



HYPO



THE MORTGAGE SOCIETY OF FINLAND

Interim Report 1 January – 31 March 2014

The Interim Report for the period of 1 January – 30 June 2014 will be published on August 25, 2014.

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

THE HYPO GROUP

The Mortgage Society of Finland Group (hereafter "the Hypo Group" or "Hypo") is the only nationwide expert organisation specialising in home financing and housing in Finland. Hypo aims to constantly complement its traditional home financing and housing product portfolio with new, alternative and customer-oriented solutions.

The Mortgage Society of Finland grants loans to households and housing companies with domestic housing or residential property as collateral. The Suomen AsuntoHypoPankki Oy deposit bank offers its customers deposit and debt securities products, payment cards and residential property trustee services. On 31 March 2014, Hypo had approximately 24,000 customers. Maintaining our strong capital adequacy and keeping our customer promise "Secure options for better living" guide us in growing our business in a profitable manner, while managing our risks.

OPERATING ENVIRONMENT

The development of the Finnish Economy has been continually sluggish after two years of negative growth. Both exports and domestic demand have developed modestly and the unemployment rate has been slowly increasing. The inflation rate has remained very low. Also the ECB rate and the mortgage reference rates have remained exceptionally low, which has supported the households' ability to service their debts. The economic development has not yet resulted in any substantial problems to customers in servicing their debts.

The annual growth of the housing loan stock in Finland was 2.1 % in February 2014. The growth has slowed down clearly, since the corresponding growth a year earlier was still 5.4 %. By contrast, household deposits have remained practically stable, since they decreased by 0.1 % in a year (compared to an increase of 0.2 % one year earlier).

Housing prices increased by 2.0 % (+4.3 %) in the Helsinki Metropolitan Area at an annual level. Elsewhere in Finland, prices declined by 1.7 % (increased 1.4 %) compared to the corresponding period in the previous year.

RESULT AND PROFITABILITY

January – March 2014

Hypo Group's operating profit was EUR 1.5 million (EUR 0.5 million for 1 January – 31 March 2013). Income totalled EUR 3.9 million (EUR 2.0 million) and expenses EUR 2.4 million (EUR 1.6 million).

Net interest income developed favourably, growing by almost 80 % compared to the corresponding quarter last year. The increase was due to both loan volume growth and a positive development in interest margin.

The fee income, EUR 0.7 million (EUR 0.6 million), consists of fees related to lending, trustee services and the payment card business cooperated with Nets Oy and Ab Compass Card Oy Ltd.

Net income from investment properties (housing units and residential plots) amounted to EUR 1.2 million (EUR 0.6 million). This included EUR 0.7 million of capital gains (EUR 0 million).

The Group's cost-to-income ratio was 61.1 % (76.8 %).

Net impairments were positive due to impairment reversals and the impact on profit was an increase of EUR 6 thousand (EUR +12 thousand for 1 January – 31 March 2013).

The Group's comprehensive income, EUR 1.9 million (EUR 0.5 million), includes EUR 1.3 million of profit for the period under review (EUR 0.4 million) and the change in the fair value reserve included in equity.

PERSONNEL

Seven new employees were hired during the period under review. Co-operation with Helmi

Business College continued. The average number of personnel during the period was 49 (31 during the corresponding period in 2013). On 31 March 2014, the number of permanent personnel was 49 (30). These figures do not include the CEO and the deputy CEO.

ASSETS AND LIABILITIES

Lending

The loan portfolio grew to EUR 1 026.4 million (EUR 977.9 million on 31 December 2013).

Hypo's loan portfolio is fully property-secured, which is typical of mortgage banks. The Loan-to-Value ratio of the loan portfolio was 49.3 percent at the end of the period under review (50.0 percent on 31 December 2013).

The non-performing receivables remained at a low level, amounting to EUR 1.6 million, which corresponds to 0.16 % of the loan portfolio (0.10 percent on 31 December 2013). The definition of non-performing receivables has been changed and the figures in accordance with the new definition will be reported to the Financial Supervisory Authority by 30 May 2014.

Liquid assets and other receivables

At the end of the period, cash and cash equivalents in accordance with the cash flow statement, combined with current accounts and other binding credit facilities, totalled EUR 161.1 million (EUR 205.6 million on 31 December 2013), which corresponds to 13.1 percent (16.8 percent) of the total assets. More than half of the cash and cash equivalents (which totalled EUR 137.7 million) consisted of funds with at least an AA rating, distributed widely across various counterparties, and of debt securities that are tradable on the secondary market.

The surplus of EUR 6.6 million (EUR 6.6 million) from the Mortgage Society of Finland's pension foundation has been recognised in the Group's other assets.

The share of housing and residential plot holdings remained stable at 3.8 percent of the total assets (3.8 percent on 31 December 2013). Apartments and residential plots owned and rented out by Hypo enable the Group to offer its customers a comprehensive selection of housing products and services. Hypo's properties are located in growth centres, mainly in the Helsinki Metropolitan Area, distributed across key residential areas.

Derivative contracts

The balance sheet value of receivables from derivatives was EUR 1.5 million on 31 March 2014 (EUR 1.6 million on 31 December 2013), and the value of liabilities was EUR 4.5 million (EUR 4.6 million).

Interest rate swaps and currency swaps made for hedging purposes are recognised at fair value, and their offset entries are recognised in either the fair value reserve included in equity (cash flow hedges) or through profit or loss (fair value and currency hedges). The fair values of embedded derivatives related to equity index-linked bonds, as well as the fair values of the related option contracts have been recognised through profit or loss, and their offset entries have been recorded in the derivatives' balance sheet values.

Deposits and other funding

The Group's funding position remained stable in the period under review, and the proportion of deposit and retail bond funding of total funding was further increased. Total deposits and retail bonds increased by 4.1 percent during the period under review, to EUR 390.0 million (EUR 374.7 million on 31 December 2013), including deposits made by financial institutions. The share of deposits and retail bonds accounted for 35.1 percent (33.8

percent) of total funding. The deposit bank Suomen AsuntoHypoPankki Oy is covered by the Deposit Guarantee Fund and is wholly owned by the Mortgage Society of Finland.

The Mortgage Society of Finland carried out two retail bond issues during the period under review, with a nominal amount of EUR 4.6 million. The share of long-term deposit and other funding of total funding was 59.0 percent (59.5 percent) on 31 March 2014.

The total funding at the end of the period under review was EUR 1 111.8 million (EUR 1 109.6 million).

EQUITY, CAPITAL ADEQUACY AND RISK MANAGEMENT

The Hypo Group's equity amounted to EUR 89.4 million at the end of the period under review (EUR 87.5 million). The changes in equity during the period are presented in the Group's statement of equity attached to this Interim Report.

The Group's Core Tier 1 ratio (CET1 ratio) stood at 14.7% (14.7% on 31 December 2013). The reporting is based on the FIN-FSA statement 1/2014 concerning reporting of capital adequacy in interim reports.

Profit for the financial period 1 January – 31 March 2014 is included in the Core Tier 1 equity based on the statement by the auditors. The Group's own funds are quantitatively and qualitatively strong in relation to the Group's current and future business, as well as to potential changes, even exceptional ones, in the operating environment.

The Group's business risks during the period have been reviewed actively and comprehensively. There have been no significant negative changes in the risk levels.

More detailed information on capital adequacy and risk management practices are published as part of the audited annual Financial Statements, the Notes and the enclosed Annual Report. The same information and any updates therein can also be accessed at www.hypo.fi.

KEY EVENTS AFTER THE END OF THE FINANCIAL PERIOD

Since the end of the financial period 1 January – 31 March 2013, there have not been any significant changes in the outlook or financial standing of the Mortgage Society of Finland or its Group.

OUTLOOK FOR 2014

The Group management estimates that the 2014 operating profit will remain at the same level or improve compared to 2013. However, the uncertainty surrounding the international and especially the domestic economy creates uncertainty also for the Finnish housing market and Hypo's financial performance.

Sources:

Loans and deposits; Bank of Finland

Housing prices; February 2014; Statistics Finland

Cost-to-income ratio:

(Administrative expenses + depreciation and impairments from tangible and intangible assets + other operating income) / (net interest income + profit from equity investments + net income from fees and commissions + net income from available-for-sale financial assets + net income from securities trading and currency operations + net income from investment properties + other operating income)

CONSOLIDATED INCOME STATEMENT, IFRS

(1000 €)	1-3/2014	1-3/2013	2013
Interest income	4 955,3	3 958,0	17 663,2
Interest expenses	-3 425,2	-3 099,0	-12 373,0
NET INTEREST INCOME	1 530,1	859,1	5 290,2
Income from equity investments	0,0	0,0	98,0
Fee and commission income	721,0	589,6	2 747,6
Fee and commission expenses	-8,4	-3,7	-24,2
Net income from securities and foreign currency transactions			
Net income from foreign currency transactions	-0,2	-0,1	-1,7
Net income from financial assets available for sale	501,5	0,0	103,6
Net income from investment properties	1 191,3	640,0	5 825,4
Other operating income	-5,2	5,4	8,5
Administrative expenses			
Personnel costs			
Wages and salaries	-1 271,7	-759,9	-3 329,2
Other personnel related costs			
Pension costs	-237,3	-128,4	-824,9
Other personnel related costs	-44,7	-21,8	-99,7
Other administrative expenses	-637,7	-556,6	-3 060,9
Total administrative expenses	-2 191,4	-1 466,7	-7 314,7
Depreciation and impairment losses on tangible and intangible assets	-79,6	-55,0	-261,4
Other operating expenses	-129,7	-83,2	-484,3
Impairment losses on loans and other commitments	5,7	12,2	19,1
OPERATING PROFIT	1 535,1	497,5	6 006,1
Income taxes	-269,4	-88,6	-1 116,5
OPERATING PROFIT AFTER TAX	1 265,7	408,9	4 889,7
PROFIT FOR THE PERIOD	1 265,7	408,9	4 889,7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

(1000 €)	1-3/2014	1-3/2013	2013
Profit for the period	1 265,7	408,9	4 889,7
Items that may be reclassified subsequently to income statement			
Reservation of profits for the public good and other adjustments	0,0	0,0	0,0
Change in fair value reserve			
Cash flow hedges	389,4	171,8	700,0
Available for sale financial assets	233,2	-32,6	-110,3
	622,6	139,2	589,7
Change in tax rates			
Deferred tax of loan loss provision	0,0	0,0	1074,7
Deferred tax of revaluation reserve	0,0	0,0	409,7
Deferred tax of Eläkesäätiö IAS 19	0,0	0,0	275,1
	0,0	0,0	1759,5
Items that may not be reclassified subsequently to the income statement			
Revaluation of defined benefit pension plans	0,0	0,0	488,0
Total other comprehensive income items	622,6	139,2	2 837,2
COMPREHENSIVE INCOME FOR THE PERIOD	1 888,3	548,1	7 726,9

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)

	31.3.2014	31.12.2013	31.3.2013
ASSETS			
Cash	30 000,0	560,0	868,2
Debt securities eligible for refinancing with central banks			
Treasury bills		10 029,5	
Other	84 023,5	109 193,2	82 274,5
Receivables from credit institutions			
Repayable on demand	17 386,6	16 932,4	5 103,9
Other	4 046,9	43 915,0	3 381,5
	21 433,5	60 847,4	8 485,4
Receivables from the public and public sector entities			
Other than those repayable on demand	1 026 365,8	977 893,5	768 124,2
Debt securities			
From others	1 996,0	1 999,4	13 378,8
	1 996,0	1 999,4	13 378,8
Shares and holdings	113,4	113,4	113,4
Derivative financial instruments	1 491,6	0,0	184,0
Intangible assets			
Other long-term expenditure	783,6	739,1	516,1
Tangible assets			
Investment properties and shares and holdings in investment properties	45 735,0	46 068,6	54 316,3
Other properties and shares and holdings in real estate corporations	826,8	828,3	834,2
Other tangible assets	292,7	298,8	246,7
	46 854,5	47 195,7	55 397,3
Other assets	9 164,0	7 518,0	7 988,4
Accrued income and advances paid	4 532,4	2 740,6	3 874,1
Deferred tax receivables	944,4	765,4	1 155,5
TOTAL ASSETS	1 227 702,7	1 219 595,1	942 360,0

CONSOLIDATED BALANCE SHEET, IFRS

(1000 €)

	31.3.2014	31.12.2013	31.3.2013
LIABILITIES			
Liabilities to credit institutions			
Central banks	40 000,0	40 000,0	40 000,0
Credit institutions			
Repayable on demand	20 726,1	27 749,5	18 406,2
Other than those repayable on demand	119 863,3	123 347,0	121 972,3
	180 589,5	191 096,5	180 378,4
Liabilities to the public and public sector entities			
Deposits			
Repayable on demand	194 518,0	182 996,3	140 558,4
Other	140 722,9	132 226,4	119 077,7
	335 240,9	315 222,7	259 636,1
Other liabilities			
Other than those repayable on demand	45 223,0	47 241,4	51 960,9
	380 463,9	362 464,1	311 597,0
Debt securities issued to the public			
Bonds	419 883,0	417 847,3	246 259,4
Other	108 040,5	116 404,0	101 967,6
	527 923,4	534 251,3	348 227,0
Derivative financial instruments	4 516,2	3 035,5	1 382,4
Other liabilities			
Other liabilities	7 424,6	7 184,9	5 448,4
Deferred income and advances received	6 566,0	4 490,9	5 469,3
Subordinated liabilities			
Other	22 793,0	21 834,7	680,0
Deferred tax liabilities	8 046,0	7 744,3	8 863,4
EQUITY			
Basic capital	5 000,0	5 000,0	5 000,0
Other restricted reserves			
Reserve fund	22 793,8	22 790,4	22 789,4
Fair value reserve			
From cash flow hedging	-2 574,7	-2 964,1	-3 492,3
From fair value recognition	336,5	104,3	182,0
Defined benefit pension plans	488,0	488,0	0,0
Unrestricted reserves			
Other reserves	22 923,5	22 923,5	22 923,5
Retained earnings	39 147,4	34 261,1	32 502,6
Profit for the period	1 265,7	4 889,7	408,9
	89 380,2	87 492,9	80 314,1
TOTAL LIABILITIES	1 227 702,7	1 219 595,1	942 360,0

CHANGE IN EQUITY (1000 €)	Basic capital	Reserve fund	Fair value reserve	Other reserves	Retained earnings	Total
Equity 1 Jan 2013	5 000,0	22 789,4	-3 449,5	22 923,5	32 502,6	79 766,0
Profit for the period					408,9	408,9
Other comprehensive income						
Cash flow hedges						
Amount recognised in equity			-244,5			-244,5
Amount transferred to the income statement			472,1			472,1
Change in deferred taxes			-55,7			-55,7
Financial assets available for sale						
Change in fair value			-43,2			-43,2
Amount transferred to the income statement			0,0			0,0
Change in deferred taxes			10,6			10,6
Revaluation of defined benefit plans						
Actuarial gains / losses			0,0			0,0
Change in deferred taxes			0,0			0,0
Investment property, revaluation reserves						
Amount transferred to the previous period profits						
Change in deferred taxes						
Total other comprehensive income	0,0	0,0	139,2	0,0	0,0	139,2
Equity 31 Mar 2013	5 000,0	22 789,4	-3 310,3	22 923,5	32 911,5	80 314,1
 Equity 1 Jan 2014	 5 000,0	 22 790,4	 -2 371,8	 22 923,5	 39 150,8	 87 492,9
Profit for the period					1 265,7	0,0
Other comprehensive income						
Profit use of funds		3,4			-3,4	0,0
Cash flow hedges						
Amount recognised in equity			692,1			692,1
Amount transferred to the income statement			-205,4			-205,4
Change in deferred taxes			-97,3			-97,3
Financial assets available for sale						
Change in fair value			-210,0			-210,0
Amount transferred to the income statement			501,5			501,5
Change in deferred taxes			-58,3			-58,3
Revaluation of defined benefit plans						
Actuarial gains / losses						0,0
Change in deferred taxes						0,0
Investments property, revaluation reserves						
Amount transferred to the previous period profits						
Change in deferred taxes						
Total other comprehensive income	0,0	3,4	622,6	0,0	-3,4	622,6
Equity 31 Mar 2014	5 000,0	22 793,8	-1 749,2	22 923,5	40 413,1	88 115,5

CONSOLIDATED CASH FLOW STATEMENT

(1000 €)	1-3/2014	1-3/2013
Cash flow from operating activities		
Interest received	4 064,5	3 517,9
Interest paid	-2 028,8	-2 959,2
Fee income	734,9	597,5
Fee expenses	-8,4	-3,7
Foreign exchange gains/losses	-0,2	-0,1
Net income from available-for-sale financial assets	501,5	0,0
Net income from investment properties	937,0	-191,8
Other operating income	-5,2	5,4
Administrative expenses	-1 956,1	-1 678,8
Other operating expenses	-133,4	-74,5
Credit and guarantee losses	5,7	12,2
Income taxes	-41,3	-55,1
Total net cash flow from operating activities	2 070,3	-830,3
Operating assets increase (-) / decrease (+)		
Receivables from customers (lending)	-51 211,5	-45 164,1
Investment properties	777,5	-254,3
Operating assets increase (-) / decrease (+) total	-50 433,9	-45 418,4
Operating liabilities increase (+) / decrease (-)		
Liabilities to the public and public sector organisations (deposits)	20 018,2	-8 891,5
Operating liabilities increase (+) / decrease (-) total	20 018,2	-8 891,5
NET CASH FLOWS ACCRUED FROM OPERATING ACTIVITIES	-28 345,4	-55 140,2
Cash flows from investments		
Change in fixed assets	-116,6	-222,8
NET CASH FLOWS ACCRUED FROM INVESTMENTS	-116,6	-222,8
Cash flows from financing		
Bank loans, new withdrawals	22 637,0	33 777,3
Bank loans, repayments	-33 144,1	-40 688,6
Other liabilities, increase (-) / decrease (+)	844,8	-451,1
Bonds, new issues	18 934,3	107 483,7
Bonds, repayments	-18 581,3	-59 329,8
Certificates of deposit, new issues	31 003,7	35 841,1
Certificates of deposit, repayments	-39 367,3	-34 656,2
Subordinated liabilities, new withdrawals	958,9	0,0
Subordinated liabilities, repayments	-0,6	0,0
NET CASH FLOWS ACCRUED FROM FINANCING	-16 714,5	41 976,5
NET CHANGE IN CASH AND CASH EQUIVALENTS	-45 176,5	-13 386,5
Cash and cash equivalents at the beginning of the period	182 629,5	118 393,5
Cash and cash equivalents at the end of the period	137 453,0	105 007,0
CHANGE IN CASH AND CASH EQUIVALENTS	-45 176,5	-13 386,5

NOTES

1. Key accounting policies

This Interim Report applies the same IFRS accounting policies as the Group's Financial Statements on 31 December 2013. The Interim Report has been prepared in accordance with the IAS 34 standard (Interim Financial Reporting) approved in the EU. The new IFRS standards and interpretations effective from the financial period which started on 1 January 2014 did not have any material impact on the consolidated result or balance sheet.

The Interim Report does not contain all information and Notes that are required in the annual Financial Statements. The Report should be read in conjunction with the Group's 31 December 2013 Financial Statements.

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

The Hypo Group's consolidated financial statements cover The Mortgage Society of Finland as well as the deposit bank Suomen AsuntoHypoPankki Oy, of which The Mortgage Society of Finland owns 100 per cent, and the housing company Bostadsaktiebolaget Taos, of which the Group companies own 59.4 per cent. The financial statements of AsuntoHypoPankki and Taos have been consolidated using the acquisition cost method, the housing company Asunto Oy Vanhaväylä 17 (the Group's ownership is 80.4 per cent) and housing company-type associated companies are treated in the same manner as other housing company-type investments.

2. Issuance and repayments of debt and equity securities

The issuance of debt securities and repayments/repurchases thereof are presented in the consolidated cash flow statement for 1 January – 31 March 2014.

3. Own funds and capital adequacy

Hypo Group own funds and capital ratios *

	31.3.2014	31.12.2013
Common Equity Tier 1 (CET1) capital before regulatory adjustments	86 164,0	84 829,2
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-626,9	-591,2
Common Equity Tier 1 (CET1)	85 537,2	84 238,0
Additional Tier 1 capital before regulatory adjustments	0,0	0,0
Total regulatory adjustments to Additional Tier 1 capital	0,0	0,0
Additional Tier 1 (AT1) capital	0,0	0,0
Tier 1 capital (T1 = CET1 + AT1)	85 537,2	84 238,0
Tier 2 (T2) Capital before regulatory adjustments	346,2	201,6
Total regulatory adjustments to Tier 2 (T2) Capital	0,0	0,0
Tier 2 (T2) capital	346,2	201,6
Total capital (TC = T1 + T2)	85 883,3	84 439,6
Total risk weighted assets	580 574,3	572 828,5
of which credit risk	556 561,8	548 816,0
of which market risk	0,0	0,0
of which operative risk	24 012,5	24 012,5
Common Equity Tier 1 (CET1) in relation to risk weighted assets (%)	14,7 %	14,7 %
Tier 1 (T1) in relation to risk weighted assets (%)	14,7 %	14,7 %
Total capital (TC) in relation to risk weighted assets (%)	14,8 %	14,7 %

* Capital ratios are calculated based on the Regulation (EU) No 575/2013.

Credit risk is calculated using the standard method and operative risk based on the basic method.

The most significant change resulting from the new regulation is the treatment of T2 capital instruments in Hypo's calculation. According to FIN-FSA interpretation 1/2014 they have been excluded from Total capital. This lowers the Total capital ratio by 3,5 %-points.

4. Contingent off-balance sheet commitments

Consolidated off-balance sheet commitments

(1000 €)	31.3.2014	31.12.2013	31.3.2013
Commitments made on behalf of a customer to benefit a third party			
Guarantees	2 181,9	2 181,9	2 181,9
Irrevocable commitments given on behalf of a customer			
Granted but unclaimed loans	141 938,5	107 700,3	128 343,3
Potential redemptions of partially owned housing units and those to be completed	597,4	761,6	1 216,2
Total	144 717,8	110 643,7	131 741,5

5. Fair values of financial instruments

(1000 €)		31.3.2014	31.12.2013	31.3.2013
	Fair value measurement method	Fair value	Fair value	Fair value
Financial assets				
Debt securities eligible for refinancing with central banks	B	84 023,5	109 193,2	82 274,5
Debt securities	B	1 996,0	1 999,4	13 378,8
Derivative contracts	B	1 491,6	0,0	184,0
Total		87 511,1	111 192,6	95 837,3
Financial liabilities				
Derivative contracts	B	4 516,2	3 035,5	1 382,4

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

Fair value determination principles:

- A: Quoted price on an active market
- B: Verifiable price, other than quoted
- C: Unverifiable market price

There have been no changes in the valuation methods during the reporting period. No transfers between categories have been made during the reporting period. Fair values are presented excluding accrued interest. The fair values of financial assets, liabilities and derivatives are primarily presented based on public quotes from active markets. If said market quote is not available, the fair value of a balance sheet item is calculated by discounting the future cash flows of the contract using the market interest rates of the closing date.

Helsinki, April 30th 2014

Sari Lounasmeri
Chairman

Harri Hiltunen
Vice Chairman

Kai Heinonen

Hannu Kuusela

Teemu Lehtinen

Ari Pauna
CEO

Elli Reunanen
Deputy CEO

Vesa Vihriälä

Tuija Virtanen

OPINION ON THE REVIEW OF THE 1 JANUARY – 31 MARCH 2014 INTERIM REPORT OF THE MORTGAGE SOCIETY OF FINLAND

Introduction

We have performed a review of the Mortgage Society of Finland's balance sheet of 31 March 2014, income statement, statement of changes in equity and the cash flow statement for the three months period ended, as well as the summary of significant accounting policies and other Notes. The Board of Directors and CEO are responsible for preparing the Interim Report and ensuring it provides accurate and sufficient information in accordance with the International Financial Reporting Standards (IFRS) approved in the EU, and other statutes and regulations concerning the preparation of the Interim Report in effect in Finland. Based on the review we have performed, we are issuing an opinion on the Interim Report in accordance with the Securities Act Section 2, Article 5a(7).

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Report is not prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the EU and other statutes and regulations concerning the preparation of the Interim Report in effect in Finland. The Report provides accurate and sufficient information on the financial standing of the entity on 31 March 2014 and the result and cash flows of its operations for the three months period ended.

Helsinki, April 30th 2014

PricewaterhouseCoopers Oy

Authorised Public Accountants

Juha Wahlroos
Authorised Public Accountant

Supervisory Board

Markku Koskela, Chairman, Professor

Väinö Teperi, Vice Chairman, Lawyer

Antti Arjanne, CEO

Elina Bergroth, Lecturer

Mikael Englund, CEO

Markus Heino, CEO

Timo Hietanen, Deputy Managing Director

Hannu Hokka, CEO

Kari Joutsa, Master of Laws trained on the bench

Markku Koskinen, Consultant

Elias Oikarinen, Docent

Kallepekka Osara, Farmer

Jukka Räihä, Master of Laws trained on the bench

Mari Vaattovaara, Professor, Vice Dean

Riitta Vahela-Kohonen, Development Manager

Veikko M. Vuorinen, CEO

Board of Directors

Sari Lounasmeri, Chairman, CEO

Harri Hiltunen, Vice Chairman, CEO

Kai Heinonen, Director, Head of Real Estates

Hannu Kuusela, Professor

Teemu Lehtinen, CEO

Ari Pauna, CEO

Elli Reunanen, Deputy CEO

Vesa Vihriälä, CEO

Tuija Virtanen, Researcher, Ph.D. (Econ.)

AUDITING OF THE ACCOUNTS

PricewaterhouseCoopers Oy, Authorised Public Accountants

Principal auditor

Juha Wahlroos, Master of Science (Economics), Authorised Public Accountant

Jukka Mynttinen, Master of Science (Economics), Authorised Public Accountant, deputy

INTERNAL AUDITING

Sari Ojala, Head of Internal Audit