

OMA SÄÄSTÖPANKKI OYJ  
INTERIM REPORT  
JANUARY 1 – JUNE 30, 2015



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Helsinki, August 12, 2015  
Oma Säästöpankki Oyj  
Board of Directors





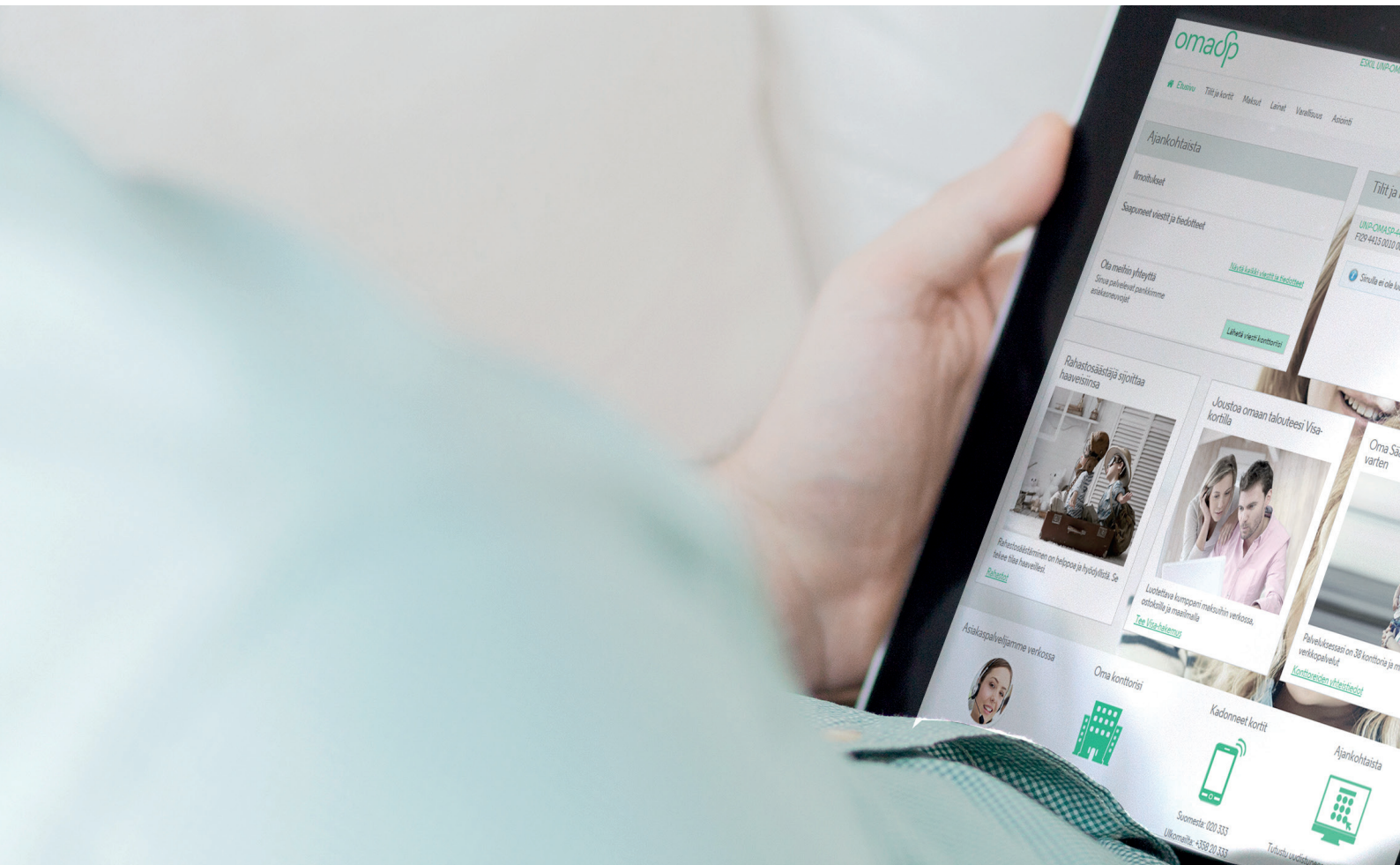
## Oma Säästöpankki had a strong start

The bank's operations have continued in a stable and profitable manner. As per expectations, performance during the beginning of the year was strong, exceeding once again the operating profit level of 10 million euros. The business model, based on high-quality customer service and extensive service network, enables excellent customer satisfaction and spurs the acquisition of new customers. During the beginning of the year, new customer relationships were established at the rate of approximately 500 customers per month.

A successful and financially strong bank brings significant added value to its entire operating area. Only successful banks are able to develop and improve the services they offer their customers. A

strong financial foundation enables undisturbed operations of customer financing in good times as well as in somewhat worse times. The role of a bank that creates good results cannot be understated, either as a taxpayer or as an employer.

A successful and financially  
strong bank brings  
significant added value to its  
entire operating area.



# Significant events in the beginning of the year

## JANUARY

In January, a letter of intent was signed with Pyhäselän Paikallisosuuspankki for the purpose of merging business operations.

## FEBRUARY

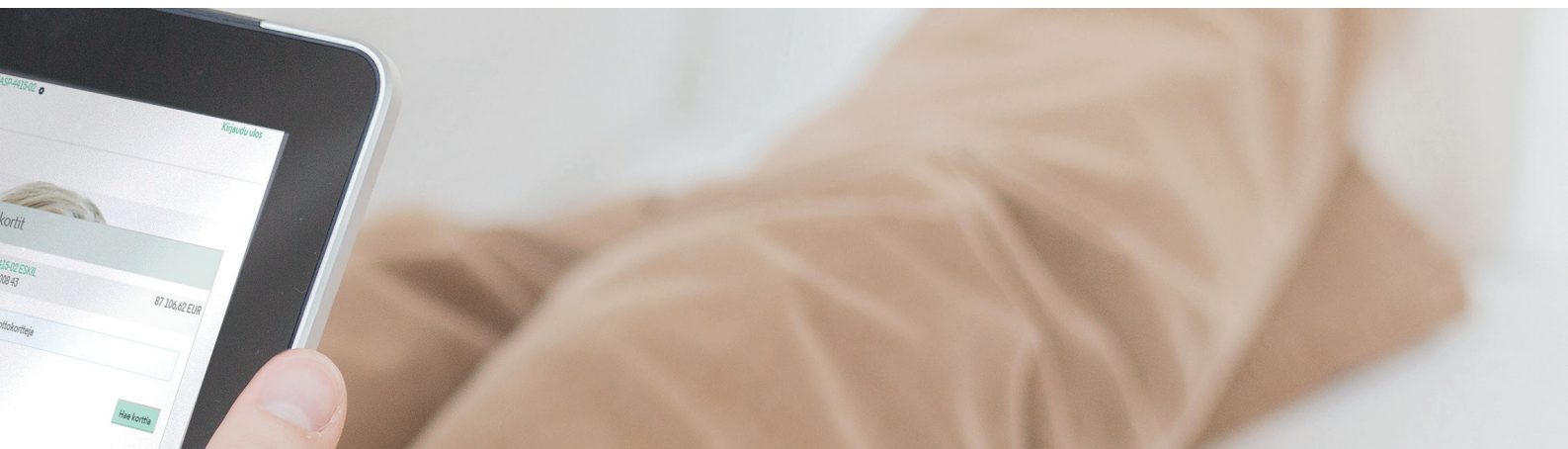
February saw the implementation of a significant improvement when a completely redesigned online banking system for private customers was deployed.

## MARCH

Oma Säästöpankki's mobile banking app, Oma-Mobiili, was introduced in March. It is a convenient and functioning way to use online banking services anywhere and anytime. Investments are also being continued to refurbish the branch network in order to meet the needs of the present times.

Regarding the network, new branches were opened in Savonlinna and Vimpeli during the beginning of the year.





February saw the implementation of a significant improvement when a completely redesigned online banking system for private customers was deployed.

## APRIL

The largest bond in the bank's history was well received by investors in April. Oma Säästöpankki raised 100,000,000 euros from the capital markets in the Nordic countries. The funds will be spent on customer financing and strengthening the bank's liquidity. Institutional investors showed strong confidence in the bank by greatly oversubscribing to the issue. Investors from Sweden and Denmark participated for the first time.

All decisions at the Annual General Meeting were made unanimously, which is a perfect indicator of the strong unity between Oma Säästöpankki and its owners, the savings bank foundations.

The Annual General Meeting on April 11th in Lappeenranta created policy solutions to improve the bank's operational preconditions. First, the historical transfer of two Cooperative Banks' operations to

Oma Säästöpankki was approved. Second, it was decided to change the form of the bank from a limited company (Oy) to a public limited company (Oyj). The new company form enables, for example, functional secondary markets for the bonds issued by the bank. All decisions at the Annual General Meeting were made unanimously, which is a perfect indicator of the strong unity between Oma Säästöpankki and its owners, the savings bank foundations.

## MAY

Kauppalehti announced its annual bank comparison in May (Kauppalehti May 13, 2015 and June 3, 2015). The banks were ranked based on financial statements that were received from the Financial Supervisory Authority and analysed by the Kauppalehti analysts. As expected, Oma Säästöpankki is among the cream of the crop in this comparison. It is highly exceptional that Oma Säästöpankki shows continued success in the comparison of banks. It is difficult to identify other banks that would retain the top spots year after year, excluding Etelä-Karjalan Säästöpankki (ranked 4th last year) that has joined forces with Oma Säästöpankki, and Joroisten Osuuspankki (ranked 14th) which will merge with Oma Säästöpankki in autumn.



## Interim results

The market position continued to grow in the bank's core operating area. Similarly, the profitability of operations was, once again, among the best in the banking sector.

The bank's operational success is a concrete benefit for both the customers and the bank's entire operating area.

(The figures in brackets are from the comparable period of January 1 – June 30, 2014. There are no comparative details for solvency.)

SOLVENCY RATIO  
**21.02 %**

EQUITY AND PROVISIONS  
**200.6 M€**



## OPERATING PROFIT

10.2 M€

(10.7 M€)

## COST/INCOME RATIO

55.5  
%

(55.9 %)

## BORROWING

1,480.7 M€

(1,371.5 M€)

ALL LENDING  
1,493.2 M€

of which intermediated lending 144.2

(1,471.6 M€, of which intermediated lending 172.9)

BALANCE  
SHEET  
1,712.1  
M€

(1,647.0 M€)



# Oma Säästöpankki is Finland's largest savings bank

Thanks to the successfully implemented structural changes, the stronger-than-before bank has turned out to be a very functional solution. The customers appreciate the independent and local manner of operations that clearly fence off the risks of external operators.

A Finnish bank managed from a county is a refreshingly different actor in the domestic banking industry - the only other options are international banking groups or operators who are centred in the capital city area.

Our partners have taken into account the bank's growth into a major player on the national level. Functional partnerships further improve the bank's ability to provide quality banking services and maintain cost efficiency.

In the domestic banking industry, a Finnish bank managed from a province is a refreshingly different actor.





## 2015 outlook

The weak economic conditions in the domestic market, exceptionally low market interest rates, and tighter banking regulations create concerns for banks that have not prepared for the situation in an adequate and timely manner.

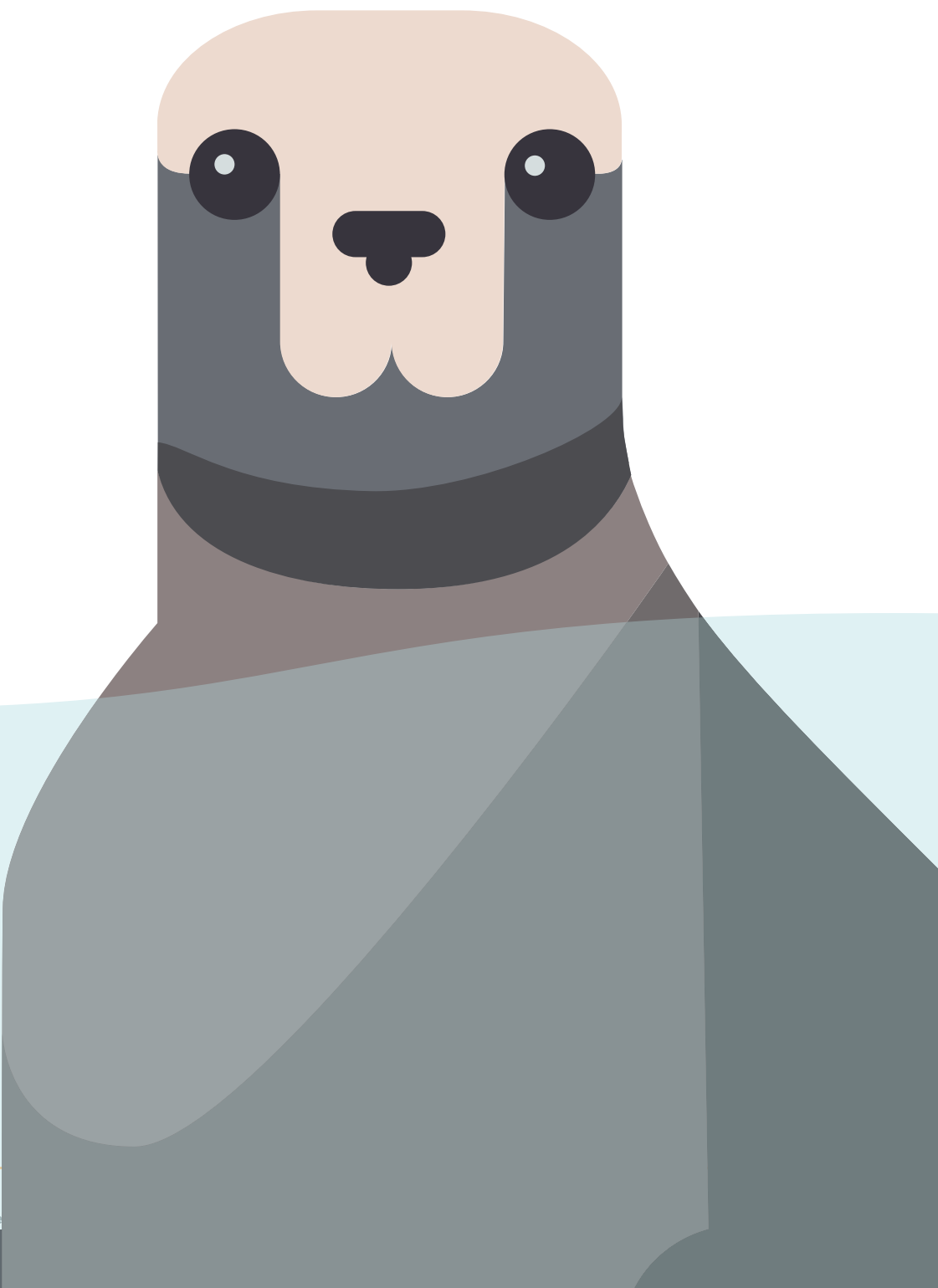
Oma Säästöpankki will gain significant benefits from the successfully implemented merging projects as well as core operations that show a positive development trend. The profit gains of fiscal year 2015 are expected to meet or exceed the level of the previous accounting period.

This is why the bank has a trusting approach to the future despite the challenges in the operating environment, and it is ready to take the necessary actions to ensure future success as well.

### More information:

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# FINANCIAL INFORMATION

OMA SÄÄSTÖPANKKI OYJ INTERIM REPORT  
JANUARY 1 – JUNE 30, 2015



## Oma Säästöpankki's business operations

Oma Säästöpankki Oyj's business operations have continued steadily during the period covered in this report. The growth of deposits and lending has occurred in accordance with the bank's objectives. At the end of June, deposits amounted to 1,294.7 million euros. Deposits grew by 1.9 % over the last 12 months. All lending, including intermediated lending, amounted to 1,493.2 million euros at the end of June. Growth amounted to 1.5 % over the last 12 months.

Oma Säästöpankki Oyj engages in basic banking services and offers its customers a wide range of banking services. In addition to loans granted from the bank's own funds and the received deposits, the bank intermediates its partners' products and

services. These are for example mortgages, investment and asset management services, as well as insurance. The amount of mortgages from Aktia Hypoteekkipankki Oyj, intermediated by the bank, amounted to 144.2 million euros (172.9) in the end of June. Aktia Hypoteekkipankki did not grant new home loans during the review period but new lending occurs by way of the bank's own balances instead. Sp-Rahastoyhtiö Oy's funds form a part of the bank's product selection. Stock intermediation is also a service provided by the bank. Pension and life insurance products are provided by Henkivakuutusosakeyhtiö Duo, which is owned by the savings banks.





All lending, including intermediated lending, amounted to 1,493.2 million euros at the end of June. Growth totalled 1.5 % over the last 12 months.

The bank has a total of 39 branches in Akaa, Alajärvi, Alavus, Hamina, Hauho, Hyllykallio, Häijää, Hämeenlinna, Ilmajoki, Imatrankoski, Jalasjärvi, Joutseno, Kankaanpää, Karvia, Kauhajoki, Kihniö, Kotka, Kouvola, Kuortane, Kurikka, Lappeenranta, Lehtimäki, Lemi, Lempäälä, Mikkeli, Parikkala, Parkano, Renko, Riihimäki, Savitaipale, Savonlinna, Seinäjoki, Suodenniemi, Taavetti, Tampere, Tuuri, Vesilahti, Vimpeli and Vuoksenniska. Oma Säästöpankki Oyj employs approximately 220 clerical workers.

Early in the year, the form of the bank was changed from a limited company (Oy) to a public limited company (Oyj).



## Performance and financial status

Oma Säästöpankki Oyj performed better than the previous year in terms of ordinary banking operations. The bank's operating profit during the period was 10.2 million euros (10.7), which was 0.5 million euros less than during the comparable period. This is attributed to non-recurring items. On the annual level, the operating profit was 1.2 % (1.3 %) of the balance.

The bank's net interest income was 15.1 million euros (14.1) during the review period. Net interest income grew by 6.7 % compared to the same period of the previous year. The growth of the net interest income was influenced by increased volumes and the improved price levels. Commission income totalled 8.5 million euros (7.8). Commission expenses added up to 1 million euros (0.9).

The net income from financial assets available for sale was 1.7 million euros (2.9). Of this, capital gains and losses accounted for 1.8 million euros.

The bank's administrative expenses were 11.8 million euros (10.7). Of this amount, personnel expenses

were 5.7 million euros (5.9) and other administrative expenses were 6.1 million euros (4.8).

The bank's balance sheet grew by 4.9 % over the comparable period, making it 1,712.1 million euros (1,647.0). At the end of the period, equity equalled 144.4 million euros (178.8). The fair value reserve, included in equity, was worth 7.0 million euros (5.8). The fair value reserve includes changes in the fair value reserve that are entered for financial assets available for sale as well as for derivatives that hedge the cash flow. The bank's voluntary provisions totalled 56.3 million euros. During the beginning of the year, the bank issued bonds worth 100.0 million euros. At the end of the accounting period, the amount of issued promissory notes on the balance sheet was altogether 185.9 million euros (100.8), of which the amount of bonds was 161.5 million euros and the amount of debenture loans was 24.5 million euros.



## Risk status

The amount of receivables due over 90 days and zero-interest receivables were altogether 15.6 million euros, which accounts for 1.0 % of lending and loan guarantees. The amount of these was 15.9 million euros at the same time the previous year. During the beginning of the year, devaluations for loans and other receivables were entered for the amount of 2.3 million euros and their reversals for 0.2 million euros.

Calculated based on the new definition, the gross amount of non-performing claims were 23.2 million euros at the end of the review period.

During the beginning of the year, devaluations for loans and other receivables were entered for the amount of 2.3 million euros and their reversals for 0.2 million euros.

The bank uses derivatives to hedge its interest-bearing loans and receivables against changes in fair value and cash flow that are caused by interest rate fluctuations. The bank also applies hedge accounting regulations in addition to regularly following the effectiveness of such hedging. Derivatives are itemised in the section of tables in the interim report.

On a monthly basis, the bank monitors risks related to derivatives, such as changes in fair values of derivatives compared to changes in the interest curve as well as changes in the bank's balance position and the sensitivity of net interest income to changes in interest rates.

## Solvency

The European Union's new regulation and directive on solvency was decreed on June 27, 2013. The new regulation became effective January 1, 2014, which is when all EU countries started to apply the solvency regulation. Finland's Act on Credit Institutions, which was used to integrate the solvency directive with the national legislation, went into effect on August 15, 2014. The European Banking Authority (EBA) provides standards that elaborate on the regulation and that are also legally bound by the regulation.

Basel III solvency reporting based on the new regulation began on June 30, 2014. As such, banks' equity requirements were tightened via the conditions set on equity instruments as well as additional capital buffers. New requirements were set for liquidity, and a new key ratio - the minimum equity ratio - was implemented to monitor indebtedness.

The solvency of local banks is expected to meet the required minimum level of 8 %. In addition to the minimum solvency requirement, a fixed additional capital requirement of 2.5 % went into effect on

January 1, 2015, together with a variable additional capital requirement that authorities can set at 0–2.5 %, if needed. The Board of the Financial Supervisory Authority has not yet given banks a variable additional capital requirement. In terms of the new liquidity requirements, monitoring reporting is carried out in 2014, with the requirements to become binding at a later stage. The binding application of the liquidity coverage ratio, LCR, will begin at the level of 60 % on October 1, 2015, after which it will gradually increase to 100 % by January 1, 2018. After the monitoring period, the EU will decide on the content and the extent to which the permanent borrowing requirement (NSFR) and the minimum equity ratio will be binding. Based on the current information, these will not become binding requirements until 2018 at the earliest.

The bank will publish the solvency information required by the standards of the Act on Credit Institutions and by the Financial Supervisory Authority once a year as a part of its financial statements.





## Outsourced operations

The bank's essential information systems have been outsourced to Oy Samlink Ab. The bank's bookkeeping is handled at Paikallispankkien PP-Laskenta Oy, wholly owned by Samlink. For payment transfers, the bank uses SP Keskuspankki Suomi Oy's payment transfer and clearing services, and for the maintenance of currency supply, the supply system provided by Automatia Pankkiautomaatit Oy.

During the end of the year, the bank's solvency and performance are expected to remain on a good level. The amount of deposits and lending are expected to grow steadily.

## Development outlook for the remainder of the year

During the end of the year, the bank's solvency and performance are expected to remain at a healthy level. The amount of deposits and lending are expected to grow steadily. Despite the weak general economic trends, net depreciation should remain at a reasonably low level during the current year, even though they are expected to increase slightly over the previous accounting period. However, as economic factors potentially decline further and as housing market problems become protracted, the risks related to depreciations will also increase.

The low interest level and the potentially tightening marginal competition will weaken the otherwise

strong ability to turn a profit. Preparations for the changes in bank-related legislation (Basel III and especially the LCR liquidity regulations toward the end of the year) may generally weaken banks' profitability by increasing expenses and decreasing returns. Additional non-recurring expenses are caused to an extent by the merger of the banking operations of Joroisten and Pyhäselän Osuuspankki to Oma Säästöpankki. In the future, the stated structural changes will create cost savings and improve the bank's ability to turn a profit. The benefits will be realized nearly in their entirety already in 2016.

## Comparability of interim information

The financial statements have been compiled in accordance with the regulations of the Accounting Act and the Act on Credit Institutions as well as the Regulation and Instruction Collection 1/2013 by the Financial Supervisory Authority. During the review period, there have not been changes in the rules regarding financial statements that would significantly influence the bank's results or financial standing.

The merger of Oma Säästöpankki Oy and Etelä-Karjalan Säästöpankki Oy on November 30, 2014 decreases the comparability of the interim information.

### **ETELÄ-KARJALAN SÄÄSTÖPANKKI OY MERGED WITH OMA SÄÄSTÖPANKKI.**

Oma Säästöpankki Oy and Etelä-Karjalan Säästöpankki Oy joined forces on November 30, 2014 so that Etelä-Karjalan Säästöpankki Oy was merged to Oma Säästöpankki Oy. To improve comparability of the comparable period for January 1, 2014 – June 30, 2014, consolidated figures of Oma Säästöpankki Oy and Etelä-Karjalan Säästöpankki Oy are presented in terms of income statement, balance sheet and off-balance sheet items. The section with tables also includes Oma Säästöpankki Oy's official figures. Consolidated solvency details have not been calculated for the comparable period.

## INCOME STATEMENT

Income Statement (in thousands of euros)	January-June 2015	January-June 2014	January- December 2014
Interest income	18 287	10 234	23 737
Interest expenses	-3 207	-2 788	-5 906
Net interest income	15 080	7 446	17 831
Income from equity investments	475	178	243
Fee and commission income	8 511	4 276	10 031
Fee and commission expenses	-976	-409	-942
Net income from securities trading and foreign currency trading	1	-34	60
Net income from financial assets available for sale	1 714	856	-224
Net income from hedge accounting	2	25	14
Net income from investment properties	124	52	131
Other operating income	2 781	520	3 684
Administrative expenses	-11 792	-5 201	-13 922
Depreciation, amortisation and impairment losses on tangible and intangible assets	-426	-287	-622
Other operating expenses	-3 155	-1 552	-4 101
Impairment losses on loans and other receivables	-2 110	-363	-1 531
Operating profit	10 229	5 508	10 649
Appropriations	-4 046	-995	-1 785
Income taxes	-1 173	-974	-1 890
Operating income after taxes	5 010	3 539	6 973
Profit for the period	5 010	3 539	6 973



## BALANCE SHEET

<b>Assets (in thousands of euros)</b>	<b>June 2015</b>	<b>June 2014</b>	<b>December 2014</b>
Cash and cash equivalents	6 517	5 057	6 608
Debt securities eligible for refinancing with central banks	35 370	5 941	6 635
Loans and advances to credit institutions	139 879	78 419	116 532
Loans and advances to the public and general government	1 349 061	818 262	1 307 169
Debt securities	38 808	24 740	40 323
Shares and other equity	93 951	67 220	92 828
Shares and holdings in associated companies and companies in the same group	338	344	338
Derivative contracts	6 127	5 737	7 446
Intangible assets	2 100	967	1 574
Tangible assets	31 578	13 810	31 519
Other assets	367	672	284
Accrued income and prepayments	7 428	5 332	6 788
Deferred tax assets	616	114	437
	1 712 139	1 026 614	1 618 482
<b>Liabilities (in thousands of euros)</b>	<b>June 2015</b>	<b>June 2014</b>	<b>December 2014</b>
Liabilities to credit institutions	6 642	14 932	11 923
Liabilities to the public and general government	1 300 353	798 349	1 294 487
Debt securities issued to the public	161 455	67 879	68 620
Other liabilities	9 064	8 875	10 302
Accrued expenses and deferred income	7 400	5 661	7 232
Subordinated liabilities	24 488	32 875	32 875
Deferred tax liabilities	2 103	984	1 694
Voluntary provisions	56 263	33 617	52 217
Share capital	22 000	17 000	22 000
Fair value reserve	7 015	3 478	6 094
Non-restricted reserves	95 529	30 888	95 529
Retained earnings	14 817	8 537	8 537
Profit for the period	5 010	3 539	6 973
	1 712 139	1 026 614	1 618 482
<b>Off-balance sheet commitments (in thousands of euros)</b>	<b>June 2015</b>	<b>June 2014</b>	<b>December 2014</b>
Commitments given to a third party on behalf of a customer	14 332	22 326	31 852
Irrevocable commitments given in favour of a customer	52 683	42 355	57 648

## DERIVATIVE CONTRACTS

**Nominal values (in thousands of euros)**
**June 2015**
**June 2014**
**December  
2014**

Interest rate swaps	65 000	65 000	65 000
Interest rate options			
Purchased	20 000	0	40 000
Stock derivatives	48 268	4 384	23 189

**Fair values (in thousands of euros)**
**June 2015**
**June 2014**
**December  
2014**

Interest rate swaps Fair value, positive	4 921	5 693	5 994
Interest rate options Fair value, positive	728	0	1 219
Stock derivatives Fair value, positive	478	44	232

All derivatives are hedging contracts.

## THE MAIN ITEMS IN THE SOLVENCY CALCULATION

Own funds (in thousands of euros)	June 2015	June 2014	December 2014
Core capital before regulatory adjustments	189 343	90 336	180 522
Regulatory adjustments to be applied on core capital	-2 447	-12 268	-8 658
<b>Core capital (CET1), total</b>	<b>186 896</b>	<b>78 068</b>	<b>171 864</b>
Additional Tier 1 capital before regulatory adjustments			
Regulatory adjustments to be applied on additional Tier 1 capital			
<b>Additional Tier 1 capital (AT1)</b>			
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>186 896</b>	<b>78 068</b>	<b>171 864</b>
Tier 2 capital before regulatory adjustments	9 238	19 366	19 699
Regulatory adjustments to be applied on Tier 2 capital	0	-118	-197
<b>Tier 2 capital (T2), total</b>	<b>9 238</b>	<b>19 248</b>	<b>19 502</b>
<b>Own funds total (TC = T1 + T2)</b>	<b>196 134</b>	<b>97 316</b>	<b>191 366</b>
<b>Risk-weighted items, total</b>	<b>933 298</b>	<b>588 297</b>	<b>903 007</b>
of which the share of credit risk and counterparty risk	834 818	525 595	806 945
of which the adjustment risk of liability (CVA)	6 242	7 471	6 669
of which the share of market risk (exchange rate risk)	19 052	12 317	16 207
of which the share of operational risk	73 186	42 913	73 186
Core capital (CET1) relative to risk-weighted items (%)	20.03%	13.27%	19.03%
Tier 1 capital (T1) relative to risk-weighted items (%)	20.03%	13.27%	19.03%
Own funds, total (TC) relative to risk-weighted items (%)	21.02 %	16.54%	21.19%

Profits gained since the beginning of the year, 5,010 thousand euros, is entered under own primary funds when calculating the solvency ratio.



## CONSOLIDATED RESULTS

<b>Income Statement (thousands of euros), Consolidated</b>	<b>January-June 2015</b>	<b>January-June 2014</b>	<b>January- December 2014</b>
Interest income	18 287	18 085	36 933
Interest expenses	-3 207	-3 951	-7 774
Net interest income	15 080	14 135	29 159
Income from equity investments	475	603	745
Fee and commission income	8 511	7 809	15 933
Fee and commission expenses	-976	-908	-1 783
Net income from securities trading and foreign currency trading	1	-53	41
Net income from financial assets available for sale	1 714	2 865	2 658
Net income from hedge accounting	2	29	18
Net income from investment properties	124	251	583
Other operating income	2 781	650	3 844
Administrative expenses	-11 792	-10 709	-23 228
Depreciation, amortisation and impairment losses on tangible and intangible assets	-426	-411	-823
Other operating expenses	-3 155	-3 076	-6 484
Impairment losses on loans and other receivables	-2 110	-498	-1 743
Operating profit	10 229	10 687	18 921
Appropriations	-4 046	1 587	-530
Income taxes	-1 173	-2 433	-3 803
Operating income after taxes	5 010	9 841	14 587
Profit for the period	5 010	9 841	14 587

## CONSOLIDATED BALANCE SHEET

<b>Assets (in thousands of euros)</b>	<b>June 2015</b>	<b>June 2014</b>	<b>December 2014</b>
Cash and cash equivalents	6 517	6 743	6 608
Debt securities eligible for refinancing with central banks	35 370	7 441	6 635
Loans and advances to credit institutions	139 879	119 030	116 532
Loans and advances to the public and general government	1 349 061	1 298 801	1 307 169
Debt securities	38 808	51 192	40 323
Shares and other equity	93 951	115 743	92 828
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Deferred tax assets	616	128	437
	1 712 139	1 647 020	1 618 482
<b>Liabilities (in thousands of euros)</b>	<b>June 2015</b>	<b>June 2014</b>	<b>December 2014</b>
Liabilities to credit institutions	6 642	17 300	11 923
Liabilities to the public and general government	1 300 353	1 277 729	1 294 487
Debt securities issued to the public	161 455	67 879	68 620
Other liabilities	9 064	12 733	10 302
Accrued expenses and deferred income	7 400	8 008	7 232
Subordinated liabilities	24 488	32 875	32 875
Deferred tax liabilities	2 103	1 579	1 694
Voluntary provisions	56 263	50 100	52 217
Share capital	22 000	22 000	22 000
Fair value reserve	7 015	5 803	6 094
Non-restricted reserves	95 529	137 253	95 529
Retained earnings	14 817	8 537	8 537
Profit for the period	5 010	5 225	6 973
	1 712 139	1 647 020	1 618 482
<b>Off-balance sheet commitments (in thousands of euros)</b>	<b>June 2015</b>	<b>June 2014</b>	<b>December 2014</b>
Commitments given to a third party on behalf of a customer	14 332	31 962	31 852
Irrevocable commitments given in favour of a customer	52 683	62 225	57 648

