
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0,7500	0,7500	1,2500
EU 7b	of which: to be made up of CET1 capital (percentage points)	0,4219	0,4219	0,7031
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0,5625	0,5625	0,9375
EU 7d	Total SREP own funds requirements (%)	8,7500	8,7500	9,2500
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2,5000	2,5000	2,5000
9	Institution specific countercyclical capital buffer (%)	0,0037	0,0029	0,0016
11	Combined buffer requirement (%)	2,5037	2,5029	2,5016
EU 11a	Overall capital requirements (%)	11,2537	11,2529	11,7516
12	CET1 available after meeting the total SREP own funds requirements (%)	52 045	50 148	46 202
	Leverage ratio			
13	Total exposure measure	3 604 666	3 542 698	3 422 303
14	Leverage ratio (%)	3,8902	3,8656	3,9674
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14c	Total SREP leverage ratio requirements (%)	3,0000	3,0000	3,0000
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14e	Overall leverage ratio requirement (%)	3,0000	3,0000	3,0000
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	529 108	512 136	467 733
EU 16a	Cash outflows - Total weighted value	230 140	265 013	299 910
EU 16b	Cash inflows - Total weighted value	23 539	11 020	12 931
16	Total net cash outflows (adjusted value)	206 601	253 993	286 978
17	Liquidity coverage ratio (%)	256,1014	201,6340	162,9855
	Net Stable Funding Ratio			
18	Total available stable funding	2 443 885	2 341 703	2 215 429
19	Total required stable funding	2 222 943	2 198 155	2 074 609
20	NSFR ratio (%)	109,9392	106,5304	106,7878

Rows EU 8a, EU 9a, 10, EU 10a, Eu 14a ja EU 14d are not presented, as they have no information to be reported. Data for all comparison periods (columns b and d) is not disclosed, as the reporting frequency is semi-annual.

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, million €	Interest income + income from equity investments + fee income + net income from financial assets at fair value through other comprehensive income + net income from financial instruments at FVPL + net income from hedge accounting + income from investment properties + other operating income – (personnel expenses + administrative expenses + depreciation and impairment losses on tangible and intangible assets + other operating expenses+ impairment 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, %	Personnel expenses 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 x 100 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.
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 x 100 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.
Long-term funding out of total funding, %	Total funding with a remaining maturity of 12 months / Total funding x 100 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.
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))

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

Non-performing assets, % of the loan portfolio	Receivables from the public and public sector entities deemed unlikely to be paid + receivables past due and unpaid over 90 days / Receivables from the public and public sector entities x 100
LCR-ratio, %	Liquid assets / Outflow of liquidity – Inflow of liquidity (within 30 days) x 100
NSFR-ratio, %	Available stable funding / Required stable funding x 100
Leverage Ratio, %	Tier 1 Capital / Total exposure x 100
Common Equity Tier 1 (CET1) ratio %	Common Equity Tier 1, CET1 / Total risk x 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.

Risk-absorbing key figures are presented in accordance with the EU's Capital Requirements Regulation (EU 575/2013).

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.

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 – 30 June 2023 Interim Report of the Mortgage Society of Finland (Translation)

Introduction

We have reviewed the condensed interim financial information of the Mortgage Society of Finland's, which comprise the balance sheet as of 30 June 2023, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended and notes. The Board of Directors and the Managing Director are responsible for the preparation of the condensed interim financial information in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”, as adopted by the European Union and with regulations governing the preparation of interim financial information in Finland. We will express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information of the Mortgage Society of Finland for the six-month period ended on 30 June 2023 is not prepared, in all material respects, as regards the Group financial information, in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”, as adopted by the European Union and other regulation governing the presentation of interim financial information in Finland.

Helsinki 31 August 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)