THE MORTGAGE SOCIETY OF FINLAND

Interim Report

1 January–30 September 2021

The Financial Statement Release 2021 will be published on 1 February 2022

The Audited Financial Statements will be published as part of the Annual Report on 1 March 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 2020 and Stock Exchange Releases published during the period of 1 January to 30 September 2021.

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

The Interim Report has been approved on 29 October 2021 by the Board of Directors of The Mortgage Society of Finland to be published on 1 November 2021.

The Interim Report is unaudited.

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

Hypo Group’s January–September 2021

The home finance specialist Hypo Group’s operating profit grew 39 percent

CEO Ari Pauna:

“Focusing on low risk housing collateralized lending in urbanising Finland has brought security throughout the whole corona crisis. Hypo Group’s net interest income and net fee and commission income continued to grow, and CET 1 Capital adequacy and liquidity remained strong. Impairment losses remained at low level.”

- Operating profit grew to EUR 7.1 million (EUR 5.1 million 1–9/2020)
- Net interest income increased to EUR 12.8 million (EUR 10.8 million 1–9/2020)
- Non-performing loans remained low at 0.20% of loan book (0.11% 31 December 2020)
- Expected credit losses were 0.01% of the loan book
- Net fee and commission income grew to EUR 3.1 million (EUR 2.8 million 1–9/2020)
- Other income grew to EUR 3.4 million (EUR 2.6 million 1–9/2020) including valuation originated net income from securities trading EUR 1.1 million (EUR 0.4 million 1–9/2020)
- Total costs grew to EUR 12.2 million (EUR 11.0 million 1–9/2020) including EUR 1.9 million contribution to the Resolution Fund for the year 2021 (EUR 1.7 million 1–9/2020)
- Common Equity Tier 1 (CET1) ratio, calculated with standard and basic methods, was 13.4% (13.9% on 31 December 2020)
- Liquidity Coverage Ratio (LCR) was 151.1 % (194.5% on 31 December 2020).

GROUP'S KEY FIGURES (1000 €)	**1-9/2021**	**1-9/2020**	**7-9/2021**	**7-9/2020**	**2020**
Net interest income	12 835	10 776	4 215	3 490	14 562
Net fee and commission income	3 116	2 755	913	880	3 675
Total other income	3 429	2 619	1 064	1 488	4 236
Total expenses	-12 236	-11 011	-3 500	-2 909	-14 429
Operating profit	7 144	5 138	2 692	2 949	8 044
Receivables from the public and public sector entities	2 644 173	2 520 441	2 644 173	2 520 441	2 510 910
Deposits	1 610 351	1 504 272	1 610 351	1 504 272	1 562 234
Balance sheet total	3 287 531	3 184 051	3 287 531	3 184 051	3 213 082
Return on equity % (ROE)	5,5	4,2	6,3	7,2	4,9
Common Equity Tier 1 (CET1) ratio	13,4	13,8	13,4	13,8	13,9
Cost-to-income ratio, %	63,0	67,9	56,0	49,6	63,9
Non-performing assets, % of the loan portfolio	0,20	0,13	0,20	0,13	0,11
LTV-ratio, % / Loan to Value, average, %	33,4	33,8	33,4	33,8	33,8
Loans / deposits, %	164,2	167,6	164,2	167,6	160,7
Liquidity Coverage Ratio (LCR), %	151,1	180,5	151,1	180,5	194,5
Net Stable Funding Ratio (NSFR), %	115,8	113,5	115,8	113,5	107,0
Leverage Ratio (LR), %	3,7	3,8	3,7	3,8	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. Over 28 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

Recovery of the global economy continued during the third quarter of 2021, albeit supply bottlenecks and the spread of the Delta variant of the coronavirus cast a shadow over the near-term growth prospects. Differences in the vaccination coverage denote differences in the pace of economic recovery between countries and regions. Lots of restrictions affecting the economy have already been lifted e.g. in Denmark, Sweden and in the United States. Finland has also lifted some of the restrictions, which boosts the economic recovery. The global composite output Purchasing Manager’s index declined from the second quarter but predicts still economic growth in manufacturing as well as in the service sector.

Non-financial sector companies’ stock prices increased by 3% while the equity prices of euro area remained approximately at the same level from 10 June to 8 September 2021. The Governing Council of ECB decided to hold the key interest rates unchanged in its meeting in September. In addition, net asset purchases will continue at least until the end of March 2022. The long-term risk-free interest rates declined after the announcement of the new ECB’s monetary policy strategy but went up to the previous level towards the end of the quarter. All in all, interest rates remained low in the eurozone and 12 months Euribor rate was close to -0.5% until the end of the third quarter.

The Finnish working day adjusted change of total output grew more than 5% in July and less than 5% in August from previous year’s corresponding months. The employment situation improved and the number of unemployed was lower than a year ago by 33 thousand persons. The number was still higher than two years ago by 12 thousand persons. Consumer confidence improved and was historically high in September.

According to preliminary data, prices of old dwellings went up in August by more than 4% from the previous year in the whole country. The corresponding price change was more than 6% in the metropolitan area while in the whole country excluding greater Helsinki prices rose by almost 3%. Home sales volumes were slightly higher in the whole country and average times to sale fell especially in the metropolitan area. The housing loan stock growth was 4.3% and the average interest rate on mortgage loans was 0.79% in the end of August.

The number of new approved building permits went up by 28% compared to the previous year between May and July. The year-on-year change in consumer prices was 2.5% in September.

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. The first phase of the new solutions is expected to be ready for implementation by the end of this year, but the decision of the implementation moment will be made separately taking into consideration the approaching year end.

At the end of the financial period, the COVID 19 pandemic seemed to be calming down. 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.

During the pandemic, the number of loan applications has maintained on a high level. 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

July–September 2021

Hypo Group’s operating profit was EUR 2.7 million (EUR 2.9 million for July–September 2020). Income totaled EUR 6.2 million (EUR 5.9 million) and expenses EUR 3.5 million (EUR 2.9 million).

January–September 2021

Hypo Group’s operating profit was EUR 7.1 million (EUR 5.1 million for January–September 2020). Income totaled EUR 19.4 million (EUR 16.1 million) and expenses EUR 12.2 million (EUR 11.0 million). Income grew 20% from the previous year. Expenses grew 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 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 15% of total expenses on the financial period. Net interest income grew 19% to EUR 12.8 million (EUR 10.8 million) due to the growth of other interest income and lower funding costs. Net fee and commission income totaled EUR 3.1 million (EUR 2.8 million).

Net income from investment properties (housing units and residential land) amounted to EUR 2.2 million (EUR 2.4 million), of which sale profit from investment properties were EUR 0.4 million (EUR 0.2 million).

Group's cost-to-income ratio was 63.0% (67.9%). The strengthening was mainly due to the growth in operating income, which was 20% from the reference period.

Group's other comprehensive income EUR 5.8 million (EUR 4.6 million) includes EUR 5.8 million (EUR 4.2 million) profit for the financial period as well as the change in the fair value reserve EUR -0.3 million (EUR 0.01 million) and the revaluation of defined benefit pension plans EUR 0.4 million (EUR 0.4 million).

PERSONNEL

On 30 September 2021, the number of permanent personnel was 56 (57 on 31 December 2020). These figures do not include the CEO and the deputy CEO.

ASSETS AND LIABILITIES

Lending

During the financial period, the loan portfolio grew 5% to EUR 2,644.2 million (EUR 2,510.9 million on 31 December 2020).

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 33.4% (33.8%) at the end of the financial period.

The amount of non-performing loans remained low at EUR 5.3 million (EUR 2.7 million), representing 0.20% (0.11%) of the loan portfolio.

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 540.9 million (EUR 590.7 million on 31 December 2020), which corresponds to 16.5% (18.4%) of the total assets. The cash and cash equivalents which totaled EUR 537.9 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 32 months. The Liquidity Coverage Ratio was 151.1% (194.5%).

The defined benefit plans surplus of EUR 5.6 million (EUR 5.1 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 totaled EUR 5.1 million (EUR 4.9 million). Group's properties carry housing company loans for EUR 0.9 million (EUR 0.9 million).

Derivative contracts

The balance sheet value of derivative receivables was EUR 16.4 million on 30 September 2021 (EUR 26.7 million on 31

December 2020), and the value of liabilities was EUR 9.0 million (EUR 7.9 million).

Deposits and other funding

The total amount of deposits grew 3% and was EUR 1,610.4 million at the end of the financial period (EUR 1,562.2 million on 31 December 2020). The share of deposits accounted for 52.1% (51.9%) of total funding.

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

The share of long-term funding of total funding was 46.3% on 30 September 2021 (46.6%). 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 115.8% (107.0%)

The total funding grew 3% and was EUR 3,091.5 million at the end of the financial period (EUR 3,012.0 million).

RISK TOLERANCE AND RISK MANAGEMENT

At the end of the financial period, Hypo Group's equity amounted to EUR 142.8 million (EUR 136.9 million on 31 December 2020). 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 30 September 2021 was 13.4% (13.9% on 31 December 2020). 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 3.7% (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 made a decision on 28 April 2021 of setting a minimum requirement of own funds and eligible liabilities (MREL) as 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 €)	**30.9.2021**	**31.12.2020**
Common Equity Tier 1 capital before deductions	142 792,6	136 949,6
Deductions from Common Equity Tier 1 capital	-16 217,9	-13 178,3
Total Common Equity Tier 1 capital (CET1)	126 574,7	123 771,3
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Total Additional Tier 1 capital (AT1)	-	-
Tier 1 capital (T1 = CET1 + AT1)	126 574,7	123 771,3
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	-	-
Total capital (TC = T1 + T2)	126 574,7	123 771,3
Total risk weighted assets	947 516,3	887 458,6
of which credit risk	888 335,2	840 689,8
of which market risk (foreign exchange risk)	-	-
of which operational risk	39 900,8	39 900,8
of which other risks	19 280,3	6 868,0
CET1 Capital ratio (CET1-%)	13,4	13,9
T1 Capital ratio (T1-%)	13,4	13,9
Total capital ratio (TC-%)	13,4	13,9
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 – 30 September 2021, no significant changes have occurred in the outlook or financial standing of the Mortgage Society of Finland or its Group.

FUTURE OUTLOOK

High share of people vaccinated against Covid-19 helps the economy as last restrictions are slowly faded away in Finland also. Economic growth continues strong and broad-based although risks of targeted measures to fight the pandemic are still relevant. Housing markets in the growth centers remain strong even after the coronavirus crisis. Urbanization continues and services in the cities continue to recover. Low interest rates, institutional investors, households and subsidized building supports newbuilding activity. Housing loan demand remains strong in the growth centers.

Hypo Group focuses on renewal of its core systems and on strengthening its core business and expects the share of profit made by it to rise following the increase of net interest and net fee income. Capital adequacy and liquidity are expected to remain on a strong level.

The operating profit for 2021 is expected to be on the same level than in 2020. The expectation contains uncertainties due to the development in economy and interest rates as well as the coronavirus pandemic.

Helsinki, 29 October 2021

The Board

CONSOLIDATED INCOME STATEMENT, IFRS

(1000 €)	1-9/2021	1-9/2020	7-9/2021	7-9/2020	2020
Interest income	20 949,5	19 480,4	6 799,1	6 461,7	26 146,7
Interest expenses	-8 114,2	-8 704,5	-2 584,5	-2 972,0	-11 584,3
NET INTEREST INCOME	12 835,3	10 775,9	4 214,6	3 489,8	14 562,4
Fee and commission income	3 162,1	2 794,0	924,5	889,8	3 727,5
Fee and commission expenses	-46,0	-39,5	-12,0	-10,2	-52,1
Net income from securities and foreign currency transactions					
Net income from securities trading	1 106,4	392,7	419,6	469,5	754,4
Net income from financial assets at fair value through other comprehensive income	0,0	207,6	0,0	207,6	207,6
Net income from hedge accounting	109,1	-300,5	-32,2	41,7	-47,7
Net income from investment properties	2 239,6	2 365,9	688,1	782,6	3 322,4
Other operating income	-26,5	-47,0	-11,0	-13,7	-0,7
Administrative expenses					
Personnel costs					
Wages and salaries	-5 234,8	-4 330,9	-1 894,4	-1 262,6	-6 028,5
Other personnel related costs					
Pension costs	-851,1	-736,8	-255,4	-204,3	-1 010,7
Other personnel related costs	-241,6	-125,7	-127,0	-51,2	-178,6
Other administrative expenses	-2 416,9	-2 618,1	-717,7	-969,0	-3 535,2
Total administrative expenses	-8 744,4	-7 811,6	-2 994,6	-2 487,1	-10 753,0
Depreciation and impairment losses on tangible and intangible assets	-609,7	-664,4	-171,6	-233,4	-893,7
Other operating expenses	-2 851,2	-2 497,0	-298,9	-187,2	-2 715,8
Net gains/losses on derecognition of financial assets measured at amortised cost	-30,5	-38,0	-34,9	-1,6	-67,0
Net gains/losses on derecognition of other financial assets	0,0	0,0	0,0	0,8	0,0
OPERATING PROFIT	7 144,3	5 138,1	2 691,6	2 948,7	8 044,4
Income taxes	-1 379,1	-965,6	-468,0	-551,6	-1 462,6
OPERATING PROFIT AFTER TAX	5 765,2	4 172,5	2 223,6	2 397,2	6 581,8
PROFIT FOR THE PERIOD	5 765,2	4 172,5	2 223,6	2 397,2	6 581,8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

(1000 €)	1-9/2021	1-9/2020	7-9/2021	7-9/2020	2020
Profit for the period	5 765,2	4 172,5	2 223,6	2 397,2	6 581,8
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	-339,9	63,4	-33,1	45,6	116,1
	-339,9	63,4	-33,1	45,6	116,1
Items that may not be reclassified subsequently to the income statement					
Revaluation of defined benefit pension plans	417,6	379,3	146,5	298,6	489,4
	417,6	379,3	146,5	298,6	489,4
Total other comprehensive income items	77,7	442,7	113,4	344,2	605,5
COMPREHENSIVE INCOME FOR THE PERIOD	**5 842,9**	**4 615,2**	**2 337,0**	**2 741,3**	**7 187,3**

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)	30.9.2021	31.12.2020	30.9.2020
ASSETS			
Cash	313 300,0	359 150,0	290 300,0
Debt securities eligible for refinancing with central banks			
Treasury bills			
Other	214 992,1	219 333,5	246 371,6
Receivables from credit institutions			
Repayable on demand	9 469,5	9 182,5	11 985,9
Other	95,9	1 775,9	25,8
	9 565,4	10 958,4	12 011,7
Receivables from the public and public sector entities			
Other than those repayable on demand	2 644 173,0	2 510 909,8	2 520 440,6
Shares and holdings	23,9	132,4	132,4
Derivative financial instruments	16 361,2	26 731,9	27 527,5
Intangible assets			
Other long-term expenditure	9 614,0	6 840,2	5 588,3
Tangible assets			
Investment properties and shares and holdings in investment properties	56 021,1	57 569,4	58 614,6
Other properties and shares and holdings in real estate corporations	631,8	637,3	639,1
Other tangible assets	422,1	463,3	384,5
	57 075,0	58 670,0	59 638,3
Other assets	15 459,2	13 637,0	15 123,6
Accrued income and advances paid	6 960,6	6 719,4	6 917,3
Deferred tax receivables	6,8	0,0	0,0
TOTAL ASSETS	**3 287 531,3**	**3 213 082,5**	**3 184 051,2**

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)	30.9.2021	31.12.2020	30.9.2020
LIABILITIES			
Liabilities to credit institutions			
Central banks	150 000,0	100 000,0	100 000,0
Credit institutions			
Repayable on demand			
Other than those repayable on demand	2 220,9	3 331,7	4 442,3
	152 220,9	103 331,7	104 442,3
Liabilities to the public and public sector entities			
Deposits			
Repayable on demand	909 364,2	872 258,3	777 706,4
Other	700 986,8	689 976,1	726 566,0
	1 610 351,0	1 562 234,4	1 504 272,4
Other liabilities			
Other than those repayable on demand	9 947,1	11 970,6	12 370,6
	1 620 298,1	1 574 205,0	1 516 643,0
Debt securities issued to the public			
Bonds	1 268 011,2	1 283 448,5	1 284 263,7
Other	50 996,1	50 987,8	81 476,7
	1 319 007,3	1 334 436,2	1 365 740,5
Derivative financial instruments	9 002,6	7 944,3	9 660,1
Other liabilities			
Other liabilities	28 509,6	39 410,2	36 704,6
Deferred income and advances received	5 816,7	6 937,3	6 660,8
Deferred tax liabilities	9 883,4	9 868,0	9 822,5
EQUITY			
Basic capital	5 000,0	5 000,0	5 000,0
Other restricted reserves			
Reserve fund	31 316,9	28 893,0	28 893,0
Fair value reserve			
From fair value recognition	531,2	871,1	818,4
Defined benefit pension plans	3 746,5	3 329,0	3 218,9
Unrestricted reserves			
Other reserves	22 923,5	22 923,5	22 923,5
Retained earnings	73 509,2	69 351,2	69 351,2
Profit for the period	5 765,2	6 581,8	4 172,5
	142 792,6	136 949,6	134 377,5
TOTAL LIABILITIES	**3 287 531,3**	**3 213 082,5**	**3 184 051,2**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(1000 €)	Basic capital	Reserve fund	Fair value reserve	Other reserves	Retained earnings	Total
Equity 1 January 2020	5 000,0	25 490,5	3 594,5	22 923,5	72 753,8	129 762,3
Profit for the period					4 172,5	4 172,5
Other comprehensive income						
Profit use of funds		3 402,5			-3 402,5	0,0
Financial assets at fair value through other comprehensive income						
Change in fair value			286,9			286,9
Amount transferred to the income statement			-207,6			-207,6
Change in deferred taxes			-15,9			-15,9
Revaluation of defined benefit plans						
Actuarial gains / losses			474,1			474,1
Change in deferred taxes			-94,8			-94,8
Total other comprehensive income	0,0	3 402,5	442,7	0,0	-3 402,5	442,7
Equity 30 September 2020	**5 000,0**	**28 893,0**	**4 037,2**	**22 923,5**	**73 523,7**	**134 377,5**
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					5 765,2	5 765,2
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			-424,8			-424,8
Change in deferred taxes			85,0			85,0
Revaluation of defined benefit plans						
Actuarial gains / losses			522,0			522,0
Change in deferred taxes			-104,4			-104,4
Total other comprehensive income	0,0	2 423,8	77,7	0,0	-2 423,8	77,7
Equity 30 September 2021	**5 000,0**	**31 316,9**	**4 277,7**	**22 923,5**	**79 274,4**	**142 792,6**

CONSOLIDATED CASH FLOW STATEMENT

(1000 €)	1-9/2021	1-9/2020
Cash flow from operating activities		
Interest received	20 791,6	20 638,5
Interest paid	-10 122,0	-9 419,0
Fee income	3 098,2	2 822,2
Fee expenses	-46,0	-39,5
Net income from securities and foreign currency transactions	1 106,4	392,7
Net income from financial assets at fair value through other comprehensive income	0,0	207,6
Net income from hedge accounting	109,1	-300,5
Net income from investment properties	2 004,0	2 626,6
Other operating income	-26,5	-47,0
Administrative expenses	-8 337,1	-6 307,0
Other operating expenses	-2 867,7	-2 510,8
Expected credit losses	-30,4	-38,4
Income taxes	-1 481,5	-1 542,7
Total net cash flow from operating activities	**4 198,0**	**6 482,8**
Operating assets increase (-) / decrease (+)		
Receivables from customers (lending)	-132 568,2	62 632,7
Collateral, derivatives	-11 979,3	3 804,4
Investment properties	1 000,6	2 858,8
Operating assets increase (-) / decrease (+) total	**-143 546,8**	**69 296,0**
Operating liabilities increase (+) / decrease (-)		
Liabilities to the public and public sector organisations (deposits)	48 116,6	-124 520,8
Operating liabilities increase (+) / decrease (-) total	**48 116,6**	**-124 520,8**
NET CASH FLOWS ACCRUED FROM OPERATING ACTIVITIES	**-91 232,2**	**-48 742,0**
Cash flows from investments		
Change in fixed assets	-3 336,9	-2 752,8
Equity investments increase (-) / decrease (+)	108,5	0,0
NET CASH FLOWS ACCRUED FROM INVESTMENTS	**-3 228,4**	**-2 752,8**
Cash flows from financing		
Bank loans, new withdrawals	50 012,3	100 028,2
Bank loans, repayments	-1 123,1	-81 915,1
Other liabilities, increase (+) / decrease (-)	-2 013,0	-1 924,5
Bonds, new issues	14 745,8	11 107,5
Bonds, repayments	-18 754,1	-8 175,6
Certificates on deposit, new issues	73 062,8	144 618,6
Certificates on deposit, repayments	-73 054,4	-99 625,1
NET CASH FLOWS ACCRUED FROM FINANCING	**42 876,2**	**64 114,0**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-51 584,4**	**12 619,1**
Cash and cash equivalents at the beginning of the period	**589 441,9**	**536 064,1**
Cash and cash equivalents at the end of the period	**537 857,5**	**548 683,3**
CHANGE IN CASH AND CASH EQUIVALENTS	**-51 584,4**	**12 619,1**

NOTES

1. Key accounting policies

This Interim Report applies the same IFRS accounting policies as the Group's Financial Statements on 31 December 2020. 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 2021.

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 2020 and Stock Exchange Releases published during 1 January to 30 September 2021. 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 October 2021 by the Board of Directors of The Mortgage Society of Finland to be published on 1 November 2021. 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.

Other new standards and interpretations that have not yet been adopted but may have an effect on Hypo Group's financial statements in the future:

2.1. ESEF (European Single Electronic Format)

According to the current information of the entry into force of the ESEF-regulation, Hypo Group will publish its Financial Statements 2021 in ESEF format.

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 September 2021. Equity instruments have not been issued nor repaid during the period from 1 January to 30 September 2021.

4. Capital Adequacy Information

Hypo Group's own funds and capital ratios

(1000 €)	30.9.2021	31.12.2020
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	73 509,2	69 351,2
Accumulated other comprehensive income and other reserves	58 518,1	56 016,6
Independently reviewed interim profits net of any foreseeable charge or dividend	5 765,2	6 581,8
Common Equity Tier 1 (CET1) capital before regulatory adjustments	142 792,6	136 949,6
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Intangible assets	-7 691,2	-5 472,1
Deferred tax assets that rely on future profitability	-6,8	0,0
Value adjustments due to the requirements for prudent valuation	-280,8	-258,9
Defined-benefit pension fund assets	-8 239,1	-7 447,3
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-16 217,9	-13 178,3
Common Equity Tier 1 (CET1) capital	126 574,7	123 771,3
Additional Tier 1 (AT1) capital	0,0	0,0
Tier 2 (T2) capital	0,0	0,0
Total capital (TC = T1 + T2)	126 574,7	123 771,3
Total risk weighted assets	947 516,3	887 458,6
Capital ratios and buffers		
Common Equity Tier 1 (CET1) as a percentage of total risk exposure amount	13,4	13,9
Tier 1 (T1) as a percentage of total risk exposure amount	13,4	13,9
Total capital as a percentage of total risk exposure amount	13,4	13,9
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, %	9,9	10,4

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 €)	30.9.2021			
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	405 179,9	460 910,1	0,0	0,0
Exposures to regional governments or local authorities	104 029,6	110 988,6	0,0	0,0
Exposures to credit institutions	57 777,2	54 411,4	18 355,6	1 468,5
Exposures to corporates	56 470,3	34 201,8	23 667,9	1 893,4
Retail exposures	52 742,2	13 232,7	8 768,2	701,5
Exposures secured by mortgages on immovable property	2 775 358,0	2 634 583,1	775 097,7	62 007,8
Exposures in default	4 461,4	3 465,7	3 477,3	278,2
Exposures in the form of covered bonds	10 807,3	10 807,3	1 080,7	86,5
Other items	58 387,7	58 387,7	57 887,7	4 631,0
	3 525 213,7	3 380 988,5	888 335,2	71 066,8
Operational risk			39 900,8	3 192,1
Other risks			19 280,3	1 542,4
All items in total	**3 525 213,7**	**3 380 988,5**	**947 516,3**	**75 801,3**

(1000 €)	31.12.2020			
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	453 681,6	504 774,1	0,0	0,0
Exposures to regional governments or local authorities	118 733,1	126 718,3	0,0	0,0
Exposures to credit institutions	56 879,2	62 759,7	23 039,9	1 843,2
Exposures to corporates	54 445,8	28 627,6	20 866,4	1 669,3
Retail exposures	54 850,9	14 671,4	9 621,6	769,7
Exposures secured by mortgages on immovable property	2 567 166,6	2 467 136,0	725 808,2	58 064,7
Exposures in default	2 224,0	1 320,5	1 325,9	106,1
Exposures in the form of covered bonds	6 417,9	6 417,9	641,8	51,3
Other items	59 886,1	59 886,1	59 386,1	4 750,9
	3 374 285,2	3 272 311,6	840 689,8	67 255,2
Operational risk			39 900,8	3 192,1
Other risks			6 868,0	549,4
All items in total	**3 374 285,2**	**3 272 311,6**	**887 458,6**	**70 996,7**

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 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 €)	30.9.2021	31.12.2020
Commitments given on behalf of a customer for the benefit of a third party		
Guarantees and other liabilities	2 181,9	2 181,9
Irrevocable commitments given on behalf of a customer		
Granted but unclaimed loans	238 877,9	161 636,9
Total	241 059,9	163 818,8

6. Fair values of financial instruments

(1000 €)		30.9.2021	31.12.2020
Financial assets	Fair value determination principle	Käypä arvo	Fair value
Debt securities eligible for refinancing with central banks	A	214 992,1	219 333,5
Derivative contracts	B	16 361,2	26 731,9
Total		231 353,3	246 065,4
Financial liabilities			
Derivative contracts	B	9 002,6	7 944,3

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 2020.

8. IFRS 9 expected credit losses by stage

(1000 €)	Net book value	Expected credit loss allowance	Net book value	Expected credit loss allowance
	30.9.2021	**30.9.2021**	**31.12.2020**	**31.12.2020**
Receivables from the public and public sector entities				
Level 1, performing loans, no significant increase in credit risk	2 622 005,0	16,7	2 495 304,6	12,2
Level 2, performing loans with a significant increase in credit risk	17 002,8	60,8	12 938,2	72,4
Level 3, non-performing loans	5 165,3	127,8	2 667,0	244,3
Total	**2 644 173,0**	**205,3**	**2 510 909,8**	**328,9**
Debt instruments, FVOCI				
Level 1, performing loans, no significant increase in credit risk	103 997,0	0,0	118 713,9	0,0
Other assets, trade receivables				
Level 1, performing loans, no significant increase in credit risk	312,0	0,0	255,3	0,0
Off-balance sheet commitments; granted but undrawn loans				
Level 1, performing loans, no significant increase in credit risk	241 059,9	0,0	161 636,9	0,0

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	Net expected credit losses with P&L impact	Net expected credit losses with P&L impact
	1–9/2021	**1–9/2020**	**7–9/2021**	**7–9/2020**	**1–12/2020**
Receivables from the public and public sector entities					
Level 1, performing loans, no significant increase in credit risk	-4,6	7,6	-0,1	8,7	8,2
Level 2, performing loans with a significant increase in credit risk	11,6	4,3	-1,9	41,1	-27,5
Level 3, non-performing loans	116,6	-50,5	-2,3	-51,9	-48,2
Total	**123,6**	**-38,5**	**-4,3**	**-2,1**	**-67,5**
Debt instruments, FVOCI					
Level 1, performing loans, no significant increase in credit risk	0,0	0,0	0,0	0,8	0,0
Other assets, trade receivables					
Level 1, performing loans, no significant increase in credit risk	0,0	0,0	0,0	0,0	0,0
Off-balance sheet commitments; granted but undrawn loans					
Level 1, performing loans, no significant increase in credit risk	-0,1	0,4	0,1	0,3	0,4

9. IFRS 15 Income distribution

Group's total income
(1000 €)

	1–9/2021	1–9/2020	7–9/2021	7–9/2020	2020
Interest income	20 949,5	19 480,4	6 799,1	6 461,7	26 146,7
Interest expense	-8 114,2	-8 704,5	-2 584,5	-2 972,0	-11 584,3
Net interest income	12 835,3	10 775,9	4 214,6	3 489,8	14 562,4
Net fee income					
from lending operations	1 452,3	1 394,8	497,6	439,5	1 837,2
from land trustee services	1 400,1	984,9	356,0	346,9	1 409,7
from other operations	263,7	374,9	58,9	93,2	428,5
Total net fee income	3 116,2	2 754,6	912,5	879,6	3 675,4
Net income from treasury operations	1 215,5	299,7	387,3	718,9	914,3
Net income from investment properties	1 836,0	2 174,9	480,2	727,9	2 999,9
Capital gains on investment properties	403,7	191,0	207,9	54,7	322,5
Other income	-26,5	-47,0	-11,0	-13,7	-0,7
Non-interest income	3 428,6	2 618,6	1 064,4	1 487,9	4 236,0
Total income	19 380,1	16 149,1	6 191,5	5 857,3	22 473,8

10. IFRS 16 Leases

Hypo Group as lessee
(1000 €)

Right-of-use assets	1–9/2021	1–9/2020	2020
Depreciation - IT	0,0	26,9	35,9
Depreciation - Apartments	169,3	162,1	217,2
Carrying amount - IT	0,0	44,9	35,9
Carrying amount - Apartments	138,5	278,7	223,6
Lease liabilities			
Interest expense	4,4	9,1	11,3
Carrying amounts sorted by remaining maturity			
Non-fixed-term leases	139,8	329,3	265,0
Relief options			
Expenses from leases of low-value assets	6,6	5,1	7,6

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	1–9/2021	1–9/2020	2020
Lease income	1 722,2	1 817,8	2 417,3
Undiscounted lease payments to be received			
1 year	820,3	1 023,5	857,0
2 year	379,2	678,3	500,3
3 year	208,2	590,8	304,7
4 year	200,7	439,8	207,0
5 year	182,3	268,7	193,1
>5 years	5 485,7	8 322,4	5 580,5

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

11. Information concerning asset encumbrance

30 September 2021

(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	1 838 536		1 838 536		1 448 995		1 448 995	
Equity instruments					24		24	
Debt securities	10 782	10 782	10 782	10 782	204 511	204 511	204 511	204 511
Other assets, including lending	1 827 754		1 827 754		1 244 460	312 656	1 244 460	

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	33 727

C - Encumbered assets and associated liabilities

	Liabilities associated with encumbered assets	Encumbered assets
Book value of selected financial liabilities	149 356	209 005
Debt securities issued to the public	1 269 755	1 609 695
Derivative contracts	4 362	19 837
Total	1 423 473	1 838 536

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 1,838.5 million, out of which of covered bonds were EUR 1,677.1 million on 30 September 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 204.5 million on 30 September 2021. EUR 561.3 million of unencumbered loans may be used as collateral for covered bonds.

31 December 2020

(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	1 849 389		1 849 389		1 363 694		1 363 694	
Equity instruments					132		132	
Debt securities	4 309	4 309	4 309	4 309	215 487	215 487	215 487	215 487
Other assets, including lending	1 845 080		1 845 080		1 148 074	359 150	1 148 074	

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	94 170

C - Encumbered assets and associated liabilities

	Liabilities associated with encumbered assets	Encumbered assets
Book value of selected financial liabilities	99 736	158 903
Debt securities issued to the public	1 286 492	1 678 272
Derivative contracts	7 437	12 214
Total	1 393 666	1 849 389

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 1,849.4 million, out of which of covered bonds were EUR 1,837.2 million on 31 December 2020. 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 215.5 million on 31 December 2020. EUR 423.8 million of unencumbered loans may be used as collateral for covered bonds.

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)

$$\frac{\text{Operating profit - income taxes}}{\text{Equity + accumulated appropriations less deferred tax liabilities (average total at the beginning and end of the year)}} \times 100$$

Cost-to-income ratio, %

$$\frac{\text{Administrative expenses + depreciation and impairment losses on tangible and intangible assets + other operating expenses}}{\text{Net interest income + income from equity investments + net fee and commission income + net income from currency operations and securities trading + net income from financial assets at fair value through other comprehensive income + net income from hedge accounting + net income from investment properties + other operating income}} \times 100$$

LTV-ratio (Loan to Value, average), %

$$\frac{\text{Receivables from the public and public sector entities}}{\text{Fair value of collateral received against the receivables from the public and public sector entities}} \times 100$$

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, %

$$\frac{\text{Expected credit losses from loans to the public in P\&L}}{\text{Lending to the public at the end of the period}} \times 100$$

Loans/deposits %

$$\frac{\text{Receivables from the public and public sector entities}}{\text{Deposits}} \times 100$$

Deposits out of total funding, %

$$\frac{\text{Deposits}}{\text{Total funding}} \times 100$$

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, %

$$\frac{\text{Total funding with a remaining maturity of 12 months}}{\text{Total funding}} \times 100$$

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))

Average number of personnel

Number of personnel includes those in employment relationship during the financial year (excl. The CEO and the COO). 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	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
	Non-performing assets are presented in accordance with the EU's Capital Requirements Regulation (575/2013).	
LCR-ratio, %	Liquid assets / Outflow of liquidity – Inflow of liquidity (within 30 days)	x 100
	LCR-ratio is calculated in accordance with the EU's Capital Requirement Regulation CRR (EU 575/2013).	
NSFR-ratio, %	Available stable funding / Required stable funding	x 100
	NSFR-ratio is calculated in accordance with the EU's Capital Requirement Regulation CRR (EU 575/2013).	
Leverage Ratio, %	Tier 1 Capital / Total exposure	x 100
	Leverage Ratio, % is calculated in accordance with the EU's Capital Requirement Regulation CRR (EU 575/2013).	
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.	

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 – 30 September 2021 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 30 September 2021, income statement, statement of changes in equity and the cash flow statement for the nine months period ended, as well as the summary of significant accounting policies and other Notes. The Board of Directors and CEO are responsible for preparing the Interim Report and ensuring it provides accurate and sufficient information in accordance with the International Financial Reporting Standards (IFRS) approved in the EU, and other statutes and regulations concerning the preparation of the Interim Report in effect in Finland. Based on the review we have performed, we are issuing an opinion on the Interim Report in accordance with the Securities Act Section 2, Article 5a(7).

Scope of review

The review was performed in accordance with the International Standard on Review Engagements 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’. A review of interim financial information consists of making enquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially narrower in scope than an audit conducted in accordance with international standards and recommendations on auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Report is not prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the EU and other statutes and regulations concerning the preparation of the Interim Report in effect in Finland. The Report provides accurate and sufficient information on the financial standing of the entity on 30 September 2021 and the result and cash flows of its operations for the nine months period ended.

Helsinki 1 November 2021

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)