THE MORTGAGE SOCIETY OF FINLAND

Interim Report
1 January–30 September 2024

The Financial Statements Release for the period of 1 January 2024 to 31 December 2024 will be published on 31 January 2025.

The Audited Financial Statements in ESEF-format will be published on 3 March 2025.

Hypo Group's Interim Report can be accessed on Hypo's website.

Hypo Group's January–September 2024

The home finance specialist Hypo Group's operations and liquidity remained stable

CEO Ari Pauna:

"Focusing on low-risk housing collateralized lending in urbanising Finland still provides stability despite the continuous uncertainty in operating environment. Net interest income, capital adequacy and liquidity remained strong. Non-performing loans and impairment losses remained at low level. 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 5.2 million (EUR 7.3 million 1–9/2023)
- Net interest income was EUR 12.2 million (EUR 13.2 million 1–9/2023)
- Non-performing loans remained low at 0.33% of loan book (0.19% 31 December 2023)
- Expected credit losses were 0.01% of the loan book (0.01% 31 December 2023)
- Net fee and commission income increased to EUR 4.2 million (EUR 3.5 million 1–9/2023)
- Other income was EUR 1.0 million (EUR 2.7 million 1–9/2023)
- Total costs were EUR 12.2 million (EUR 12.0 million 1–9/2023)
- Common Equity Tier 1 (CET1) ratio, calculated with the standardized approach and the basic indicator approach, was 14.0% (14.2% on 31 December 2023)
- Liquidity Coverage Ratio (LCR) was 227.7% (326.4% on 31 December 2023)

GROUP'S KEY FIGURES (1000 €)	1-9/2024	1-9/2023	7-9/2024	7-9/2023	1-12/2023
Net interest income	12,248	13,197	4,577	5,235	18,204
Net fee and commission income	4,158	3,525	1,244	1,015	4,697
Total other income	990	2,665	-204	-516	2,106
Total expenses	-12,215	-12,039	-3,619	-3,836	-16,504
Operating profit	5,181	7,347	1,978	1,899	8,503
Receivables from the public and public sector entities	2,832,560	2,832,974	2,832,560	2,832,974	2,785,973
Deposits	1,613,255	1,514,540	1,613,255	1,514,540	1,562,999
Balance sheet total	3,552,014	3,534,171	3,552,014	3,534,171	3,619,094
Return on equity (ROE) %	3.6	5.2	4.2	4.0	4.5
Common Equity Tier 1 (CET1) ratio %	14.0	14.0	14.0	14.0	14.2
Cost-to-income ratio %	70.0	61.4	64.8	66.1	65.5
Non-performing assets % of the loan portfolio	0.33	0.15	0.33	0.15	0.19
LTV-ratio (Loan to Value, average) %	30.7	30.2	30.7	30.2	30.3
Loans / deposits %	175.6	187.1	175.6	187.1	178.2
Liquidity Coverage Ratio (LCR) %	227.7	209.2	227.7	209.2	326.4
Net Stable Funding Ratio (NSFR) %	115.7	113.3	115.7	113.3	112.0
Leverage Ratio (LR) %	4.2	3.9	4.2	3.9	3.9

Calculation of key figures and definitions are set out below.

Contact information:
CEO Mr. Ari Pauna, tel. +358 9 228 361, +358 50 353 4690
CFO Mr. Mikke Pietilä, tel. +358 9 228 361, +358 50 439 6820

HYPO GROUP

The Mortgage Society of Finland Group (hereafter “Hypo Group” or “the 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. The 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 22 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 Oy 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 (4 October 2024).

Rating for the covered bonds of the Mortgage Society of Finland is ‘AAA’ with stable outlook (S&P Global Ratings 13 December 2023).

OPERATING ENVIRONMENT

Global economic growth remained slow, but stable in the third quarter of the year. Falling inflation, favorable wage trends and the employment situation nevertheless supported the development of the global economy. Tightened monetary policy has weakened growth in 2024, but slowing inflation will support demand in the longer term. Global crises and tensions have increased uncertainty as Russia's war of aggression in Ukraine continues and the conflict in the Middle East creates risks for international trade. The global composite output Purchasing Managers’ Index declined in the third quarter, indicating a weakening of the global growth outlook.

The Eurozone STOXX index returned to levels seen at the beginning of the quarter after a decline at the beginning of August. The Governing Council of the ECB continued its interest rate cuts in September by 0.25 percentage points. The asset purchase programme portfolio is declining at a measured and predictable pace and the principal payments from maturing securities will no longer be reinvested. The Governing Council intends to discontinue reinvestments under the pandemic emergency purchase programme at the end of 2024. The long-term risk-free interest rates fell from July to September. The short-term Euribor rates were on a sharp decline, and the 12 months Euribor settled at 2.747 percent by the end of September.

The Finnish working day adjusted change of total output grew by 1.9 percent year-on-year in August. In September the number of employed individuals was 54,000 lower than the previous year, while the number of unemployed also increased by 30,000 from a year ago. Consumer confidence remained at a generally weak level from July to September and intentions to buy a dwelling were still relatively weak. Intentions to use money for basic repairs of a dwelling remained at the same level as in the spring.

According to preliminary data, the prices of old dwellings in the whole country fell by 2% from the previous year in July-August. During the same period, prices in the metropolitan area decreased by about 4%, while in the whole country excluding greater Helsinki the decline was less than 1%. Home sales volumes increased by more than 20% from July to August compared to the previous year. The number of apartments available for sale remained high in the whole country. The stock of Finnish households' housing loans year-on-year growth rate was -0.7% at the end of August and was EUR 105.9 billion. The average interest rate on mortgage loans was 3.95% and the average interest rate on new housing loans was 3.93%. At the end of August 2024, the total stock of Finnish households' deposits was EUR 110.6 billion, and the average interest rate on these deposits was 1.35%. Overnight deposits accounted for EUR 67.1 billion and deposits with an agreed maturity for EUR 14.6 billion of the total deposit stock.

The number of housing starts for residential buildings increased from May to July compared to the previous year, but the economic situation in the construction industry remained very weak. The year-on-year change in consumer prices was 0.8% in September.

The downward trend in interest rates will support households' purchasing power, housing sales and loan demand in Hypo's operating areas this year. The need for repairs to residential buildings continues to grow, which supports the need and demand for housing companies' renovation loans. The growth of cities and new construction also create good conditions for the growth of plot funds managed by Hypo.

KEY EVENTS

During the year 2024, Hypo Group has focused on strengthening its core businesses and profitability.

On 25 September 2024 the Mortgage Society of Finland paid off its TLTRO III loan (EUR 50 million) and therefore has no longer funding from the ECB.

RESULTS AND PROFITABILITY

July–September 2024

Hypo Group's operating profit was EUR 2.0 million (EUR 1.9 million for July–September 2023). Income totaled EUR 5.6 million (EUR 5.7 million) and expenses EUR 3.6 million (EUR 3.8million).

January–September 2024

Hypo Group's operating profit was EUR 5.2 million (EUR 7.3 million for January–September 2023).

Income decreased by 10.3% from the previous year and totaled EUR 17.4 million (EUR 19.4 million). The main reason for the decrease was the EUR -2.2 million contribution to the Resolution Fund recorded for the year 2023.

Net interest income decreased by 7.2% from previous year and totaled EUR 12.2 million. (EUR 13.2 million), due to the general level of interest rates.

Net fee and commission income totaled EUR 4.2 million (EUR 3.5 million). Net income from investment properties (housing units and residential land) amounted to EUR 1.7 million (EUR 1.5 million). Expenses remained almost on the same level and were EUR 12.2 million (EUR 12.0 million).

Hypo Group's other comprehensive income of EUR 5.0 million (EUR 6.2 million) includes EUR 4.3 million (EUR 6.0 million) of profit for the year and other comprehensive income, after tax items of EUR 0.6 million (EUR 0.2 million).

PERSONNEL

On 30 September 2024, the number of permanent personnel was 63 (67 on 31 December 2023). These figures do not include the CEO and the vice CEO.

ASSETS AND LIABILITIES

Lending

During the financial period, the loan portfolio increased by 1.7% and totaled EUR 2,832.6 million 30 September 2024 (EUR 2,786.0 million on 31 December 2023).

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 30.7% (30.3%) at the end of the financial period.

The amount of non-performing loans was EUR 9.4 million (EUR 5.2 million), representing 0.33% (0.19%) of the loan portfolio. The increase of non-performing loans is due to a few loans that are not expected to result in credit losses. The expected credit losses on balance sheet remained almost on the same level as the previous year, EUR 0.2 million (EUR 0.3 million).

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 561.5 million (EUR 686.4 million on 31 December 2023), which corresponds to 15.8% (19.0%) of the total assets. The cash and cash equivalents which totaled EUR 559.5 million consisted of assets distributed widely across various counterparties, and of debt securities tradable on the secondary market. 82.6% (97.6%) of debt securities had a credit rating of at least 'AA-' or were of equivalent credit quality and 87.1% (100.0%) were ECB repo eligible. The Liquidity Coverage Ratio remained on a strong level and was 227.7% (326.4%).

The defined benefit plans surplus of EUR 7.7 million (EUR 6.9 million) from the Mortgage Society of Finland's pension fund has been recognized in the Group's other assets.

Hypo Group offers rental apartments and residential land for its customers. The total number of properties increased from EUR 58.0 million to EUR 76.2 million, representing 2.1% (1.6%) of the total balance. 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 3.7 million (EUR 4.6 million).

Derivative contracts

The balance sheet values of derivative assets and margin call receivables were EUR 56.3 million on 30 September 2024 (EUR 70.2 million on 31 December 2023), and the value of derivative liabilities was EUR 65.6 million (EUR 95.0 million). The amount of derivative liabilities consists of the values of hedging derivatives for covered bonds and collateral arrangements for derivatives.

Deposits and other funding

The total amount of deposits increased by 3.2% and was EUR 1,613.3 million at end of the financial period (EUR 1,563.0 million on 31 December 2023). The share of deposits accounted for 49.0% (46.9%) of total funding.

The total nominal amount of covered bonds was EUR 1,720.0 million (EUR 1,770.0 million) at the end of the financial period. The total nominal amount of certificates of deposit was EUR 16.0 million (EUR 48.0 million).

The Group's NSFR-ratio at the end of the financial period was 115.7% (112.0%). The total funding was EUR 3,291.0 million at the end of the financial period (EUR 3,335.0 million).

CAPITAL ADEQUACY AND RISK MANAGEMENT

At the end of the financial period, Hypo Group's equity amounted to EUR 163.2 million (EUR 158.2 million on 31 December 2023). The changes in equity during the financial period are presented in the Group's statement of changes in equity attached to this report.

The Group's CET1 capital in relation to risk-weighted assets on 30 September 2024 was 14.0% (14.2%). Profit for the financial period is included in the Common Equity Tier 1 capital, with the permission from the Finnish Financial Supervisory Authority (The Finnish FSA). In measuring credit risk, the standardized approach is used. The Group's own funds are quantitatively and qualitatively on an adequate level in relation to the Group's current and future business. At end of the financial period, the Group's Leverage Ratio was 4.0% (3.9%).

The Group's total capital requirement at the end of the financial period was 13.0%, consisting of minimum capital requirement 8%, capital conservation buffer requirement 2.5%, discretionary capital add-on 0.75%, indicative capital add-on 0.75%, a systematic risk buffer 1.0% and countercyclical buffer requirements of foreign exposures.

The discretionary additional capital requirement (Pillar 2 requirement) for the Mortgage Society of Finland Group remains in force until further notice, however not longer than 31 December 2025.

The indicative additional capital recommendation set for the Mortgage Society of Finland Group should be covered with CET1 capital. The recommendation entered into force on 31 March 2024 and is in force until further notice.

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 entered into force on 1 April 2024 and is in force until further notice.

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.

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) is published yearly for the most part. The key metrics are published semi-annually. The Mortgage Society of

Finland is classified as a small and non-complex institution.

SUMMARY OF CAPITAL ADEQUACY

(1000 €)	30/9/2024	31/12/2023
Common Equity Tier 1 capital before deductions	163,160	158,207
Deductions from Common Equity Tier 1 capital	-12,833	-15,973
Total Common Equity Tier 1 capital (CET1)	150,326	142,234
Additional Tier 1 capital before deductions	-	-
Deductions from Additional Tier 1 capital	-	-
Total Additional Tier 1 capital (AT1)	-	-
Tier 1 capital (T1 = CET1 + AT1)	150,326	142,234
Tier 2 capital before deductions	-	-
Deductions from Tier 2 capital	-	-
Total Tier 2 capital (T2)	-	-
Total capital (TC = T1 + T2)	150,326	142,234
Total risk weighted assets	1,073,730	999,966
of which Credit risk	1,004,448	932,467
of which market risk (foreign exchange risk)	-	-
of which operational risk	47,743	47,743
of which other risks	21,539	19,755
CET1 Capital ratio (CET1-%)	14.0	14.2
T1 Capital ratio (T1-%)	14.0	14.2
Total capital ratio (TC-%)	14.0	14.2
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 September 2024, no significant changes have occurred in the outlook or financial standing of the Mortgage Society of Finland or its Group.

Hypo issued a negative profit warning on 18 October 2024. The operating profit for year 2024 is expected to be on the same level or slightly higher than operating profit for 2023. In the half-year report published on 9 August 2024, the operating profit for 2024 was expected to be clearly higher than operating profit for 2023.

FUTURE OUTLOOK

Finland's economic growth is weak this year, during which labor markets cool down and foreign trade stagnates but the outlook for the economy improves towards the end of the year. The construction sector is in a weak phase, and construction investments are lower than before, but decreasing inflation and improving wages support consumers' purchasing power. House sales recover better only after inflation and interest rates calm down. Housing starts will remain low, but the production of completed dwellings will keep house prices moderate this year. Differences between housing market areas and units become more important and urbanization continues supported by the strong supply of housing, which increases housing sales and the demand for mortgages and housing company loans, especially in Hypo's most important operating 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 stable level.

The Mortgage Society of Finland group expects its operating profit for year 2024 to be on the same level or slightly higher than operating profit for 2023. The expectation contains considerable uncertainties due to development in economy and interest rates, war in Ukraine, crisis in the Middle East and the unstable world situation.

Helsinki, 28 October 2024

The Board

CONSOLIDATED INCOME STATEMENT

(1000 €)	1-9/2024	1-9/2023	7-9/2024	7-9/2023	2023
Interest income	128,128	90,179	36,218	34,812	130,732
Interest expenses	-115,880	-76,983	-31,641	-29,577	-112,528
NET INTEREST INCOME	12,248	13,197	4,577	5,235	18,204
Fee and commission income	4,299	3,566	1,272	1,028	4,863
Fee and commission expenses	-141	-41	-48	-12	-166
Net income from financial instruments at fair value	-938	-1,038	-1,072	-941	-2,517
Net income from financial instruments at FVOCI	191	0	112	0	0
Net income from investment properties	1,745	1,504	768	436	2,431
Other operating income	-7	2,198	-12	-11	2,192
Personnel expenses	-6,476	-6,029	-1,942	-2,091	-8,321
Administrative expenses	-3,414	-3,079	-1,010	-898	-4,460
Total personnel costs and administrative expenses	-9,890	-9,108	-2,952	-2,989	-12,781
Depreciation and impairment losses on tangible and intangible assets	-1,106	-1,169	-357	-413	-1,611
Other operating expenses	-1,189	-1,622	-320	-389	-1,993
Final and expected credit losses	-30	-139	10	-44	-119
OPERATING PROFIT	5,181	7,347	1,978	1,899	8,503
Income taxes	-842	-1,380	-261	-333	-1,556
PROFIT FOR THE PERIOD	**4,339**	**5,966**	**1,717**	**1,566**	**6,947**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(1000 €)	1-9/2024	1-9/2023	7-9/2024	7-9/2023	2023
Profit for the period	4,339	5,966	1,717	1,566	6,947
Other comprehensive income, after tax					
Items that may in the future be recognized through profit or loss					
Change in fair value reserve					
Financial assets at FVOCI	-8	-132	143	-38	-125
	-8	-132	143	-38	-125
Items that may not be included in the income statement at a later date					
Revaluation of defined benefit pension plans	622	397	107	74	288
Adjustment to previous years retained earnings	0	-44	0	0	614
	622	353	107	74	902
Other comprehensive income, after tax, total	613	222	249	36	777
COMPREHENSIVE INCOME FOR THE PERIOD	**4,953**	**6,188**	**1,966**	**1,602**	**7,724**

CONSOLIDATED BALANCE SHEET

(1000 €)	30/9/2024	31/12/2023	30/9/2023
ASSETS			
Cash	402,953	520,670	419,533
Debt securities eligible for refinancing with central banks	148,043	146,386	122,909
Receivables from credit institutions	8,477	17,390	7,436
Receivables from the public and public sector entities	2,832,560	2,785,973	2,832,974
Shares and holdings	24	24	24
Derivative contracts	23,022	18,232	2,716
Intangible assets	9,995	10,175	10,042
Tangible assets			
Investment properties	74,486	57,306	52,655
Other tangible assets	1,937	1,002	4,834
	76,423	58,308	57,489
Other assets	49,229	60,385	79,449
Accrued income and advances paid	1,279	1,540	1,595
Deferred tax receivables	9	9	4
TOTAL ASSETS	**3,552,014**	**3,619,094**	**3,534,171**

CONSOLIDATED BALANCE SHEET

(1000 €)	30/9/2024	31/12/2023	30/9/2023
LIABILITIES			
Liabilities to credit institutions			
To central banks	0	51,349	50,838
To credit institutions	20,274	20,004	20,262
	20,274	71,354	71,100
Liabilities to the public and public sector entities			
Deposits	1,613,255	1,562,999	1,514,540
Other liabilities	4,915	6,204	6,417
	1,618,170	1,569,203	1,520,957
Debt securities issued to the public	1,652,552	1,694,460	1,647,670
Derivative contracts	42,219	74,793	104,087
Other liabilities	43,476	38,788	21,004
Deferred expenses and advances received	2,173	2,465	2,651
Deferred tax liabilities	9,989	9,825	10,031
EQUITY			
Basic capital	5,000	5,000	5,000
Other restricted reserves			
Reserve fund	37,712	36,219	36,219
Fair value reserve			
From valuation at fair value	49	57	51
Defined benefit pension plans			
Acturial gains/ losses	6,098	5,476	5,585
Unrestricted reserves			
Other reserves	22,924	22,924	22,924
Retained earnings	87,038	81,584	80,926
Profit for the period	4,339	6,947	5,966
	163,160	158,207	156,671
TOTAL LIABILITIES AND EQUITY	**3,552,014**	**3,619,094**	**3,534,171**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(1000 €)	Basic capital	Reserve fund	Fair value reserve	Other reserves	Retained earnings	Total
Equity 1 January 2023	5,000	34,537	5,371	22,924	82,652	150,483
Profit for the period					5,966	5,966
Adjustment to previous years retained earnings					-44	-44
Other comprehensive income, after tax						
Financial assets at FVOCI						
Change in fair value			-164			-164
Change in deferred taxes			33			33
Revaluation of defined benefit plans						
Actuarial gains / losses			496			496
Change in deferred taxes			-99			-99
Total other comprehensive income, after tax	0	0	265	0	0	265
Transactions with owners of the bank						
Distribution of profits		1,682			-1,682	0
Equity 30 September 2023	**5,000**	**36,219**	**5,636**	**22,924**	**86,893**	**156,671**
Equity 1 January 2024	5,000	36,219	5,534	22,924	88,531	158,207
Profit for the period					4,339	4,339
Other comprehensive income, after tax						
Financial assets at FVOCI						
Change in fair value			-15			-15
Change in deferred taxes			7			7
Revaluation of defined benefit plans						
Actuarial gains / losses			777			777
Change in deferred taxes			-155			-155
Total other comprehensive income, after tax	0	0	613	0	0	613
Transactions with owners of the bank						
Distribution of profits		1,493			-1,493	0
Equity 30 September 2024	**5,000**	**37,712**	**6,147**	**22,924**	**91,377**	**163,160**

CONSOLIDATED CASH FLOW STATEMENT

(1000 €)	1-9/2024	1-9/2023
Cash flow from operating activities		
Interest income and fees received	132,507	96,076
Interest and fees paid	-116,489	-76,777
Credit losses	-30	-140
Personnel, administrative and other operating expenses paid	-11,746	-11,013
Income taxes paid	-566	-1,248
Total net cash flow from operating activities	**3,676**	**6,898**
Operating assets increase (-) / decrease (+)		
Receivables from customers	-59,561	-80,753
Cash collaterals, derivatives	21,821	-1,288
Other operating assets	-859	-598
Operating assets increase (-) / decrease (+) total	**-38,599**	**-82,640**
Operating liabilities increase (+) / decrease (-)		
Liabilities to the public and public sector organisations (deposits)	50,256	47,869
Other operating liabilities	423	398
Operating liabilities increase (+) / decrease (-) total	**50,679**	**48,267**
NET CASH FROM/USED IN OPERATING ACTIVITIES	**15,756**	**-27,474**
Cash flows from investing activities		
Income received from financial instruments measured at fair value	30,053	15,063
Expenses paid from financial instruments and measured at fair value	-30,801	-16,101
Income received from investment properties	2,536	2,279
Expenses paid from investment properties	-1,278	-1,310
Proceeds from disposal of investment properties	653	-2,109
Acquisition of investment properties	-9,803	182
Cash flows from acquisitions of fixed assets	-746	-821
NET CASH FROM /USED IN INVESTING ACTIVITIES	**-9,386**	**-2,817**
Cash flows from financing activities		
Financial liabilities, new withdrawals	400,881	549,746
Financial liabilities, repayments	-531,231	-526,941
Other liabilities, new withdrawals	22,168	17,047
Other liabilities, repayments	-23,162	-17,960
NET CASH FROM/USED IN FINANCING ACTIVITIES	**-131,344**	**21,892**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-124,974**	**-8,399**
Cash and cash equivalents at the beginning of the period	684,447	558,277
Cash and cash equivalents at the end of the period	559,473	549,877
CHANGE IN CASH AND CASH EQUIVALENTS	**-124,974**	**-8,399**

NOTES

1. Key accounting policies

This Interim Report applies the same IFRS Accounting Standards as the Group's Financial Statements on 31 December 2023. 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 2024.

The Interim Report does not contain all information or notes that are required in the Annual Financial Statements. The Interim Report should be read in conjunction with the Group's Financial Statements 2023 and Stock Exchange Releases published during 1 January to 30 September 2024. The figures in the tables in the Interim 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 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 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 the 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 the Group's Financial Statements. Accordingly, the new standards and interpretations published by the IASB that have not yet been adopted are not expected to have a material effect on the consolidated financial statements.

3. Issuances and repayments of debt securities and equity instruments

Issuances, repayments and repurchases of debt securities appear on cash flow statement for the period from 1 January to 30 September 2024. Equity instruments have not been issued nor repaid during the period from 1 January to 30 September 2024.

4. Capital Adequacy Information

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

(1000 €)

30/9/2024

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	473,953	519,821	-	-
Exposures to regional governments or local authorities	0	5,409	-	-
Exposures to international organisations	2,188	2,188	-	-
Exposures to credit institutions	59,095	78,816	35,709	2,857
Exposures to corporates	56,242	17,115	17,079	1,366
Retail exposures	59,441	20,056	14,431	1,154
Exposures secured by mortgages on immovable property	2,961,192	2,841,281	835,695	66,856
Exposures in default	9,397	9,198	9,525	762
Exposures in the form of covered bonds	47,079	47,079	4,708	377
Equity investments	24	24	24	2
Other items	87,278	87,278	87,278	6,982
Total	3,755,888	3,628,265	1,004,448	80,356
Operational risk			47,743	3,819
Other risks			21,539	1,723
All items in total	**3,755,888**	**3,628,265**	**1,073,730**	**85,898**

31/12/2023

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	597,119	643,412	-	-
Exposures to regional governments or local authorities	32,705	38,441	-	-
Exposures to international organisations	2,142	2,142	-	-
Exposures to credit institutions	68,434	87,676	29,071	2,326
Exposures to corporates	37,813	103	79	6
Retail exposures	55,759	17,129	12,159	973
Exposures secured by mortgages on immovable property	2,885,178	2,786,569	819,239	65,539
Exposures in default	4,758	4,595	4,701	376
Exposures in the form of covered bonds	24,727	24,727	2,473	198
Equity investments	24	24	24	2
Other items	64,722	64,722	64,722	5,178
Total	3,773,381	3,669,540	932,468	74,597
Operational risk			47,743	3,819
Other risks			19,755	1,580
All items in total	**3,773,381**	**3,669,540**	**999,966**	**79,997**

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 €)	30/9/2024	31/12/2023
Commitments given on behalf of a customer for the benefit of a third party		
Guarantees and other liabilities	3,840	
Irrevocable commitments given on behalf of a customer		
Granted but unclaimed loans	235,941	197,535
Total	239,781	197,535

6. Fair values of financial assets and liabilities

(1000 €)			30/9/2024		31/12/2023	
Publicly quated	Fair value determination principle		Book value	Fair value	Book value	Fair value
Debt securities	Fair value through other comprehensive income (FVOCI)	1	39,738	39,738	56,916	56,916
Debt securities	Option to designate a financial asset at fair value	1	100,329	100,329	89,470	89,470
Total			140,067	140,067	146,386	146,386
Debt securities issued to the public	Amortised cost	1	1,636,637	1,636,637	1,647,529	1,647,529
Total			1,636,637	1,636,637	1,647,529	1,647,529
Other						
Liquid assets	Amortised cost	1	402,953	402,953	520,670	520,670
Receivables from credit institutions	Amortised cost	2	8,477	8,477	17,390	17,390
Receivables from the public and public sector entities	Amortised cost	2	2,832,560	2,832,560	2,785,973	2,785,973
Debt securities	Fair value through other comprehensive income (FVOCI)	2	7,977	7,977		
Shares and holdings	Fair value through other comprehensive income (FVOCI)	2	24	24	24	24
Derivative contracts	Fair value through profit or loss (FVPL)	2	23,022	23,022	18,232	18,232
Total			3,275,012	3,275,012	3,342,290	3,342,290
Liabilities to credit institutions	Amortised cost	2	20,274	20,274	71,354	71,354
Liabilities to the public and public sector entities	Amortised cost	2	1,618,170	1,618,170	1,569,203	1,569,203
Debt securities issued to the public	Amortised cost	1	15,916	15,916	46,931	46,931
Derivative contracts	Fair value through profit or loss (FVPL)	2	42,219	42,219	74,793	74,793
Total			1,696,579	1,696,579	1,762,281	1,762,281

Level 3 financial assets do not carry any unrealized gains or losses.
Book values and fair values of financial instruments contain accrued interest. Derivative contracts consist of interest rate and currency swaps with various counterparties for hedging purposes. Liabilities to financial institutions mainly consist of unsecured long-term promissory note loans with floating interest rates with various counterparties. Liabilities to the public and public sector entities consist of deposits from the public and long-term financing contracts concluded with certain counterparties. The fair values of debt securities (financial assets) are presented based on public quotes from active markets or on other than quated verifiable prices. 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.
There have been no transfers between the stages (1,2,3).

The fair value determination principles are as follows:
1: Quoted prices in active markets
2: Verifiable price, other than quoted
3. Unverifiable market price

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.

The Mortgage Society of Finland has restructured Bostadsaktiebolag TAOS' loans. EUR 1.5 million of old loans were repaid and EUR 215 thousand of new loans were granted. The total amount of the loan is therefore EUR 1.8 million.

There have been no other material changes in the related party transactions since 31 December 2023.

8. IFRS 9 expected credit losses by stage

(1000 €)	30/9/2024 Book value	30/9/2024 Expected credit loss allowance	31/12/2023 Book value	31/12/2023 Expected credit loss allowance
Debt instruments, FVOCI				
Level 1, performing loans, no significant increase in credit risk	47,415	23	56,538	5
Receivables from the public and public sector entities				
Level 1, performing loans, no significant increase in credit risk	2,771,612	17	2,746,419	13
Level 2, performing loans with a significant increase in credit risk	27,870	6	23,348	4
Level 3, non-performing loans	9,412	206	5,186	289
Total	**2,808,894**	**228**	**2,774,953**	**306**
Off-balance sheet commitments; granted but undrawn loans and other				
Level 1, performing loans, no significant increase in credit risk	239,741	0	197,535	0

During the financial period, loans of two individual customers total 4.2MEUR moved from level 2 to level 3. In addition to these, there were no significant ECL-le transitions and new loans were originated to level one. The Forward Looking Factor (FLF) of the ECL model remained at level 1 during the financial period. The level of FLF is evaluated monthly.
The book value contains contract principal amounts but not accrued interests.

(1000 €)	1–9/2024 Net expected credit losses with P&L impact	1-9/2023 Net expected credit losses with P&L impact	7-9/2024 Net expected credit losses with P&L impact	7-9/2023 Net expected credit losses with P&L impact	1-12/2023 Net expected credit losses with P&L impact
Debt instruments, FVOCI					
Level 1, performing loans, no significant increase in credit risk	-18	0	-11	0	-5
Receivables from the public and public sector entities					
Level 1, performing loans, no significant increase in credit risk	-4	2	-1	2	4
Level 2, performing loans with a significant increase in credit risk	-2	-3	2	0	23
Level 3, non-performing loans	84	1	113	50	-100
Total	**78**	**0**	**113**	**52**	**-73**
Off-balance sheet commitments; granted but undrawn loans and other commitments					
Level 1, performing loans, no significant increase in credit risk	0	1	0	1	1

9. IFRS 15 Income distribution

Group's total income
(1000 €)

	1–9/2024	1–9/2023	7–9/2024	7–9/2023	2023
Interest income	128,128	90,179	36,218	34,812	130,732
Interest expense	-115,880	-76,983	-31,641	-29,577	-112,528
Net interest income	12,248	13,197	4,577	5,235	18,204
Net fee income					
from lending operations	2,185	1,907	641	519	2,454
from land trustee services	1,908	1,474	562	755	2,075
from other operations	65	144	22	-259	168
Total net fee income	4,158	3,525	1,224	1,015	4,697
Net income from treasury operations	-748	-1,038	-960	-941	-2,517
Net income from investment properties	1,723	1,476	746	410	2,118
Capital gains on investment properties	22	28	22	27	314
Other income	-7	2,198	-12	-11	2,192
Non-interest income	990	2,665	-204	-516	2,106
Total income	17,396	19,386	5,597	5,735	25,006

10. IFRS 16 Leases

Hypo Group as lessee
(1000 €)

Right-of-use assets	**1-9/2024**	**1-9/2023**	**1–12/2023**
Depreciation - Apartments	48	32	86
Carrying amount - Apartments	25	405	350
Lease liabilities			
Interest expense	2	1	4
Carrying amounts sorted by remaining maturity			
Non-fixed-term leases	26	405	352
Relief options			
Expenses from leases of low-value assets	9	5	6

Hypo Group leases storage spaces and parking lots in Helsinki.

Hypo Group as a lessor
(1000 €)

Operative leases	**1-9/2024**	**1–9/2023**	**1–12/2023**
Lease income	1,570	1,166	1,660
Undiscounted lease payments to be received			
1 year	826	718	557
2 year	348	377	356
3 year	332	356	352
4 year	156	340	288
5 year	114	164	149
>5 years	3,829	4,307	4,035

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

11. Information concerning asset encumbrance

9/30/2024 (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	2,282,858	26,743	2,282,858	19,743	1,269,157	495,945	1,269,157	99,992
Equity instruments	-	-	-		24	-	24	
Debt securities	19,743	19,743	19,743	19,743	128,300	99,992	128,300	99,992
Other assets, including lending	2,263,115	7,000	2,263,115		1,140,833	395,953	1,140,833	

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	70,000

C - Encumbered assets and associated liabilities	Liabilities associated with encumbered assets	Encumbered assets
Book value of selected financial liabilities	-	-
Debt securities issued to the public	1,636,637	2,229,843
Derivative contracts	33,089	53,015
Total	1,669,725	2,282,858

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 2,282.9 million, out of which of covered bonds were EUR 2,229.8 million on 30 Septemper 2024. 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 128.3 million on 30 Septemper 2024. EUR 396.6 million of unencumbered loans may be used as collateral for covered bonds.

12/31/2023 (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	2,340,473	25,822	2,340,473	19,822	1,278,622	657,189	1,278,622	126,564
Equity instruments					24		24	
Debt securities	19,822	19,822	19,822	19,822	126,564	126,564	126,564	126,564
Other assets, including lending	2,320,650	6,000	2,320,650		1,152,034	530,625	1,152,034	

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	14,445

C - Encumbered assets and associated liabilities	Liabilities associated with encumbered assets	Encumbered assets
Book value of selected financial liabilities	51,349	75,039
Debt securities issued to the public	1,647,529	2,193,648
Derivative contracts	52,928	71,785
Total	1,751,806	2,340,473

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 2,340.5 million, out of which of covered bonds were EUR 2,193.6 million on 31 December 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 126.6 million on 31 December 2023. EUR 250.7 million of unencumbered loans may be used as collateral for covered bonds.

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

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

Definitions of Alternative Performance Measures:

Operating profit/profit before appropriations and taxes, 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 + 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) %	$\frac{\text{Operating profit - income taxes}}{\text{Equity + accumulated appropriations less deferred tax liabilities (average total at the beginning and end of the period)}} \times 100$
Cost-to-income ratio %	$\frac{\text{Personnel expenses + administrative expenses + depreciation and impairment losses on tangible and intangible assets + other operating expenses}}{\text{Net interest income + income from equity investments + net fee and commission income + net income from financial instruments at FVPL + net income from available-for-sale financial assets + net income from investment properties + other operating income}} \times 100$
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.

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

Non-performing assets, % of the loan portfolio	$\frac{\text{Receivables from the public and public sector entities deemed unlikely to be paid + receivables past due and unpaid over 90 days}}{\text{Receivables from the public and public sector entities}} \times 100$
LCR-ratio %	$\frac{\text{Liquid assets}}{\text{Outflow of liquidity – Inflow of liquidity (within 30 days)}} \times 100$
NSFR-ratio %	$\frac{\text{Available stable funding}}{\text{Required stable funding}} \times 100$
Leverage Ratio %	$\frac{\text{Equity + accumulated appropriations less deferred tax liabilities}}{\text{Balance sheet total}} \times 100$
Common Equity Tier 1 (CET1) ratio %	$\frac{\text{Common Equity Tier 1, CET1}}{\text{Total risk}} \times 100$ The capital requirement for total risk is calculated using the standard method. The capital requirement for operational risk is calculated using the basic method.

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 relation 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.

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.

Ernst & Young Oy
Korkeavuorenkatu 32-34
FI-00130 Helsinki
FINLAND

Tel: +358 207 280 190
www.ey.com/fi
Business ID: 2204039-6,
domicile Helsinki

Building a better working world

Translation

Report on Review of Suomen Hypoteekkiyhdistys Interim Financial Information for the period 1.1.–30.9.2024

to the Board of Directors of Suomen Hypoteekkiyhdistys

Introduction

We have reviewed the interim financial information for Suomen Hypoteekkiyhdistys, comprising the consolidated balance sheet as of 30.9.2024, consolidated statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and explanatory notes for the nine-month period then ended.

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410, "Review of Interim 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 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 interim financial information has not been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and other regulations governing the preparation of interim reports in Finland.

Helsinki, 28.10.2024

Ernst & Young Oy
Authorized Public Accountant Firm

Miikka Hietala
Authorized Public Accountant