

# Oma Säästöpankki

Local and close to you.

ANNUAL REPORT 2014



omasp

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OMA SÄÄSTÖPANKKI  
AS A PIONEER

We are  
a bank  
with happy  
customers



During the year, Oma Säästöpankki continued to pioneer the restructuring of the banking sector and took significant steps to grow into an even stronger and more competitive player.

THE DEVELOPMENTS that took place in 2014 show that Oma Säästöpankki's strong financial position acts as a reliable foundation for creating business operations tailored to serve our customers. The letter of intent mapping out the transfer of the business operations of Joroisten Osuuspankki to Oma Säästöpankki crossed the barrier between the two bank groups for the first time in the history of Finnish banking. When Etelä-Karjalan Säästöpankki and Oma Säästöpankki merged, Finland's largest savings bank was created.

As a local and safe bank we offer competent and flexible support for all stages of life, whether to private or business clients. The cornerstone of our operations is to serve our customers personally and be local and close to the customer utilising the traditional as well as the digital channels. We are local and close to the customer.

The year was  
both eventful and  
successful.

In 2015, the work has already started and I believe that with good teamwork we can achieve our goal. The weak economic conditions in the domestic market, exceptionally low market interest rates and tighter

banking regulations cause concerns to banks that have not prepared for the situation in an adequate and timely manner. Despite the challenges presented by our operating environment, we face the future with confidence.

I would like to extend my warmest thanks to the Oma Säästöpankki customers, employees, owner foundations and partners. It is a great feeling to be a part of the enthusiastic and committed group that has been working on building the largest savings bank in Finland.

**Pasi Sydänlammi**  
CEO





2014 WAS A SUCCESSFUL YEAR

# OmaSp is Finland's biggest savings bank

The year 2014 will be remembered as an important milestone. Oma Säästöpankki carried out a number of far-reaching structural reorganisations which resulted in the bank becoming Finland's largest savings bank.

IN 2014, Oma Säästöpankki split off from Säästöpankkiliitto to avoid a consortium structure based on unlimited joint liability. In the future, the savings bank operations in Finland will be carried out by two independent, unrelated entities: Oma Säästöpankki Oy and the Savings Banks' coalition. Oma Säästöpankki now operates independently and locally. The risks related to external actors have been excluded and the jurisdiction remains

in OmaSp's own hands. The arrangements made during the year guarantee both the bank and its customers excellent operating conditions in the coming years as bank regulations become tighter.

## **Financial performance remained strong throughout the year**

In 2014, Oma Säästöpankki's market position was further strengthened in the bank's core area

## The locally strong savings banks that founded Oma Säästöpankki emerged with the purpose of promoting thrift and their customers' wellbeing. These 100-year-old values are still important to us.

of operations. Borrowing was carried out in a controlled and effective manner, leading to a total borrowing of 1.396 billion euros. The Oma Säästöpankki deposit base was very stable and steadily growing. Bonds and certificates of deposit supported and diversified the financial structure. Business growth was above the division average. Similarly, the profitability of the operations was among the best in the banking sector. Operating profit amounted to almost 19 million euros. The bank's operational success is a concrete benefit for both the customers and the bank's entire operating area.

In the domestic banking market, a Finnish bank managed from a province is a refreshingly different actor in the banking industry. Our partners take into account the bank's growth into a major player at the national level. Functional partnerships further improve the bank's ability to provide quality banking services and maintain cost efficiency.

### The main events of 2014

The mergers published in 2013 were completed according to the schedule and the plans.

**MARCH:** Kantasäästöpankki Oy's business operations were merged with Oma Säästöpankki.

**APRIL:** Oma Säästöpankki carried out a 50 million euro bond issuance to domestic institutional investors. The issue was oversubscribed within a few hours.

**MAY:** Oma Säästöpankki split off from Säästöpankkiliitto to avoid a consortium structure based on unlimited joint liability. The business operations of Suodenniemen Säästöpankki were merged with Oma Säästöpankki.

**SEPTEMBER:** The letter of intent mapping out the transfer of Joroisten Osuuspankki's banking business to Oma Säästöpankki was published. The boundary between cooperative banks and savings banks was crossed for the first time in the history of Finnish banking.

**NOVEMBER:** Etelä-Karjalan Säästöpankki Oy was merged with Oma Säästöpankki.

In 2014, Oma Säästöpankki became the largest and financially strongest savings bank in Finland.

### Local and close to the customer

Oma Säästöpankki's operating area is a vibrant area outside the metropolitan area. In 2014, the bank operated in the Etelä-Karjala, Kymenlaakso, Etelä-Savo, Etelä-Pohjanmaa, Pirkanmaa, Häme and Satakunta regions. The bank had the trust of the local market and customers. Its strong position in the whole operating area was based on the 38 full-service banks in active operation. Locality is a defining characteristic of our operations: as far as possible, we try to make all decisions at the customer's own bank branch. Each branch is the bank's representative in their area.

Oma Säästöpankki seeks long-term growth by getting to know our customers better and by adapting promptly to the changing customer needs. Profitability is based on offering the customers the most important services in an easily and locally accessible way. Oma Säästöpankki is sharing by returning the profits to nearby communities through its owner foundations.

### SEVEN STRONG SAVINGS BANK FOUNDATIONS

OMA SÄÄSTÖPANKKI is owned by seven foundations: Hauhon Säästöpankkisäätiö, Rengon Säästöpankkisäätiö, Töysän Säästöpankkisäätiö, Kuortaneen Säästöpankkisäätiö, Etelä-Karjalan Säästöpankkisäätiö, Parkanon Säästöpankkisäätiö and Suodenniemen Säästöpankkisäätiö.



OMA SÄÄSTÖPANKKI'S

# Key figures 2014

BALANCE SHEET TOTAL

1.62

BILLION EUROS

19  
OPERATING PROFIT

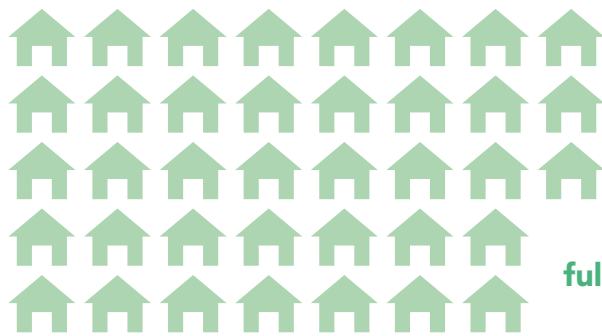
MILLION  
EUROS





BRANCH NETWORK

38



full service banks

PERSONNEL

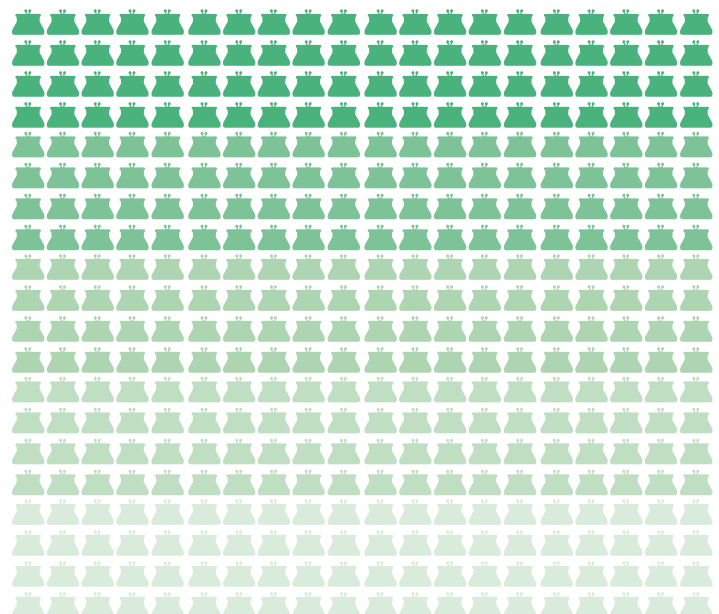
200



persons

CUSTOMERS

about 115,000





# Best local banking services

Our 200 employees serve our 115,000 customers in 38 branches.

OUR CUSTOMERS' economic success and wellbeing are our main goals. Our focus is on the key banking services that bring value to customers;

our value-added services are produced with selected partners. We are modern, close and local in terms of both physical and digital services.

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OmaSp's customers have access to 38 banks and up-to-date online services.

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## PRIVATE CUSTOMERS

### ACCOUNTS

- Current account
- Investment account
- Savings deposit account
- Rental security deposit account
- ASP account

### CARDS

- Visa Credit/Debit
- Visa Debit
- Visa Credit
- Visa Electron

### LOANS

- Mortgage
- Flexible credit
- Consumer credit
- Student loan
- Loan insurance service

### ONLINE BANKING

- E-invoices
- Online statement
- Mobile banking
- E-salary

### SAVINGS

- Fund saving
- Savings insurance
- Investing in stocks
- Retirement savings
- Forest account



## BUSINESS CUSTOMERS

### STARTING UP A BUSINESS

- Reliable, local partner

### FINANCING

- Company account
  - Bond loan
- Bank guarantee

### PAYMENT TRANSACTIONS

- Payment transaction account
  - Savings deposit
  - Business Visa Debit
  - Corporate online banking
- Payment transaction programme
  - Card accounting services
  - E-invoicing service

### PARTNERS

- Our corporate customers are supported by our partners



## PERSONALISED REMOTE SERVICES

# Local and close to you - digitally as well

The world is changing. Digital services are becoming more and more common in the banking industry. Oma Säästöpankki also wants to be a part of this change and provide the best digital services.

**THE FINANCE SECTOR**, like other sectors, is currently undergoing a digitalisation transition. Today, a bank has to be able to operate through the digital service channels, so that the changing customer preferences and needs can be met. Increasingly, the customers want to use digital banking services. Banks have been pioneers in the field of online services. Now, digitalisation has changed business models and the

financial sector needs to develop accordingly.

### **One, complete transaction experience**

Oma Säästöpankki also wants to provide the best digital services. Mobile banking opens doors of possibility globally for both the customers and the employees. When the transaction is handled online,



## We want the customer experience to be an excellent one, even if it is digital.

the customer can do it anywhere. Mobile banking also allows the bank personnel to leave their branches and visit their customers. The bank can now be accessed anytime, anywhere. One significant factor is the interactive quality of the transaction experience.

### Close by - wherever you are

Being local and close to the customer is an important element of the Oma Säästöpankki brand. Digitalisation will create challenges and new ways to keep services personal must be found. A good example is the video conferencing pilot project, which was developed and implemented based on the customer's point of view. Oma Säästöpankki wanted to make personal services available to every customer. This means that anyone can make an appointment for a video conference. Initially, the pilot project was launched at the Tuuri branch, and it is constantly being developed further so that the model can be implemented at all our branches. This makes the personalised Oma Säästöpankki services

easily accessible - our customers may not even need to leave their couches.

### Developing services based on the customers' wishes

Mobile services are becoming increasingly popular and will offer new opportunities for customer encounters. We must participate in the change and respond to the customers' expectations with high-quality services. Personalised online customer service will soon be available from OmaSp via a chat function. Digital services must be simple and easy to use in order to do well in the continuous competition between different banks. We want to offer our customers the best service and meet their expectations by, for example, providing personal service outside the normal bank opening hours. Being local and close to the customer means not only the best service at the Oma Säästöpankki branch but also great mobile services at one's summer cottage, in a hotel room or during a coffee break at work.







# Oma Säästöpankki Local and close to you.

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MANAGEMENT





## OPERATING IN ACCORDANCE WITH THE LAWS AND REGULATIONS

# OmaSp's management principles

### Annual General Meeting

Shareholders exercise their voting power at the Annual General Meeting, which is the bank's highest decision-making body. The bank's shares are owned by local savings bank foundations: the Hauho, Renko, Töysä, Kuortane, Parkano, Etelä-Karjala and Suodenniemi savings banks.

Oma Säästöpankki's Annual General Meeting are held on a date determined by the Board of Directors each year. In accordance with the Companies Act, the Annual General Meeting decides on matters such as financial statements,

the actions indicated by the profit reported in the balance sheet and granting freedom from liability to the Board of Directors and the CEO. The Annual General Meeting elects the Board members and auditors, and decides on their remuneration.

### Audit

According to the Articles of Association, the bank must have one or two auditors, who must be authorised auditors or audit firms, as well as a deputy auditor if only one auditor has been selected and this one auditor is not an auditing firm





## Internal control and risk management are a part of the employees' daily tasks.

approved by the Central Chamber of Commerce. The auditors are elected at the Annual General Meeting until further notice. As the auditor, the Annual General Meeting chose Tatu Huhtala, APA, and as a deputy auditor, the APA organisation Ernst & Young.

### Internal control and risk management

Internal control and risk management are a part of the employees' daily tasks. The purpose of internal control is to ensure compliance with laws, official regulations and internal instructions. The aim is to ensure that the financial and operational reporting is reliable and sufficient, maintaining effective operations and supporting the achievement of strategic objectives.

The bank seeks to conduct its operations with reasonable and carefully considered risks. A bank's profitability is dependent on the organisation's ability to identify, manage and price risks. The purpose of risk management is to reduce the probability of unforeseen losses and threats to the reputation of the bank as well as contribute to higher profitability. A risk control evaluation function that is independent of the business operations ensures that risk-taking is carried out in accordance with the rules and principles defined by boards.

### Enforcement of the rules

Compliance monitoring and evaluation in the bank is carried out by the Compliance function, which reports regularly on its findings to the CEO and the bank's Board of Directors.



# OMA SÄÄSTÖPANKKI OY'S Board of Directors

The Board of Directors shall represent the Bank and direct its activities in accordance with the law and the Articles of Association.

**THE BOARD OF DIRECTORS** is responsible for the Bank's management and for ensuring that the activities are properly organised. The Board of Directors is also responsible for long-term operational and strategic policies and ensuring the adequacy of risk control and functionality of management systems. The Board is also responsible for appointing the CEO. The Board of Directors shall constitute a quorum when more than half of its members are present.

The assessment of the Board members' independence is carried out according to the Financial Supervisory Authority's regulations. When elected, and later on annually, the Board members must provide a report of the communities in which they operate. In addition, the Board members must provide a suitability and reliability report in accordance with the Financial Supervisory Authority's regulations when accepting the position.

## Board members as of January 1, 2014

Chairman of the Board	Jyrki Mäkynen
Vice chairman	Kai Tammela
Member	Riitta Koivunen
Member	Tuula Mäkelä
Member	Ari Yli-Kaatiala
Member	Jarmo Ylä-Vannesluoma

## Board members as of December 31, 2014

Chairman of the Board	Jyrki Mäkynen
Vice chairman	Kai Tammela
Member	Riitta Koivunen
Member	Timo Kokkala
Member	Jari Lauttia
Member	Ari Yli-Kaatiala
Member	Jarmo Ylä-Vannesluoma

## Board members as of November 30, 2014.



**JARMO PARTANEN, BORN 1956**  
**Chairman of the Board**  
 Master of Arts, MBA  
 Chairman of the Board, Oma Säästöpankki Oy



**JYRKI MÄKYNEN, BORN 1964**  
**Vice Chairman of the Board**  
 Master of Science (Economics)  
 Chairman of the Federation of Finnish Enterprises,  
 entrepreneur, Oy HM Profili Ab



**AKI JASKARI, BORN 1961**  
**Member of the Board**  
 Master of Economic Sciences  
 CEO, Nerkoon Höyläämö Oy



**TIMO KOKKALA, BORN 1960**  
**Member of the Board**  
 Master of Agriculture and Forestry Sciences  
 farmer



**HELI KORPINEN, BORN 1965**  
**Member of the Board**  
 Master of Social Sciences  
 Training Manager, Saimaan ammattikorkeakoulu



**JARMO SALMI, BORN 1963**  
**Member of the Board**  
 Master of Laws  
 CEO, Asianajotoimisto Jarmo Salmi Oy



**ARI YLI-KAATIALA, BORN 1955**  
**Member of the Board**  
 Machine Technician  
 Forest Machine Entrepreneur





# OMA SÄÄSTÖPANKKI OY'S CEO and the management team

The Oma Säästöpankki Oy management team consists of six people including the CEO.

THE CEO IS RESPONSIBLE FOR THE bank's day-to-day administration and that it is managed in accordance with the law, the Articles of Association, official regulations and the Board's instructions and regulations. In addition, the CEO is responsible for implementing the decisions of the Board of Directors. The CEO reports to the Board on a regular basis.

The assessment of the CEO's independence is carried out according to the Financial Supervisory

Authority's regulations. When elected, and later on annually, the CEO must provide a report of the communities in which he/she operates. In addition, the CEO must provide a suitability and reliability report in accordance with the Financial Supervisory Authority's regulations when accepting the position.

The management team assists the CEO in his duties and acts in an advisory role. Each member of the Oma Säästöpankki Oy management team has their own areas of responsibility.



**PASI SYDÄNLAMMI, BORN 1974**

**CEO**

Master of Administrative Sciences, MBA

Sydänlammi has been the CEO of Oma Säästöpankki since August 2007. Prior to this, he was the CEO of Lappajärven Osuuspankki.



**HANNU VALKEAPÄÄ, BORN 1954**

**Deputy CEO**

Master of Political Science

Valkeapää has worked at the Etelä-Karjalan Säästöpankki, which merged with Oma Säästöpankki, since 1990: first as a regional manager and corporate sector manager and then as a deputy managing director. In addition, Valkeapää has held various managerial positions in the Helsingin Suomalainen Säästöpankki, Kaakkois-Kymen Aluesäästöpankki and Ylä-Savon Säästöpankki.



**PEKKA RYYNÄNEN, BORN 1956**

**Deputy CEO**

Business College Graduate

Ryytänen has worked at the Etelä-Karjalan Säästöpankki, which merged with Oma Säästöpankki, since 1992 as the private customer sector manager. Previously, he has held various management positions in the Etelä-Karjalan Säästöpankki since 1979.



**PEKKA RUOKONEN, BORN 1956**

**Bank Manager**

Master of Laws trained on the bench

Ruokonen has worked for the Etelä-Karjalan Säästöpankki, which merged with Oma Säästöpankki, since 1986: first as a bank lawyer and now as a regional manager. Ruokonen was also the bank lawyer for Vuoksen Säästöpankki in 1985–1986.



**PASI TURTIÖ, BORN 1974**

**Bank Manager**

Agrologist

Turtio has been the bank manager of Oma Säästöpankki since 2009. Previously, he has been the bank manager in Kuortaneen Säästöpankki and Lammin Osuuspankki.



**KARI-MIKAEL MARKKANEN, BORN 1973**

**Chief Information Officer**

eMBA, Master of Science in Technology

Markkanen has been Oma Säästöpankki's Chief Information Officer since 2014. Previously, he has worked as the customer relationship manager at Kuntien Tiera Oy in 2010–2014 and in the management of the Finnish Innovation Fund Sitra in 2008–2010. Markkanen has also worked as a Head of Department at Oy Samlink Ab in 2001–2008.





# Oma Säästöpankki Local and close to you.

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**FINANCIAL STATEMENTS**



# Report of Board of Directors for accounting period January 1 – December 31, 2014

OMA SÄÄSTÖPANKKI OY is an independent savings bank. The bank operates in the regions of Etelä-Karjala, Kymenlaakso, Etelä-Savo, Etelä-Pohjanmaa, Pirkanmaa, Häme, and Satakunta. The majority of the bank's customers are private customers and small businesses.

Events of 2014 saw Oma Säästöpankki Oy merge through absorption with Kantasäästöpankki Oy on March 31, 2014 and Etelä-Karjalan Säästöpankki

Oy on November 30, 2014. Suodenniemen Säästöpankki assigned its operations to Oma Säästöpankki Oy on May 31, 2014 and, at the same time, it became a savings bank foundation called Suodenniemen Säästöpankkisäätiö. Oma Säästöpankki Oy is owned by the Töysä, Kuortane, Parkano, Renko, Hauho, Suodenniemi and Etelä-Karjala savings bank foundations.

At the end of the accounting period, the bank





had nearly 113,700 customers. The bank has a total of 38 branches in Akaa, Alajärvi, Alavus, Hamina, Hauho, Hylykallio, Häijää, Hämeenlinna, Ilmajoki, Imatrankoski, Jalasjärvi, Joutseno, Kankaanpää, Karvia, Kauhajoki, Kihniö, Kotka, Kouvola, Kuortane, Kurikka, Lappeenranta, Lehtimäki, Lemi, Lempäälä, Mikkeli, Parikkala, Parkano, Renko, Riihimäki, Savitaipale, Seinäjoki, Suodenniemi, Taavetti, Tampere, Tuuri, Töysä, Vesilahti and Vuoksenniska. In addition to direct contact in branches, customers utilise online banking, ATMs and cash dispensers. The share of self service of all basic service transactions by customers was 94% in 2014. At the end of the year, over 42,400 customers of the bank had an online banking agreement.

To ensure better comparability, Oma Säästöpankki Oy has created unofficial consolidated calculations for the key items in the income statement and the balance sheet, all of which are used in the report of Board of Directors when comparing the development of the bank's operations during the accounting period. The consolidated calculations have not been audited.

The comparative calculations for accounting period 2014 have been prepared so that the key income statement items include Oma Säästöpankki

Oy's income statement items for the period January 1 – December 31, 2014, Kantasäästöpankki Oy's income statement items for the period January 1 – March 31, 2014, Suodenniemen Säästöpankki's income statement items for the period January 1 – May 31, 2014, Etelä-Karjalan Säästöpankki's income statement items for the period January 1 – April 30, 2014, and Etelä-Karjalan Säästöpankki Oy's income statement items for the period May 1 – November 30, 2014. The key balance sheet items have been prepared on the basis of Oma Säästöpankki Oy's balance sheet on December 31, 2014.

The comparative calculations for income statement items and balance sheet items for accounting periods 2013 and 2012 have been prepared on the basis of Oma Säästöpankki Oy's and the merged banks consolidated figures.

Oma Säästöpankki Oy's official financial statements for the accounting period January 1 – December 31, 2014 contains the bank's official income statement, balance sheet, cash flow statement and notes with their comparative information.

## The bank's operations

Oma Säästöpankki Oy's operational growth and



result reached the targets set for the accounting period.

Oma Säästöpankki Oy engages in basic bank operations and, in addition to offering its customers various bank services by way of its own balance, it also brokers products offered by its collaboration partners. The brokered products from collaboration partners include credit, investment and insurance products.

Brokered credit products issued by collaboration partners comprise Aktia Hypoteekkipankki Oyj's mortgages, whose amount at the end of 2014 totalled 159.2 million euros. Aktia Hypoteekkipankki did not grant new home loans during the review period but the new lending occurs by way of the bank's own balance instead. The bank has a refinancing obligation on the mortgages it brokers. The refinancing obligation is implemented as a long-term non-collateral senior loan to Aktia Hypoteekkipankki. The amount of the loan is tied to the amount of brokered loans. The amount is revised twice per year.

In terms of investment products, the bank's product portfolio includes investments funds of its partners, for example Sp-Rahastoyhtiö Oy, Aktia Rahastoyhtiö Oy and SEB Varainhoito Suomi Oy. For security services, the bank's partner is FIM, as well as Nooa Säästöpankki Oy, acting as the account operator. The pension and life insurance products brokered by the bank are offered by SP Henkivakuutus Oy, which is partially owned by the bank.

At the end of the year, the bank's customers owned investment and insurance savings worth 168.1 million euros, the products having been brokered by the bank.

For payment transfers, the bank uses the transfer and clearing services of the Central Bank of Savings Banks Finland PLC.

In September 2014, Joroisten Osuuspankki and Oma Säästöpankki Oy signed a letter of intent, according to which the bank operations of Joroisten Osuuspankki will be merged with Oma Säästöpankki Oy in the autumn of 2015.

## Result

Oma Säästöpankki Oy's operating profit totalled 18.9 million euros (13.1 million euros in 2013). Compared to the previous year, the operating profit increased by 5.8 million euros. As a percentage, the operating profit was 1.2 % (0.8) of the balance sheet's annual average. The good development of the operating profit is due to

the continuously increasing business volumes as well as the conservative trend in expenses, even though mergers, changes related to the central bank, as well as the separation from the Savings Banks Association Cooperative created one-time expenses. The bank's cost/income ratio was 59.6 per cent (62.4).

The bank's net interest income was 29.2 million euros (25.8). The net interest income grew by 12.9 per cent compared to the previous accounting period. The net interest income was increased by the hedging effects of derivatives, whose share of the net interest income was 3.2 million euros (3.9).

The amount of interest income was 36.9 million euros (34.4), with a growth of 2.6 million euros over the previous year. Interest expenses totalled 7.8 million euros (8.6). Interest expenses decreased by 0.8 million euros over the previous accounting period.

Net fee and commission income was 14.2 million euros (13.8). The share of fee and commission income of this amount was 15.9 million euros (15.4) and the share of fee and commission expenses was 1.8 million euros (1.6). Fee and commission income includes commissions gained from brokered products, totalling 2.6 million euros (2.8), of which the commissions derived from brokered loans from the mortgage bank totalled 0.1 million euros (0.6) and from other brokered products 2.4 million euros (2.2). Fees and commissions derived from brokered mortgages are included in the above mentioned figures as net amounts. Of the other fee and commission income, the most significant ones were fees and commissions derived from lending, worth 4.0 million euros (4.1), fees and commissions from payment transactions, 7.4 million euros (6.8), and fees and commissions from asset management and legal functions, 1.0 million euros (0.8). Fee and commission expenses increased by 8.8 per cent over the previous year.

The net income from financial assets available for sale was 2.7 million euros (1.5). Of this, capital gain and losses accounted for 3.5 million euros (1.8). The item also includes impairment losses worth 1.3 million euros (-0.3), transferred from the fair value reserve to the income statement.

The other income includes income on equity-based investments, net income from investment properties and other operating income, totalling 5.2 million euros (4.8). Dividends received were 0.7 million euros (0.9), with a decrease of 0.2 million euros over the previous year. Net income from investment properties equalled 0.6 million euros

(2.2). Other operating income increased to 3.8 million euros (1.6). A refund from the Government Guarantee Fund affected growth.

Personnel expenses consist of salary expenses as well as pensions and other long-term benefits. The total amount of these expenses was 12.6 million euros (11.4), which was 1.9 per cent more than the previous year.

Other administrative expenses decreased by 4.9 per cent, to 10.6 million euros (11.1). Other expenses, 7.3 million euros (6.2), include depreciation, amortisation and impairment for tangible and intangible assets as well as other operating expenses. The amount of planned

depreciations totalled 0.8 million euros (0.9).

Other operating expenses increased by 23.4 per cent, to 6.5 million euros (5.3). One factor affecting the increase in operating expenses was the temporary tax on banks.

The net impairment loss on loans and guarantees recognised in the result of the accounting period was 1.7 million euros (4.2), with a decrease of 2.4 million euros over the previous year. The gross impairment loss was 2.5 million euros (4.5). Impairment reversals for 0.3 million euros (0.1) were recognised and funds for receivables previously considered as credit losses were recovered worth 0.5 million euros (0.3).

### The bank's key income statement items have developed as follows compared to the two previous years:

in EUR '000	01-12/2014	01-12/2013	Change % 2014-2013	01-12/2012	Change % 2013-2012
Net interest income	29,159	25,827	12.9	26,911	-4.0
Net fee and commission income	14,150	13,773	2.7	11,802	16.7
Net income from securities trading and foreign currency trading	41	83	-50.3	-8	
Net income from financial assets available for sale	2,658	1,545	72.1	240	
Net income from hedge accounting	18	-46		-27	71.2
Other income	5,173	4,780	8.2	2,364	
Total income	51,198	45,962	11.4	41,283	11.3
Personnel expenses	-12,647	-11,401	10.9	-11,524	-1.1
Other administrative expenses	-10,581	-11,120	-4.9	-10,680	4.1
Other expenses	-7,307	-6,180	18.3	-4,975	24.2
Total expenses	-30,535	-28,700	6.4	-27,178	5.6
Cost/income ratio	59.64	62.44		65.83	
Impairment losses on loans	-1,743	-4,181	-58.3	-1,036	
Operating profit	18,921	13,080	44.7	13,068	0.1
Profit for the period	14,587	8,760	66.5	8,997	-2.6

## Balance sheet

The bank's balance sheet showed 1,618.5 million euros (1,619.1) at the end of the year. Loans on the balance sheet totalled 1,307.1 million euros. The amount of deposits was 1,287.5 million euros.

## Lending

The total amount of lending provided by Oma Säästöpankki Oy was 1,466.4 million euros (1,454.6) at the end of the period. Lending includes loans on the bank's balance sheet, worth 1,307.1 million euros (1,267.1), and mortgages from Aktia Hypoteekkipankki that are brokered by the bank but not included in the bank's balance sheet. The amount of brokered mortgages was 159.2 million euros (187.5) at the end of the year. Loans from government funds brokered by the bank are included in the bank's balance sheet under Loans and advances to the public and general government. They totalled 1.2 million euros (1.7) at the end of the year.

Including brokered mortgages, loans were withdrawn and refinanced for 245.0 million euros during the year. The net increase of lending was 11.8 million euros, or 0.8 per cent.

At the end of the year, the total amount of non-performing receivables was 11.6 million euros (12.0), or 0.4 million euros less than the previous year. Additionally, the bank had zero-interest receivables for the amount of 0.7 million euros (0.6). The total amount of non-performing and zero-interest receivables was 0.8 per cent (0.9) of the amount of total lending and off-balance sheet commitments.

## Off-balance sheet commitments

Off-balance sheet commitments include commitments given in favour of a third party on behalf of a customer and irrevocable commitments given in favour of a customer.

Commitments given in favour of a third party on behalf of a customer, 31.9 million euros (30.4), are mainly bank guarantees and other guarantees. Other guarantees include absolute guarantees given by the bank to Aktia Hypoteekkipankki Oyj, relating to the reimbursement of any losses resulting from brokered mortgages.

Irrevocable commitments given in favour of customers, totalling 57.6 million euros (56.9) at the end of the period, mainly consist of granted but undrawn loans.

## Investments

The bank's investments mainly consist of deposits in other credit institutions, debt securities, shares and other equity, as well as properties that are included in the balance sheet item Tangible assets. Tangible assets are itemised in note 2.9.

The bank had deposits in other credit institutions worth 116.5 million euros (145.1). The amount was 28.6 million euros less than the previous year. Investments in debt securities consisted of money market securities and bonds. They totalled 47.0 million euros (63.0) at the end of the period, which was 25.5 per cent less compared to the previous year.

Investments in shares and other equity totalled 93.2 million euros (91.6) at the end of the period. Shares and other equity necessary for operations were worth 25.8 million euros (27.2) and other shares and fund units totalled 67.4 million euros (64.4). The bank does not possess publicly quoted shares that it would use on active trading.

The value of the bank's property assets is listed as 30.9 million euros (26.9) on the balance sheet. Of this amount, the value of properties in the bank's own use is 14.6 million euros (12.8) and the value of investment properties is 16.3 million euros (14.1). The fair values of investment properties are listed in note 2.8.

During the accounting period, 0.3 million euros worth of basic improvements at properties were recognised on the balance sheet. In 2014, the bank bought shares and properties of property companies worth 3.5 million euros.

## Derivative contracts

The bank utilises derivative contracts to hedge its interest risks. At the end of the period, the positive fair value of derivatives in the item Derivate Contracts on the Assets side of the Balance Sheet totalled 7.4 million euros (8.4), of which the share of derivatives hedging the fair value was 6.2 million euros (6.0) and the derivatives hedging the cash flow was 1.2 million euros (2.4). The bank utilised fair value hedging to protect the spot-based deposit portfolio. Interest rate swaps were utilised as the hedging instrument. The bank used cash flow hedging to protect the future interest rates on loans with variable interest rates, with interest options functioning as the hedging instrument.

Derivative contracts are itemised in note 2.5. In solvency calculations, derivatives are included



**The key items on Oma Säästöpankki Oy's balance sheet have developed as follows over the two previous years:**

<i>in EUR '000</i>	<b>31.12.2014</b>	31.12.2013	<b>Change % 2014-2013</b>	31.12.2012	<b>Change % 2013-2012</b>
Loans and advances to the public and general government	<b>1,307,169</b>	1,267,087	<b>3.2</b>	1,185,230	<b>6.9</b>
Loans	<b>1,307,133</b>	1,267,057	<b>3.2</b>	1,185,202	<b>6.9</b>
Other receivables	<b>36</b>	30	<b>20.2</b>	28	<b>7.2</b>
Investments	<b>287,581</b>	326,703	<b>-12.2</b>	310,206	<b>5.3</b>
Loans and advances to credit institutions	<b>116,532</b>	145,129	<b>-19.7</b>	137,393	<b>5.6</b>
Debt securities	<b>46,958</b>	63,034	<b>-25.5</b>	67,805	<b>-7.0</b>
Shares and other equity	<b>93,167</b>	91,635	<b>1.7</b>	77,302	<b>18.5</b>
Properties	<b>30,924</b>	26,906	<b>14.9</b>	27,706	<b>-2.9</b>
Derivative contracts	<b>7,446</b>	8,353	<b>-10.9</b>	12,843	<b>-35.0</b>
Derivative contracts, assets	<b>7,446</b>	8,381	<b>-11.2</b>	12,824	<b>-34.6</b>
Derivative contracts, liabilities	<b>0</b>	-28		19	
Deposits from the public *)	<b>1,287,487</b>	1,251,053	<b>2.9</b>	1,219,749	<b>2.6</b>
Liabilities to credit institutions	<b>11,923</b>	47,903	<b>-75.1</b>	37,676	<b>27.1</b>
Debt securities issued	<b>101,495</b>	74,366	<b>36.5</b>	25,609	
Debt securities issued to the public *)	<b>68,620</b>	41,903	<b>63.8</b>	0	
Subordinated liabilities	<b>32,875</b>	32,463	<b>1.3</b>	25,609	<b>26.8</b>
Equity	<b>139,132</b>	168,868	<b>-17.6</b>	159,361	<b>6.0</b>
Appropriations	<b>52,217</b>	51,687	<b>1.0</b>	51,051	<b>1.2</b>
ROA %	<b>0.9</b>	0.6		1.1	
ROE %	<b>7.8</b>	4.6		8.8	
Equity ratio	<b>11.2</b>	12.8		13.0	
Solvency ratio	<b>21.19%</b>	18.04%		16.95%	

\*) The figure does not contain the hedge-induced change in fair value



in the solvency requirement of the credit and counterparty risk.

### Deposits from the public

The largest share of the bank's borrowing consisted of deposits from the public. The amount of deposits equalled 1,287.5 million euros (1,251.1) at the end of the year. Deposits grew by 36.4 million euros, or 2.9 per cent, during the year.

Deposits on current and savings accounts increased by 22.4 million euros, or 2.3 per cent during the year, and they totalled 999.1 million euros (976.7) at the turn of the year. The growth of investment accounts and state-subsidised housing loan accounts equalled 14.1 million euros, or 5.2 per cent, and they were worth 288.5 million euros (274.3) at the turn of the year.

### Other liabilities

Other liabilities comprise mainly debts to credit institutions and issued promissory notes, consisting of bonds and subordinated debentures.

Debts to credit institutions totalled 11.9 million euros (47.9). The item includes deposits made to the bank by other credit institutions and the

bank's other liabilities to other credit institutions, totalling 2.5 million euros (2.3). Other liabilities are for example repurchase sales, totalling 2.5 million euros (2.3) at the turn of the year.

During the year, the bank issued bonds worth 50.0 million euros and debenture loans worth 10.0 million euros, altogether 60.0 million euros. At the end of the accounting period, the amount of issued promissory notes on the balance sheet was altogether 101.5 million euros (74.4), of which the amount of bonds was 68.6 million euros and the amount of debentures was 32.9 million euros.

Other liability items were mostly short-term payment transfer items and adjusting items relating to the amortisation of income and expenses on the financial statements.

### Equity and appropriations

The bank's equity at the end of the accounting period was 139.1 million euros (168.9). Compared to the previous accounting period, there was a decrease of 29.7 million euros. The amount of the fair value reserve, included in equity, was 6.1 million euros (5.1) when adjusted by deferred tax liabilities. The amount consisted of the change in



the fair value of cash flow hedging derivatives, 0.4 million euros (1.2) and the change in the fair value of financial assets available for sale, 5.7 million euros (3.9).

Voluntary provisions are appropriations whose total amount at the end of the period was 52.2 million euros (51.7), of which the amount of credit loss provision was 52.2 million euros (51.7). In 2014, the credit loss provision was increased by 0.5 million euros (increased by 0.8 million euros), after which the amount of the provision in the financial statements was 4.0 per cent of receivables. 3.3 million euros of the provision has been transferred to share capital.

### Consolidated Financial Statements

Oma Säästöpankki Oy is a group of companies consisting of the parent bank and its subsidiaries: Kantapankin Kiinteistöväilytys Oy, As Oy Akaan Ketoneilikka, Koy Kuortaneen Säästötalo, Koy Töysän Säästokeskus, Koy Tervalapikas, Seinäjoen Oma Koti Oy, Koy Oma Säästöpankin Talo, Koy Ilmajoen Säästöpankin talo, As Oy Parkanon Säästötalo, Eksp-Kiinteistöväilytys Oy, Koy Lappeenrannan Säästokeskus, Lappeenrannan Keskustalo Oy, Koy Savitaipaleen Säästökulma

Oy and Lappeenrannan Foorumi Oy. The bank's subsidiaries are excluded from the consolidated financial statements because they are small subsidiaries as defined in Section 12, Article 10 of the Credit Institution Act. Small subsidiaries have only a minor effect on the group's result and equity.

### Voluntary and statutory reserves

Oma Säästöpankki Oy has been a member of Savings Banks' Guarantee Fund. The Delegation of the Guarantee Fund decided on October 16, 2014 to dismantle the fund and return the funds to the member banks. The operations of the Guarantee Fund will cease when the Delegation of the Fund approves the final dismantling accounts in the spring of 2015. Oma Säästöpankki Oy's share of the funds to be returned is approximately 4.4 million euros.

Additionally, the bank belongs to a deposit guarantee fund that protects the deposit maker's receivables from the bank for any amount up to a hundred thousand euros. The bank's contribution to the fund was 0.6 million euros. Oma Säästöpankki Oy also belongs to an investors' compensation fund that covers all non-professional investors.



## Solvency management

Oma Säästöpankki Oy has introduced a solvency management process, whose objective is to secure the bank's risk bearing capacity relative to all substantial operational risks. To reach this objective, the bank comprehensively identifies and evaluates operational risks and matches its risk bearing capacity to the combined extent of risks to the bank. To secure its solvency, the bank sets risk-based equity objectives and creates an equity plan to reach the objectives. The objective of the solvency management process is also to maintain and develop high-quality risk management operations.

In retail bank operations, the bank operates according to its strategy. By restricting its operations to this sector alone, the bank is able to keep its risks on a manageable level and small in terms of operational quality. The savings bank's Board of Directors is responsible for managing the bank's solvency. The Board also defines the operational levels of risks. Once a year, the Board of Directors reviews the bank's solvency management risks, the capital plan as well as levels of risks.

During the solvency management process, the bank creates forecasts on for example profit, growth and solvency. Based on these forecasts, the bank determines the necessary procedures to maintain a solvency level required by the business strategy.

In its solvency calculations, the bank applies the standard method for credit risks and the basic method for operative risks. In the standard method, exposures are divided into exposure classes and the minimum limits for credit spreading are determined in the retail receivables class. Oma Säästöpankki Oy publishes the essential information of its solvency calculations once a year as a part of its report and notes to the financial statements. Key solvency information is included in the interim report, published semi-annually.

Oma Säästöpankki Oy's own funds (TC) totalled 191.4 million euros (81.9), when the minimum requirement for own funds was set at 72.2 million euros (36.3). Tier 1 capital (T1) was 171.9 million euros, of which the share of core capital (CET1) was 171.9 million euros. Tier 2 capital (T2) equalled 19.5 million euros.

Oma Säästöpankki Oy's solvency ratio grew by 3.15 percentage points, being 21.19 per cent at the end of the year. The ratio of own Tier 1 funds and the risk-weighted items was 19.03 % (12.44 %).

In addition to profit, the development of Oma Säästöpankki Oy's solvency was affected by structural changes implemented during the accounting period as well as changes in the banking legislation.

The European Union's regulation and directive on solvency was decreed on June 27, 2013. The new regulation became effective on January 1, 2014, and it is based on recommendations given by the Basel Committee on Banking Supervision in 2010, or the so-called Basel III framework. The member states are directly bound by the new solvency regulation, due to which a large portion of Financial Supervisory Authority's standards on solvency calculations will be repealed. The European Banking Authority (EBA) provides standards that elaborate on the regulation and that are just as binding as the regulation.

Basel III solvency reporting based on the new regulation begins on March 31, 2014. As such, banks' equity requirements are tightened via the conditions set on equity instruments as well as additional capital buffers. New requirements are set for liquidity and a new key ratio, the minimum equity ratio, will be implemented to monitor indebtedness.

The solvency of local banks is expected to meet the required minimum level of 8% also in the future. In addition to the minimum solvency requirement, a fixed additional capital requirement of 2.5% will become effective on January 1, 2015, together with a variable additional capital requirement that authorities can set at 0-2.5%, if needed. In terms of the new liquidity requirements, monitoring reporting is carried out in 2014, the requirements becoming 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 be gradually increased to 100% by January 1, 2018. After the monitoring period, the EU will decide on the content and the extent of binding of the permanent borrowing requirement (NSFR) and the minimum equity ratio. Based on the current information, these will not become binding requirements until 2018 at the earliest.

## Key items in the solvency calculation

in EUR '000

	Parent	
<b>Own funds</b>	<b>2014</b>	2013*
Core capital before regulatory adjustments	180,213	58,157
Regulatory adjustments to be applied on core capital	-8,349	-1,697
<b>Core capital (CET1), total</b>	<b>171,864</b>	<b>56,460</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>171,864</b>	<b>56,460</b>
Tier 2 capital before regulatory adjustments	13,308	26,084
Regulatory adjustments to be applied on Tier 2 capital	6,194	-647
<b>Tier 2 capital (T2), total</b>	<b>19,502</b>	<b>25,437</b>
<b>Own funds total (TC = T1 + T2)</b>	<b>191,366</b>	<b>81,897</b>
<b>Risk-weighted items, total</b>	<b>903,007</b>	<b>453,877</b>
of which the share of credit risk and counterparty risk	806,945	413,716
of which the adjustment risk of liability (CVA)	6,669	
of which the share of market risk (exchange rate risk)	16,207	9,939
of which the share of operative risk	73,186	30,221
Core capital (CET1) relative to risk-weighted items (%)	19.03%	12.44%
Tier 1 capital (T1) relative to risk-weighted items (%)	19.03%	12.44%
Own funds, total (TC) relative to risk-weighted items (%)	21.19%	18.04%

\*) The 2013 figures are not fully comparable but they are presented as per the current legislation and statutes as well as instructions given by the Financial Supervisory Authority, current as at December 31, 2013

## Risk Management

### The objective of risk management

The objective of risk management is to ensure that the risks stemming from the bank's operations have been identified, evaluated and scaled to an acceptable level, the risks are monitored and that they are commensurate to the bank's ability to bear risks. The essential areas of risk management are credit risks, market risks including interest rate and price risks, financing risks, property risks as well as strategic and operational risks. The bank monitors the interdependence of various risks on a risk map.

### Principles and organisation

Oma Säästöpankki Oy's risk management strategy is based on the objective and business strategy, risk management instructions, authorisation system, and a risk and deviation report of the most essential business sectors, all of which are confirmed by the Board to the bank.

In accordance with its strategy, the bank operates in the low-risk area of retail banking activities. In terms of its financial bearing capacity, the bank does not have oversized customer or investment risk concentrations and, as per its strategy, the bank will not take such risks either.

The bank maintains its solvency at a safe level. The bank's solvency and risk bearing ability are fortified with profitable operations. In its financial statements, the bank takes into consideration the threat of loss created by credit risk and other risks by means of sufficiently recognising impairment and other losses.

The Board is regularly provided information about the various risks to the bank as well as their levels. The Board also accepts authorisations and frameworks for risk-taking by determining the approved levels of credit and market risks. Within the limits of authorisation, the responsibility for the daily risk monitoring and surveillance belongs to management. Management utilises system-produced reports on the various areas of risks. Systems and policies intended for risk reporting and monitoring meet the requirements set for risk management, taking into consideration the character and extent of the bank's operations.

### Risk management and compliance arrangements

The bank has a compliance policy.

### The diversity approach, its objectives and goals in the selection of management

The bank's instructions emphasise the diversity of the Board of Directors.

### Credit risks

The objective of credit risk management is to restrict the profit and solvency effects of risks stemming from customer responsibilities so that these risks remain at acceptable levels. The business strategy and loan issuance instructions approved by the Board of Directors determine the maximum amounts for risk concentrations and guide the direction of loan issuance by customer sector, industry and credit ratings.

The bank's key customer groups are private customers, agricultural entrepreneurs and small businesses. The majority of the bank's borrowing is granted as loans to the bank's customers. Households' and entrepreneurs' combined share of loans on the bank's balance sheet is approximately 67.7 % (67.2 %). Agricultural entrepreneurs' share of the loans on the balance sheet is 7.1 % (7.4 %) and the others account for 25.2 % (25.4 %).

The majority, 72.7 % (73.6 %), of the bank's loans were granted as home collateral loans.

The management of credit risks in the enterprise and agricultural sectors is based on customer monitoring and internal credit ratings performed by key account managers. The evaluation of private customers' credit rating utilises the bank's good knowledge of its customers, based on which an evaluation is made on the customer's financial standing.

The bank's Board of Directors makes the most significant loan decisions. The Board has delegated loan authorisations to the bank's loan committee and other designated staff members. Loan decisions are made in accordance with the loan issuance instructions approved by the Board of Directors. The main rule is the principle of a minimum of two decision makers. Loan decisions are based on the customer's creditworthiness and financial standing as well as the fulfilment of other criteria, such as the collateral requirement. Loans are mainly granted with security collaterals. Collaterals are carefully valued to a fair value and their fair values are regularly monitored by utilising statistics and thorough knowledge of the industry. The bank's Board of Directors has approved instructions on the valuation of different types of collateral and their collateral



values, against which loans can be granted.

Credit risks are continuously monitored by keeping an eye on repayment delays and non-performing loans. Key account managers continuously monitor payment behaviour and customers' actions to keep track of the amounts of customer-specific liabilities and collaterals. The Board receives an annual report on the 15 largest customer entities and a monthly report on the total amount of non-performing loans. The reports contain for example the amount and development of risks by customer entity, industry and credit rating.

The bank does not have any customer entities whose liabilities exceed the limit set by the Credit Institution Act, namely 10 per cent of the bank's own funds (so-called high customer risks). Based on completed reports, the risks associated with the bank's loans are low in terms of the annual income level and risk bearing capacity.

### Financial risk

Financial risks are risks related to the availability and price of refinancing. This risk emerges when the maturities of receivables and debts differ. Financial risks arise also when receivables and debts are too greatly concentrated on individual counterparts. Financial risks are evaluated by maturity bands based on the difference of the receivables and debts in each band. Financial risks are managed for example by keeping at hand a sufficient amount of liquid funds to guarantee liquidity. Financial risks are monitored by providing the Board with reports on the bank's financial position and liquidity.

Oma Säästöpankki Oy acquires the necessary refinancing as deposits from its own area of operations. As per the terms and conditions on deposit accounts, a significant portion of refinancing is spot-based, being distributed to over 99,400 deposit customers. The bank's goal is to extend the maturity of its refinancing and maintain a large financial basis.

The bank maintains a good level of liquidity by investing its liquid funds mainly in marketable financial instruments and short-term deposits in other financial institutions. 12.7 % (12.0 %) of the loans on the bank's balance sheet have durations exceeding 20 years. The bank's financial standing remained stable in 2014.

### Interest rate risk

Interest rate risks mean the effects of any interest rate changes on the bank's profit and solvency. The reasons for interest rate risks are the differing bases

of interest on receivables and debts as well as the different interest adjustment dates or maturity dates. The bank's Board of Directors has granted the management the authority to use hedging derivatives. In order to minimise its interest rate risk, the bank utilises hedging derivative contracts, with more details provided under Derivative Contracts.

The bank's interest rate risk is regularly communicated to the Board of Directors that has provided the maximum amounts for interest rate risks in its approved instructions.

The bank uses balance sheet analysis to measure the interest rate risk. It measures how a change of one and two percentage points in the forward interest affects the forecast of the net interest income during the next 1-60 months. The forecast is calculated at the time of reporting for the next five years with the forward rate available in the market. The amount of the open interest rate risk is measured by interest rate sensitivity, which takes into account the previously mentioned effect of interest rate shocks on net interest income in the coming years.

### Derivative contracts

The bank protects its interest-bearing loans against interest rate fluctuations with derivatives and applies hedge accounting regulations in addition to regularly following the effectiveness of such hedging. Derivatives are itemised in note 2.5. 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 sensitivity of net interest income to changes in interest rates.

### Market risk

Market risks means the effects of changes in interest rates and market prices on the bank's profit and own funds. In trading, interest rate changes create a market risk that presents itself as a change in the market value of securities. Equity risk means for example the effect on profits caused by exchange rate changes of publicly quoted shares and fund units. The bank's objective in securities investments is to obtain a competitive profit on the invested capital in terms of the profit/risk ratio.

The bank only invests in securities if the effect of changes in exchange rates will not jeopardise the bank's solvency or profitability. At the end of the year, the bank's result contained unrealised changes in value recognised on securities, with a net worth

of 0.1 million euros (0.1). Additionally, unrealised changes in value are included in the fair value reserve, with an amount of 6.1 million euros (5.1), of which the change in value for cash flow hedge derivatives was 0.4 million euros (1.2) and the changes in value for financial assets available for sale was 5.7 million euros (3.9). The effect of unrealised changes in the value of securities on the bank's own funds was 4.9 million euros, or 5.9 % (5.9 %) of the bank's own funds at the end of the accounting period. The bank does not have a securities-related minimum solvency requirement created by the settlement risk of all operations.

The diversification of investments decreases the concentration risk caused by individual investments. The bank monitors the market values of securities acquired for investment purposes and the cash flows related to their transactions. The Board receives regular reports on the contents and balance of the securities portfolio. The market risk associated with the securities portfolio is evaluated relative to the bank's profit and own funds.

### Property risk

Property risk means risks related to impairment, revenue or damage to the property assets. Property investments are not a part of the bank's core business. Properties owned by the bank are mainly insured for their full values.

The bank's investment properties have been evaluated with the purchase price allocation method, with which they have also been valued in the financial statements.

The value of the investment property is conservative compared to the bank's balance and the bank's equities and there are no such impairment pressures toward the property asset values that would have a strong impact on the bank's profit and solvency in the next few years. The book values and fair values of the investment properties are listed in note 2.8 (excluding the capitalisation recognised in Intangible assets).

The equity tied to properties in the bank's own use and to property companies' shares was 14.6 million euros (13.4) at the end of the year. Equity tied to investment property assets increased over the previous accounting period and it was 16.4 (14.7) million euros, or 1 per cent of the bank's ending balance.

### Strategic and operational risks

Strategic risk means losses caused by any incorrectly chosen business strategies in terms of the development of the bank's operational environment. Efforts are made to minimise strategic risks by regularly updating the strategic and annual plans.

Operational risks mean losses that can be caused by internal deficiencies in systems, processes and the staff's actions, or external factors that impact operations.

Efforts are made to minimise the occurrence of operational risks by continuous training of staff and an extensive code of conduct as well as procedures of internal controls, for example by separating preparation, decision-making, implementation and controls whenever possible.

The bank has acquired specific insurance in preparation for potential operational risks in its banking operations and any potential losses caused by such risks. The widely used standard contract terms work to decrease the occurrence of legal risks. Continuity planning is in place to prepare for any risks related to malfunctions in information systems.

Operational risks are monitored by gathering information about financial losses and any abuse suffered by the bank. Management utilises reports on compliance generated by internal controls as well as information on any changes in the operational environment.

### Internal audit

The Board of Directors has implemented an internal audit process at the bank and approved a review plan and reporting principles for the internal audit.

The purpose of the internal audit is to evaluate the extent and sufficiency of the internal control within the bank's operational organisation as well as the monitoring and evaluation of the functionality of the risk management systems. The internal audit reports its observations to the CEO. The Board of Directors discusses the review summaries created by the internal audit.

### Internal control

The purpose of the bank's internal control is to ensure that the bank has set goals for the various levels and that the objectives are achieved by following the agreed and set internal control

instructions. Internal control means the self-observation of the management bodies and the organisation, conducted within the bank itself and it is mainly used to observe the status, quality and results of operations. Internal control is performed by the Board of Directors, CEO, managers and staff members. Additionally, all staff members are obligated to notify the upper organisational level of any discrepancies and illegal activities.

### Administration and personnel

The savings bank's Annual General Meeting took place on April 9, 2014. The 2014 financial statements were approved at the Annual General Meeting and the members of the Board of Directors as well as the CEO were granted exemption from liability. The bank's funds eligible for profit distribution total 28,356,532.56 euros, of which 252,000.00 euros was decided to distribute as dividends and 3,209,725.67 euros were transferred to the bank's own non-restricted equity reserve.

Tatu Huhtala, APA, was selected as the bank's auditor and the APA organisation Ernst & Young was selected as the alternate auditor.

Oma Säästöpankki Oy's Board of Directors consists of seven members. Jyrki Mäkinen served as the Chairman and Kai Tammela served as the Vice Chairman until November 30, 2014. As of December 1, 2014, Jarmo Partanen has served as the Chairman and Jyrki Mäkinen has served as the Vice Chairman. Pasi Sydänlammi is the CEO, the Deputy CEO was Tarmo Laine and, as of December 1, 2014 Hannu Valkeapää has been the Deputy CEO. The Board convened 12 times during the year.

The bank employed 198 people at the end of the year. The amount of personnel increased during the year due to the mergers. Tatu Huhtala, APA, has served as the bank's auditor. Audit Partners Oy served as the internal reviewer.

### The bank's administration and control system

At the limited savings bank's Annual General Meeting, the previous year's financial statements, dividends and the exemption from liability are discussed and members of the Board of Directors are elected. The bank's Board of Directors makes decisions on the bank's business operations and strategic matters. Additionally, it's the Board

of Director's responsibility to make decisions on the most significant matters related to the bank's operations and select the bank's CEO. The Board's activities are based on approved instructions. The bank's CEO is in charge of the day-to-day management in accordance with the instructions received from the Board of Directors.

The regulations issued by the Financial Supervisory Authority and its predecessor, Financial Supervision (Rahoitustarkastus), are complied with when determining the independence of the members of the Board of Directors and the CEO. When elected, and later on annually, the Board members and the CEO must provide a report of the communities in which they operate. In addition, the Board members must provide a suitability and reliability report in accordance with the Financial Supervisory Authority's regulations when accepting the position.

### Reward schemes

The decision process used to determine the reward scheme: The bank's Board of Directors is in charge of rewards. The bank has not established a rewards committee nominated by or consisting of the members of the Board of Directors for the purpose of managing the reward scheme. This was not deemed necessary considering the simplicity of the bank's operations. The Board of Directors supervises compliance with the reward scheme and regularly evaluates its functionality.

### Relationship between rewards and results

The reward system works in accordance with the bank's business strategy, objectives and values, and it corresponds with the bank's long-term interest. The reward system is in harmony with the bank's good and efficient risk management and risk bearing capability and it promotes these policies.

### Grounds for performance evaluation and risk-based changes of reward amounts, deferment policies and the basis for the payment of rewards

When paying the recipient any separation payments and other similar compensation that is payable if the employment contract ends prematurely, the above mentioned principles



are taken into consideration and the grounds for payment are assessed so that the compensation does not lead to rewarding failed performance.

### The ratio of fixed and variable components of rewards

According to the bank's reward system, the variable rewards may not exceed 100 % of the fixed annual salary.

### The applicable key parameters and grounds for determining the variable rewards and other employee benefits

The following principles are applied to the bank's variable rewards:

1. The reward is based on a total evaluation on the recipient's and the particular business unit's performance as well as the bank's total result and its development. When evaluating performance, the financial and other factors as well as how the performance or result has materialised in the long term are taken into account.
2. In terms of the reward amount, the known risks at the time of evaluation, equity expenses and the necessary liquidity, among other factors, are taken into account.

### The most important outsourced functions

The bank's essential information systems are outsourced to Oy Samlink Ab, of which Oma Säästöpankki Oy owns approximately 16 %. 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.

### Social responsibility

Oma Säästöpankki Oy's social responsibility means that the bank is responsible for the impact of its business operations on the society in which it operates as well as the company's stakeholders. As a local bank, it is important to Oma Säästöpankki Oy to manage its share of the responsibility for the surrounding society. Oma Säästöpankki Oy

complies with its employer obligations. In 2014, the bank paid corporate income tax on its profit, amounting to 2.2 million euros.

### Events after the financial statements

In January 2015, Pyhäselän Osuuspankki and Oma Säästöpankki Oy signed a letter of intent, according to which Pyhäselän Osuuspankki's banking operations will be merged with Oma Säästöpankki Oy during the autumn of 2015.

The bank's Board of Directors is not aware of any matters that would significantly impact the bank's financial standing after the financial statements were completed.

### Development of business operations in 2015

The bank's business operations are expected to develop in a positive manner in the course of 2015. The bank's performance is expected to remain on the same level with the previous accounting period. If interest rates increase slightly, it will have a positive effect on the bank's result. An extensive increase in the interest rates could, however, lead to an increased amount of impairment losses. If the competitive environment remains strained, the margins obtained by the bank may decrease, which may have a negative effect on the bank's result.

### The Board's proposal for profit distribution

Oma Säästöpankki Oy's funds eligible for profit distribution amount to 111,038,655.29 euros, of which profit for the period is 6,973,154.12 euros.

The Board of Directors proposes to the Annual General Meeting that the profit for the accounting period will be managed as follows:

- distributed as dividends	693,000.00 euros
- added to equity	6,280,154.12 euros
Total	6,973,154.12 euros

There have not been significant changes in the bank's financial standing after the accounting period ended. The bank's solvency is at a good level and it is the Board of Directors' view that the proposed distribution of profits will not jeopardise the bank's solvency.

# Calculation of key figures

## Cost/income ratio, %

Administrative expenses + depreciation, amortisation and impairment losses on tangible and intangible assets + other operational expenses

x 100

Net interest income + income from equity investments + net fee and commission income + net income from securities trading and currency operations + net income from financial assets available for sale + net result of hedge accounting + net income from investment properties + other operating income + share of the associated companies' results

## Return on equity (ROE)

Operating profit/loss - income taxes

x 100

Equity and non-controlling interests + appropriations less deferred tax liabilities (average from the beginning and the end of the year)

## Return on assets (ROA)

Operating profit/loss - income taxes

x 100

Average balance sheet total (average from the beginning and the end of the year)

## Equity ratio

Equity and non-controlling interests + appropriations less deferred tax liabilities

x 100

Balance sheet total

## Solvency ratio

Own funds, total

x 8%

Minimum requirements for own funds, total

## Ratio of own Tier 1 funds and risk-weighted items

Own Tier 1 funds, total

x 8%

Minimum requirements for own funds, total

# Financial Statements

## OMA SÄÄSTÖPANKKI OY'S INCOME STATEMENT

	1.1. - 31.12.2014 EUR	1.1. - 31.12.2013 EUR	
Interest income	23,736,983.40	14,003,605.12	Note 1.1
Interest expenses	-5,906,421.85	-4,778,146.91	Note 1.1
<b>NET INTEREST INCOME</b>	<b>17,830,561.55</b>	9,225,458.21	
Income from equity investments	242,648.94	152,273.40	Note 1.2
Fee and commission income	10,030,610.26	6,678,930.05	Note 1.3
Fee and commission expenses	-942,201.27	-528,686.07	Note 1.3
Net income from securities trading and foreign currency trading	59,510.74	27,112.93	Note 1.4
Net income from financial assets available for sale	-224,449.30	1,036,402.25	Note 1.5
Net income from hedge accounting	13,626.48	-13,051.19	Note 1.6
Net income from investment properties	130,685.33	140,664.71	Note 1.7
Other operating income	3,683,634.16	612,887.69	Note 1.8
Administrative expenses	-13,922,360.45	-7,724,074.93	
Personnel expenses	-7,514,486.10	-3,671,536.34	Note 1.9
Other administrative expenses	-6,407,874.35	-4,052,538.59	Note 1.10
Depreciation, amortisation and impairment losses on tangible and intangible assets	-622,066.86	-496,207.68	Note 1.11
Other operating expenses	-4,100,609.23	-2,046,864.32	Note 1.8
Impairment losses on loans and other receivables	-1,531,043.90	-1,988,940.02	Note 1.12
Impairment losses on other financial assets	0.00	0.00	
<b>OPERATING PROFIT</b>	<b>10,648,546.45</b>	5,075,905.03	
Appropriations	-1,785,232.06	-379,347.53	
Income taxes	-1,890,160.27	-1,234,831.83	
<b>POST-TAX PROFIT FROM ORDINARY ACTIVITIES</b>	<b>6,973,154.12</b>	3,461,725.67	
Income and expenses from other than ordinary activities	0.00	0.00	
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>6,973,154.12</b>	3,461,725.67	



## OMA SÄÄSTÖPANKKI OY'S BALANCE SHEET

	31.12.2014 EUR	31.12.2013 EUR	
<b>ASSETS</b>			
<b>Cash and cash equivalents</b>	<b>6,608,345.60</b>	3,631,078.54	
<b>Debt securities eligible for refinancing with central banks</b>	<b>6,634,908.70</b>	5,957,212.78	
<b>Loans and advances to credit institutions</b>	<b>116,532,169.12</b>	56,611,138.01	Note 2.1
<b>Loans and advances to the public and general government</b>	<b>1,307,168,953.31</b>	596,199,336.50	Note 2.2
<b>Debt securities</b>	<b>40,323,203.76</b>	22,797,519.28	Note 2.3
From the general government	0.00	0.00	
From others	40,323,203.76	22,797,519.28	
<b>Shares and other equity</b>	<b>93,166,762.48</b>	43,412,082.60	Note 2.4
<b>Derivative contracts</b>	<b>7,445,773.21</b>	4,015,351.26	Note 2.5
<b>Intangible assets</b>	<b>1,573,740.36</b>	799,351.24	Note 2.7
<b>Tangible assets</b>	<b>31,518,865.42</b>	8,005,392.15	
Investment property and shares and interests in investment property	15,994,908.88	1,874,321.12	Note 2.8
Other property and shares and interests in property companies	14,068,206.14	5,279,406.72	Note 2.8
Other tangible assets	1,455,750.40	851,664.31	
<b>Other assets</b>	<b>284,038.39</b>	92,746.09	Note 2.10
<b>Accrued income and prepayments</b>	<b>6,788,251.99</b>	2,953,153.52	Note 2.11
<b>Deferred tax assets</b>	<b>437,183.26</b>	200,949.27	Note 2.18
<b>ASSETS, TOTAL</b>	<b>1 618 482 195.60</b>	744,675,311.24	

## OMA SÄÄSTÖPANKKI OY'S BALANCE SHEET

	31.12.2014 EUR	31.12.2013 EUR	
<b>LIABILITIES</b>			
<b>LIABILITIES</b>			
<b>Liabilities to credit institutions</b>	<b>11,922,931.47</b>	43,917,879.88	Note 2.12
<b>Liabilities to the public and general government</b>	<b>1,294,486,903.60</b>	561,193,811.33	Note 2.13
Deposits	1,293,481,716.60	560,261,259.33	
Other liabilities	1,005,187.00	932,552.00	
<b>Debt securities issued to the public</b>	<b>68,620,010.80</b>	41,903,392.41	Note 2.14
<b>Derivative instruments and other liabilities held for trading</b>	<b>0.00</b>	-28,041.00	Note 2.5
<b>Other liabilities</b>	<b>10,302,055.31</b>	4,834,009.71	Note 2.15
<b>Accrued expenses and deferred income</b>	<b>7,231,563.90</b>	2,891,239.26	Note 2.16
<b>Subordinated liabilities</b>	<b>32,875,200.00</b>	23,800,000.00	Note 2.17
<b>Deferred tax liabilities</b>	<b>1,693,934.27</b>	771,933.82	Note 2.18
<b>LIABILITIES, TOTAL</b>	<b>1,427,132,599.35</b>	679,284,225.41	
<b>APPROPRIATIONS</b>			
<b>Depreciation difference</b>	<b>0.00</b>	3,990.34	
<b>Voluntary provisions</b>	<b>52,217,379.33</b>	24,746,624.77	
<b>APPROPRIATIONS, TOTAL</b>	<b>52,217,379.33</b>	24,750,615.11	
<b>EQUITY</b>			Note 2.22
<b>Share capital</b>	<b>22,000,000.00</b>	10,000,000.00	
<b>Other restricted reserves</b>	<b>6,093,561.63</b>	2,283,938.16	
Fair value reserve	6,093,561.63	2,283,938.16	
<b>Non-restricted reserves</b>	<b>95,528,858.16</b>	19,567,889.55	
Reserve for invested non-restricted equity	94,971,376.63	19,567,889.55	
Other reserves	557,481.53	0.00	
<b>Retained earnings</b>	<b>8,536,643.01</b>	5,326,917.34	
<b>Profit for the period</b>	<b>6,973,154.12</b>	3,461,725.67	
<b>EQUITY, TOTAL</b>	<b>139,132,216.92</b>	40,640,470.72	
<b>LIABILITIES, TOTAL</b>	<b>1,618,482,195.60</b>	744,675,311.24	
<b>OFF-BALANCE SHEET COMMITMENTS</b>			
<b>Commitments given to a third party on behalf of a customer</b>	<b>31,852,102.91</b>	15,821,883.40	
Guarantees and pledges	30,915,229.07	15,522,674.00	
Others	936,873.84	299,209.40	
<b>Irrevocable commitments given in favour of a customer</b>	<b>57,648,345.72</b>	35,945,964.31	
Others	57,648,345.72	35,945,964.31	
<b>Difference in balance</b>	<b>0.00</b>	0.00	

## OMA SÄÄSTÖPANKKI OY'S CASH FLOW STATEMENT

	1.1.-31.12.2014 EUR	1.1.-31.12.2013 EUR
<b>Cash flow from operating activities</b>		
Operating income after taxes	6,973,154.12	3,461,725.67
End-of-period adjustments	4,822,036.47	4,154,741.10
<b>Increase (-) or decrease (+) in business funds</b>	<b>-41,632,456.28</b>	<b>-61,163,357.86</b>
Debt securities	-1,178,877.96	-3,838,490.81
Loans and advances to credit institutions	-20,724,757.44	-2,631,852.00
Loans and advances to the public and general government	-28,913,118.23	-54,378,514.46
Shares and other equity	-14,398,865.35	-630,863.06
Other assets	23,583,162.70	316,362.47
<b>Increase (+) or decrease (-) in business debts</b>	<b>19,544,147.89</b>	<b>76,235,836.37</b>
Liabilities to credit institutions	-35,394,995.02	14,256,828.00
Liabilities to the public and general government	26,201,026.46	21,921,950.20
Debt securities issued to the public	26,716,618.39	41,903,392.41
Other liabilities	2,021,498.06	-1,846,334.24
Paid income taxes	-1,976,656.65	-496,541.58
<b>Cash flow, total</b>	<b>-12,269,774.45</b>	<b>22,192,403.70</b>
<b>Cash flow from investments</b>		
Held-to-maturity financial assets, decreases	2,000,000.00	0.00
Investments in shares and other equity, increases	0.00	-2,231,495.13
Investments in shares and other equity, decreases	1,271,838.88	0.00
Investments in tangible and intangible assets	-4,268,546.67	-639,616.50
Transfers of tangible and intangible assets	0.00	188,894.22
<b>Cash flow from investments, total</b>	<b>-996,707.79</b>	<b>-2,682,217.41</b>
<b>Cash flow from financing activities</b>		
Subordinated liabilities, increases	10,000,000.00	4,941,200.00
Subordinated liabilities, decreases	-9,587,600.00	0.00
Paid dividends and other profit distribution	-252,000.00	-150,000.00
<b>Cash flow from financing activities, total</b>	<b>160,400.00</b>	<b>4,791,200.00</b>
<b>Net change in cash and cash equivalents</b>	<b>-13,106,082.24</b>	<b>24,301,386.29</b>
Cash and cash equivalents at the beginning of the period	38,009,892.55	9,683,921.37
Cash and cash equivalents at the end of the period	49,950,769.57	38,009,892.55
Cash and cash equivalents transferred with business operations	-25,046,959.26	-4,024,584.89
Cash and cash equivalents at the end of the period without cash and cash equivalents transferred with business operations	24,903,810.31	33,985,307.66
<b>Cash and cash equivalents are formed from the following balance sheet items:</b>		
Cash and cash equivalents	6,608,345.60	3,631,078.54
Receivables from credit institutions repayable on demand	43,342,423.97	34,378,814.01
<b>Total</b>	<b>49,950,769.57</b>	<b>38,009,892.55</b>
<b>Additional cash flow statement information:</b>		
Received interest	21,358,342.40	12,790,882.40
Paid interest	4,883,818.51	4,256,460.90
Received dividends	242,648.94	152,273.40
<b>End-of-period adjustments:</b>		
Appropriations	1,785,232.06	379,347.53
Taxes on the income statement	1,890,160.27	1,234,831.83
Changes in fair value	156,707.48	-37,284.04
Depreciation, amortisation and impairment losses on intangible and tangible assets	676,612.07	530,406.20
Other adjustments	313,324.59	2,047,439.58
<b>Total</b>	<b>4,822,036.47</b>	<b>4,154,741.10</b>



# Notes to the financial statements

## Accounting principles

The bank's financial statements have been compiled in accordance with the regulations in the Bookkeeping and Credit Institutions Act, the Decree of the Ministry of Finance on Credit Institutions' Financial Statements and Consolidated Statements (698/2014), and Financial Supervisory Authority's Regulations and Instructions 1/2013 Financial Sector's Accounting, Financial Statements and Annual Report.

## Consolidated Financial Statements

The bank has subsidiaries and associate companies. The bank does not have any joint ventures. As per Section 10, Article 12 in the Credit Institutions Act, subsidiaries, associated companies and joint ventures, whose final balance amount is less than one per cent of the parent bank's balance amount and less than 10 million euros, can be excluded from the consolidated financial statements. Subsidiaries do not have a substantial impact on the group's result nor balance sheet, so the bank's financial statement provides an accurate and sufficient account of the group's results and financial standing.

The bank owns approximately 22 % of Nooa Säästöpankki Oy. This was not included in the consolidated financial statements because the bank does not have real influence on Nooa Säästöpankki's operations. This is because the member organisations of the Savings Banks Association Cooperative own the qualified majority (approximately 78 %) of Nooa Säästöpankki Oy's shares and, on the other hand, the Act on the Cooperatives of Deposit Banks contains strict regulations on authority over organisations belonging to the cooperative.

## Items denominated in foreign currencies

Assets and liabilities tied to items denominated in foreign currencies outside of the Euro zone have been converted to euros as per the European

Central Bank's average rate on the last day of the accounting period.

In the income statement, foreign exchange differences emerged during valuation have been recognised in net gains or net losses on trading in foreign currencies.

## Financial instruments

### Classification

In the financial statements, financial assets have been classified in four categories as per Financial Supervisory Authority's Regulations and Instructions 1/2013 Financial Sector's Accounting, Financial Statements and Annual Report:

- Financial assets at fair value through profit or loss.
- Financial assets available for sale.
- Held-to-maturity investments.
- Loans and other receivables.

The category of financial assets at fair value through profit or loss includes combination instruments that contain the embedded derivative that has not been separated from the main contract, as well as other financial assets at fair value through profit or loss.

The category of held-to-maturity investments includes debt securities with payments that are fixed or determinable, that mature on a certain date, and that the bank strictly intends to hold and is capable of holding until the maturity date.

The category of loans and other receivables includes receivables with payments that are fixed or determinable, and that are not quoted in active markets.

The category of financial assets available for sale includes financial assets that have not been included in the above-mentioned valuation categories.

Sales and purchases of financial assets are recognised in the statements as per the transaction date and they are included in the balance sheet

items Debt Securities and Shares and Other Equity.

Financial liabilities are classified in two categories:

- Financial liabilities held for trading.
- Other financial liabilities.

The bank does not have any financial liabilities held for trading. As such, all financial liabilities are classified under Other financial liabilities.

## Valuation

Financial assets are measured on the balance sheet either at the fair value or amortisation. Excluding derivative contracts, financial liabilities have been measured on the balance sheet at amortisation.

Items classified as financial assets recognised at fair value through profit or loss have been recognised directly in the income statement, under the item Net income from securities trading.

Financial assets available for sale have been valued at their fair value. The changes of their fair values adjusted by deferred taxes have been recognised in the fair value reserve, created in equity. Exchange rate profits and losses derived from items in foreign currency denominations are not recognised in the fair value reserve but directly in the result. The change of value accrued in the fair value reserve is recognised in the result, when the asset belonging to financial assets available for sale is sold or otherwise removed from the balance.

The fair value of publicly quoted shares is considered to be the last bid price of the year. The fair value of other than publicly quoted shares is considered to be their acquisition cost when it has not been possible to reliably determine the fair value. The fair value of debt securities is considered to be the last bid price of the year if the debt securities have been publicly quoted or, lacking that, the current value discounted by the market interest rate of the receivable capital and interest payments, or a value that has been calculated using another generally accepted valuation model or method.

Investments held to maturity as well as loans and other receivables have been valued to amortisation or acquisition cost less impairment losses if there is objective evidence of impairment.

Shares and other equity in subsidiaries and associated companies are recognised at acquisition cost or acquisition cost less impairment loss if impairment has been determined to be significant or long-running.

## Derivative contracts and hedge accounting

Derivative contracts have been valued at the fair value in the financial statements and changes in value have been recognised on the balance sheet and the income statement.

The bank uses share options to hedge the risk associated with share deposits against changes in fair value, and applies fair value hedging on them. The subject of hedging is the return on share deposits. The bank hedges its interest risk against changes in fair value and in the cash flow and applies hedge accounting on them. The subject of fair value hedging is fixed-rate borrowing and the subject of cash flow hedging are the future interest payments of variable-rate lending.

The change in the fair value of derivatives that hedge the fair value has been recognised in the financial statements under Net result of hedge accounting. When hedging the fair value, also the subject of hedging has been valued at the fair value during the hedging, although it would otherwise be valued at amortisation. The change in the fair value of the hedged subject has been recognised on the balance sheet as an adjustment of that particular balance sheet item and in the income statement under the item Net result of hedge accounting. The interests on hedge derivatives are listed as interest expense adjustments.

The effective portion of the change in the value of derivatives that hedge the cash flow is recognised in the fair value reserve in equity, adjusted by

deferred taxes. The ineffective portion of the change in fair value is recognised directly under the item Net income from securities trading on the income statement. The change in the time value of money of interest options, used as hedge instruments, is also recognised under Net income from securities trading, because time value is not a part of the hedging instrument. Interest on hedging derivatives is included in interest income.

The change of value due to the valuation of hedging derivatives accrued in the fair value reserve is recognised in the result as adjustment in hedged cash flow as and when the hedged cash flow is entered as income. In cash flow hedging, the hedged subject is not valued at fair value.

### Tangible and intangible assets

Properties and shares in property companies have been divided into properties in own use and investment properties, based on the purpose of use. The basic premise for the division was the used square metres.

Properties have been recognised in the balance sheet at acquisition cost less planned depreciation. Shares and other equity in investment properties are recognised on the balance sheet at acquisition cost. The bank does not apply the option provided in Section 12, Article 8 of the Credit Institution Act that allows the valuation of investment properties at fair value.

The balance sheet values of properties in own use and shares and other equity in property companies are based on the value of the assets relative to the expected income of core business operations.

The difference between the book value of investment properties and shares and other equity in property companies, and the permanently lower likely transfer price, if it is significant, is an impairment loss recognised as an expense under Net income of investment properties. Any reversals of impairment are recognised as adjustments in the same item.

### Appropriations

#### Depreciation difference and voluntary provisions

The difference between actual and planned depreciations is recognised in the depreciation difference.

Voluntary provisions, such as credit loss provisions, are used in the planning of the bank's financial statements and taxes. As such, the amounts of voluntary provisions and their changes do not depict

the risks faced by the bank.

In the bank's financial statements, appropriations are listed without deducting the associated tax liability.

### Off-balance sheet commitments

Off-balance commitments are commitments given to a third party on behalf of a customer and irrevocable commitments given in favour of a customer.

Commitments given to a third party on behalf of a customer are for example guarantees and guarantee commitments equated to them. Commitments are listed at the maximum amounts of the guarantees or guarantee commitments at the end of the year.

Irrevocable commitments given in favour of a customer are for example binding loan commitments, granted undrawn loans as well as unused credit limits. Commitments are listed at the maximum amounts that could be payable at the end of the accounting period.

### Interest income and expenses

All interest income and expenses derived from interest-bearing assets and liabilities are recognised in Interest income and expenses. Interest is recognised on the accrual basis excluding interest for late payments which are recognised when payments are received. Interest amounts are amortised based on the effective interest method.

Also recognised as interest income or expense is the difference between the acquisition cost and nominal value of receivables and liabilities, which is amortised on the maturity period of the receivable or the liability using the effective interest method. The counterpart is recognised as a change in receivable or liability.

Interest income has been accrued also on the bookkeeping of impaired receivables on the remaining balance at the original effective interest rate in the contract.

### Impairment losses of financial assets

#### Loans and other receivables

Impairment on loans and other receivables is recognised in impairment losses when there has been objective evidence that there will be no payments on the principal or the interest of the loan or the other receivable and the collateral on the receivable is not sufficient to cover for the loan or the other receivable. The evaluation of objective evidence is based on the evaluation of the sufficiency of the customer's insolvency and collateral. When recognising impairment, the collateral is valued to the amount that could be expected to be



recovered at the time of realisation. The amount of impairment loss is determined as the difference between the book value of the receivable and the estimated current value of future cash flows accrued from the receivable, taking the collateral's fair value into account. The original effective interest rate of the receivable is used as the discount rate of interest.

Loans and other receivables are classified in categories, whose need for impairment losses is evaluated by category. The categories for receivables are classified based on similar credit risk characteristics in order to evaluate the category-specific need for impairment of those receivables, for which receivable-specific reasons for impairment have not been identified.

### Investments held to maturity

If, at the end of the accounting period, there is objective evidence that the value of debt securities classified as investments held to maturity may have decreased, an impairment review is performed on the debt security.

If the review determines the value has decreased, for example due to the issuer's increased credit risk, the impairment of value is recognised through profit or loss in the item Impairment losses on other financial assets. The amount of impairment losses is determined as the difference between the book value of the receivable and the estimated current value of future cash flows accrued from the receivable. The original effective interest rate of the receivable is used as the discount rate of interest.

### Financial assets available for sale

If, at the end of the accounting period, there is objective evidence that the value of a security classified as a financial asset available for sale may have decreased, an impairment review is performed on the security. If the review determines the value has decreased, for example the issuer's credit risk has increased or the value of the share has decreased significantly or in the long term below the acquisition cost, and the bank does not expect to recover the invested funds, the loss accrued in the fair value reserve is recognised through profit or loss in the item Net income of financial assets available for sale.

For debt securities, the amount of impairment loss is determined as the difference between the book value of the receivable and the estimated current value of future cash flows accrued on the

receivable. The original effective interest rate of the receivable is used as the discount rate of interest. The reversal of impairment loss on debt securities is recognised through profit or loss. The amount of impairment loss on shares and other equity is estimated as the difference between their book value and the value that the bank expects not to recover. The impairment loss on shares and other equity cannot be reversed through profit or loss but the change in value is recognised in the fair value reserve.

### Depreciation principles

The acquisition costs of buildings and other wearable tangible and intangible assets are depreciated based on the financial holding time in equal instalments and in accordance with a previously created depreciation plan. The depreciation time is 10–40 years for buildings and 5–8 years for machinery and equipment. Depreciations are not performed for land.

Development expenses and licences of computer software are added in Intangible rights and depreciated within 3–5 years. Long-term expenses are depreciated during their useful life of 5–10 years.

### Income and expenses from other than ordinary activities and statutory provisions

Neither the bank nor the group has recognised statutory provisions or income or expenses from other than ordinary activities.

### Taxes

Income taxes are recognised in the bank's financial statements based on the calculations of taxable income. Of the positive change in value included in the fair value reserve, deferred tax liabilities are recognised on the balance sheet, and of the negative change in value, deferred tax assets are recognised on the balance sheet. Additionally, of the negative change in value transferred from the fair value reserve to the result, deferred tax assets are recognised. Other deferred taxes have not been recognised.

### Financial assets

Financial assets on the cash flow statement comprise cash and cash equivalents as well as receivables from credit institutions, repayable on demand. The cash flow statement has been prepared using the indirect method.

## Other notes

### 1. NOTES TO THE FINANCIAL STATEMENTS

	2014	2013
<b>1.1 Interest income and expense</b>		
<b>Interest income</b>		
Receivables from credit institutions	394,795.95	324,532.58
Receivables from the public and general government	21,729,537.52	12,608,739.99
On debt securities	1,270,914.84	976,808.04
Derivate contracts	100,543.34	0.00
Other interest income	241,191.75	93,524.51
<b>Total</b>	<b>23,736,983.40</b>	<b>14,003,605.12</b>
Interest income accrued on impaired loans and other receivables	220,912.31	75,626.16
<b>Interest expenses</b>		
Liabilities to credit institutions	-268,635.53	-450,763.14
Liabilities to the public and general government	-5,532,724.40	-4,472,856.31
Debt securities issued to the public	-1,075,455.84	-306,750.32
Derivative contracts and liabilities held for trading	1,819,298.56	1,048,494.03
Subordinated liabilities	-835,881.19	-559,176.16
Other interest expenses	-13,023.45	-37,095.01
<b>Total</b>	<b>-5,906,421.85</b>	<b>-4,778,146.91</b>
<b>1.2 Income from equity investments</b>		
Financial assets available for sale	242,648.94	152,273.40
<b>Total</b>	<b>242,648.94</b>	<b>152,273.40</b>
<b>1.3 Fee and commission income and expense</b>		
<b>Fee and commission income</b>		
Lending	2,678,787.90	2,197,344.09
Borrowing	160,411.78	92,752.50
Payment transactions	4,471,969.62	2,631,516.33
Asset management	685,383.47	321,394.44
Brokered products	1,655,805.15	1,203,025.42
Granting of guarantees	255,690.26	168,105.16
Other fee and commission income	122,562.08	64,792.11
<b>Total</b>	<b>10,030,610.26</b>	<b>6,678,930.05</b>
<b>Fee and commission expenses</b>		
Paid delivery fees	-130,328.91	-75,363.49
Others	-811,872.36	-453,322.58
<b>Total</b>	<b>-942,201.27</b>	<b>-528,686.07</b>

#### 1.4 Net gains on trading in securities and foreign currencies

	2014		
	Capital gain and loss (net)	Changes in fair value (net)	Total
Debt securities	14,810.00	100,590.00	115,400.00
Others	0.00	-52,463.37	-52,463.37
Net gains on trading in securities, total	14,810.00	48,126.63	62,936.63
Net gains on trading in foreign currencies	-3,425.89	0.00	-3,425.89
<b>Profit and loss item, total</b>	<b>11,384.11</b>	<b>48,126.63</b>	<b>59,510.74</b>

	2013		
	Capital gain and loss (net)	Changes in fair value (net)	Total
Debt securities	1,688.00	-41,588.00	-39,900.00
Others	0.00	67,012.93	67,012.93
Net gains on trading in securities, total	1,688.00	25,424.93	27,112.93
<b>Profit and loss item, total</b>	<b>1,688.00</b>	<b>25,424.93</b>	<b>27,112.93</b>

#### 1.5 Net income from financial assets available for sale

	2014			
	Capital gain and loss (net)	Impairment	"Transfers from the fair value reserve"	Total
Debt securities	4,393.34	0.00	103,989.24	108,382.58
Shares and other equity	52,917.53	-1,333,197.02	947,447.61	-332,831.88
<b>Total</b>	<b>57,310.87</b>	<b>-1,333,197.02</b>	<b>1,051,436.85</b>	<b>-224,449.30</b>

	2013			
	Capital gain and loss (net)	Impairment	"Transfers from the fair value reserve"	Total
Debt securities	18,183.00	0.00	-49,980.03	-31,797.03
Shares and other equity	61,794.71	0.00	1,006,404.57	1,068,199.28
<b>Total</b>	<b>79,977.71</b>	<b>0.00</b>	<b>956,424.54</b>	<b>1,036,402.25</b>



	2014	2013
<b>1.6 Net result of hedge accounting</b>		
Changes in fair value of hedge derivatives (net)	269,398.37	-1,812,840.34
Change in the fair value of hedged objects (net)	-255,771.89	1,799,789.15
<b>Total</b>	<b>13,626.48</b>	<b>-13,051.19</b>
<b>1.7 Net income from investment properties</b>		
Rent income	475,964.06	238,423.10
Rent expenses	-2,160.00	-360.00
Planned depreciations	-54,545.21	-34,198.52
Capital gain and loss (net)	0.00	37,760.14
Other income	2,685.49	1,525.23
Other expenses	-291,259.01	-102,485.24
<b>Total</b>	<b>130,685.33</b>	<b>140,664.71</b>
<b>1.8 Other operating income and expenses</b>		
<b>Other operating income</b>		
Rent income from properties in own use	23,133.50	1,466.28
Other income	3,660,500.66	611,421.41
<b>Total</b>	<b>3,683,634.16</b>	<b>612,887.69</b>
<b>Other operating expenses</b>		
Rent expenses	-371,149.58	-177,653.27
Expenses on properties in own use	-719,721.51	-420,508.06
Other expenses	-3,009,738.14	-1,448,702.99
<b>Total</b>	<b>-4,100,609.23</b>	<b>-2,046,864.32</b>
<b>1.9 Personnel expenses</b>		
Salaries and rewards	-5,436,104.35	-2,829,751.22
Long-term benefits	-2,078,381.75	-841,785.12
Pensions	-1,837,540.54	-724,038.97
Other long-term benefits	-240,841.21	-117,746.15
<b>Total</b>	<b>-7,514,486.10</b>	<b>-3,671,536.34</b>
<b>1.10 Other administrative expenses</b>		
Other personnel expenses	-469,499.04	-298,185.77
Office expenses	-624,625.90	-447,927.99
IT expenses	-4,025,026.33	-2,314,589.81
Telephony expenses	-427,368.85	-242,383.13
Representation and marketing expenses	-861,354.23	-749,451.89
<b>Total</b>	<b>-6,407,874.35</b>	<b>-4,052,538.59</b>

	2014	2013
<b>1.11 Depreciation, amortisation and impairment on tangible and intangible assets</b>		
<b>Planned depreciations</b>	<b>-622,066.86</b>	-496,207.68
Tangible assets	-410,887.25	-312,544.73
Intangible assets	-211,179.61	-183,662.95
<b>Total</b>	<b>-622,066.86</b>	-496,207.68
<b>1.12 Impairment losses on loans and other receivables as well as other financial assets</b>		
<b>Impairment losses on loans and other receivables</b>		
<b>Receivables from the public and general government</b>	<b>-1,537,043.90</b>	-1,988,940.02
Contract-specific impairment losses	-1,913,027.79	-2,007,645.01
Impairment reversals and refunds (-)	375,983.89	18,704.99
<b>Guarantees and other off-balance sheet items</b>	<b>6,000.00</b>	0.00
Impairment reversals and refunds (-)	6,000.00	0.00
<b>Impairment losses on loans and other receivables, total</b>	<b>-1,531,043.90</b>	-1,988,940.02
<b>Impairment losses on financial assets, total</b>	<b>-1,531,043.90</b>	-1,988,940.02
<b>1.13 Income by area of operations and market</b>		
Revenue from banking operations	31,766,828.16	17,860,678.05

The distribution of revenue, operating profit, assets and liabilities by area of business has not been listed because the distribution is not particularly significant.  
The bank performs operations only in Finland.  
Profit is presented as noneliminated.

## 2. NOTES TO THE BALANCE SHEET

	2014	2013
<b>2.1 Loans and advances to credit institutions</b>		
<b>Repayable on demand</b>	<b>43,342,423.97</b>	34,378,814.01
From domestic credit institutions	43,342,423.97	34,378,814.01
<b>Others</b>	<b>73,189,745.15</b>	22,232,324.00
From domestic credit institutions	73,189,745.15	22,232,324.00
<b>Total</b>	<b>116,532,169.12</b>	56,611,138.01
The item Others includes a long-term and non-collateral senior debt granted by the bank to Aktia Hypoteekkipankki Oy, associated with the refinancing of brokered mortgages.		
<b>2.2 Loans and advances to the public and general government</b>		
Companies and housing associations	281,012,244.89	161,118,028.14
Financial and insurance institutions	1,175,402.11	1,276,799.52
Public bodies	99,754.45	112,200.00
Households	1,019,386,344.28	431,777,345.81
Non-profit organisations serving households	5,495,207.58	1,884,964.93
Foreign countries	0.00	29,998.10
<b>Total</b>	<b>1,307,168,953.31</b>	596,199,336.50
- of which subordinated receivables	281,000.00	68,000.00
<b>Impairment losses recognised during the accounting period</b>		
Impairment losses at the beginning of the accounting period	4,010,101.21	553,452.52
+ loan-specific impairment losses recognised during the accounting period	4,857,277.93	3,472,463.30
+ group-specific impairment losses recognised during the accounting period	226,279.09	0.00
- loan-specific impairment losses reversed during the accounting period	-370,247.55	-40,437.10
- credit losses recognised during the accounting period, on which loan-specific impairment loss has been recognised previously	-727,887.76	24,622.49
<b>Impairment losses at the end of the accounting period</b>	<b>7,995,522.92</b>	4,010,101.21

## 2.3 Debt securities

	2014		2013	
	Total	Of which debt securities entitled to funding by the central bank	Total	Of which debt securities entitled to funding by the central bank
<b>Debt securities held for trading</b>	<b>2,063,420.00</b>	<b>0.00</b>	1,992,210.00	0.00
Publicly quoted	247,900.00	0.00	828,240.00	0.00
Others	1,815,520.00	0.00	1,163,970.00	0.00
<b>Debt securities available for sale</b>	<b>42,909,215.76</b>	<b>4,649,432.00</b>	22,778,105.28	3,972,796.00
Publicly quoted	36,250,510.76	4,649,432.00	18,045,690.40	3,972,796.00
Others	6,658,705.00	0.00	4,732,414.88	0.00
<b>Debt securities held to maturity</b>	<b>1,985,476.70</b>	<b>1,985,476.70</b>	3,984,416.78	1,984,416.78
Publicly quoted	1,985,476.70	1,985,476.70	1,984,416.78	1,984,416.78
Others	0.00	0.00	2,000,000.00	0.00
<b>Total</b>	<b>46,958,112.46</b>	<b>6,634,908.70</b>	28,754,732.06	5,957,212.78
- of which subordinated receivables	2,625,239.50	0.00	869,148.00	0.00

	2014	2013
<b>2.4 Shares and other equity</b>		
<b>Shares and other equity available for sale</b>	<b>92,828,265.08</b>	43,356,112.60
Publicly quoted	66,715,585.81	31,894,256.92
Others	26,112,679.27	11,461,855.68
<b>Shares and other equity, total</b>	<b>92,828,265.08</b>	43,356,112.60
- of which in credit institutions	20,612,437.87	8,314,427.17
<b>Shares and other equity in companies in the same group</b>		
In other companies	338,497.40	55,970.00
<b>Total</b>	<b>338,497.40</b>	55,970.00

Assets have been measured at acquisition cost.



## 2.5 Derivative contracts

2014

### Nominal values of derivative contracts

Residual maturity	less than 1 year	1-5 years	over 5 years	Total
Hedging derivative contracts	23,553,300.00	89,635,200.00	15,000,000.00	128,188,500.00
Fair value hedge	3,553,300.00	69,635,200.00	15,000,000.00	88,188,500.00
Interest rate derivatives	0.00	50,000,000.00	15,000,000.00	65,000,000.00
Interest rate swaps	0.00	50,000,000.00	15,000,000.00	65,000,000.00
Stock derivatives	3,553,300.00	19,635,200.00	0.00	23,188,500.00
Cash flow hedge	20,000,000.00	20,000,000.00	0.00	40,000,000.00
Interest rate derivatives	20,000,000.00	20,000,000.00	0.00	40,000,000.00
Option contracts	20,000,000.00	20,000,000.00	0.00	40,000,000.00
Set	20,000,000.00	20,000,000.00	0.00	40,000,000.00

2013

Residual maturity	less than 1 year	1-5 years	over 5 years	Total
Hedging derivative contracts	0.00	27,311,200.00	20,000,000.00	47,311,200.00
Interest rate derivatives	0.00	25,000,000.00	20,000,000.00	45,000,000.00
Interest rate swaps	0.00	25,000,000.00	20,000,000.00	45,000,000.00
Stock derivatives	0.00	2,311,200.00	0.00	2,311,200.00
Non-hedging derivative contracts	0.00	0.00	5,000,000.00	5,000,000.00
Interest rate derivatives	0.00	0.00	5,000,000.00	5,000,000.00
Option contracts	0.00	0.00	5,000,000.00	5,000,000.00
Set	0.00	0.00	5,000,000.00	5,000,000.00

**Fair values of derivative contracts**

	2014		2013	
	Receivables	Liabilities	Receivables	Liabilities
Hedging derivative contracts	7,445,773.21	0.00	4,032,028.96	-16,677.70
Fair value hedge	6,226,288.37	0.00	4,032,028.96	-16,677.70
Interest rate derivatives	5,993,906.35	0.00	4,032,028.96	0.00
Option contracts	0.00	0.00	35,436.66	0.00
Set	0.00	0.00	35,436.66	0.00
Interest rate swaps	5,993,906.35	0.00	3,996,592.30	0.00
Stock derivatives	232,382.02	0.00	0.00	-16,677.70
Cash flow hedge	1,219,484.84	0.00	0.00	0.00
Interest rate derivatives	1,219,484.84	0.00	0.00	0.00
Option contracts	1,219,484.84	0.00	0.00	0.00
Set	1,219,484.84	0.00	0.00	0.00
Non-hedging derivative contracts	0.00	0.00	0.00	-28,041.00
Interest rate derivatives	0.00	0.00	0.00	-28,041.00
Option contracts	0.00	0.00	0.00	-28,041.00
Set	0.00	0.00	0.00	-28,041.00
<b>Total</b>	<b>7,445,773.21</b>	<b>0.00</b>	<b>4,032,028.96</b>	<b>-44,718.70</b>

## 2.6 Related parties

Information on related parties is given in notes to personnel and management. Note 4.4.

## 2.7 Intangible assets

	2014	2013
Other intangible assets	1,573,740.36	799,351.24
<b>Total</b>	<b>1,573,740.36</b>	<b>799,351.24</b>

## 2.8 Tangible assets

### Land and water

In own use

391,198.52

Used for investments

498,323.46

981,046.28

**Total**

889,521.98

### Buildings

In own use

1,021,012.35

Used for investments

840,809.20

379,834.53

**Total**

1,861,821.55

### Shares and other equity in property companies

In own use

12,655,995.27

Used for investments

14,655,776.22

14,349,272.85

**Total**

27,311,771.49

Other tangible assets

1,455,750.40

**Tangible assets, total**

31,518,865.42

Investment properties have been measured at acquisition cost.

2014

## 2.9 Changes in intangible and tangible assets during the accounting period.

### Intangible assets

Acquisition cost January 1st

3,163,232.33

+ increases during the accounting period

3,981,586.72

Acquisition cost December 31st

7,144,819.05

Accrued depreciation, amortisation and impairment January 1st

-2,363,881.09

+/- accrued depreciation on decreases and transfers

-2,981,015.75

- depreciation during the accounting period

-226,181.85

Accrued depreciation, amortisation and impairment December 31st

-5,571,078.69

**Book value December 31st**

1,573,740.36

Book value January 1st

799,351.24

2014

2014

**Tangible assets**

	Investment properties and shares in investment properties	Other properties and shares in properties	Other tangible assets	Total
Acquisition cost January 1st	2,397,645.85	6,239,511.90	3,323,076.53	11,960,234.28
+ increases during the accounting period	15,832,444.13	9,734,008.95	4,496,622.01	30,063,075.09
Acquisition cost December 31st	18,230,089.98	15,973,520.85	7,819,698.54	42,023,309.37
Accrued depreciation, amortisation and impairment January 1st	-523,324.73	-964,309.87	-2,471,412.22	-3,959,046.82
+/- accrued depreciation on decreases and transfers	-1,672,313.40	-834,923.47	-3,591,934.73	-6,099,171.60
- depreciation during the accounting period	-39,542.97	-110,286.06	-300,601.19	-450,430.22
Accrued depreciation, amortisation and impairment December 31st	-2,235,181.10	-1,909,519.40	-6,363,948.14	-10,508,648.64
Accrued appreciations January 1st	0.00	4,204.69	0.00	4,204.69
Accrued appreciations December 31st	0.00	4,204.69	0.00	4,204.69
<b>Book value December 31st</b>	<b>15,994,908.88</b>	<b>14,068,206.14</b>	<b>1,455,750.40</b>	<b>31,518,865.42</b>
Book value January 1st	1,874,321.12	5,279,406.72	851,664.31	8,005,392.15

2014

2013

**2.10 Other assets**

<b>Receivables on payment transfers</b>	<b>74,805.79</b>	1,361.04
Others	209,232.60	91,385.05
<b>Total</b>	<b>284,038.39</b>	92,746.09

**2.11 Accrued income and prepayments**

Interest	4,921,267.72	2,541,621.77
Others	1,866,984.27	411,531.75
<b>Total</b>	<b>6,788,251.99</b>	2,953,153.52

**2.12 Liabilities to credit institutions**

To credit institutions	11,922,931.47	43,917,879.88
Repayable on demand	7,419,067.81	237,173.38
Others	4,503,863.66	43,680,706.50
<b>Total</b>	<b>11,922,931.47</b>	43,917,879.88

**2.13 Liabilities to the public and general government**

Deposits	1,293,481,716.60	560,261,259.33
Repayable on demand	1,005,121,536.61	461,828,572.17
Others	288,360,179.99	98,432,687.16
Other liabilities	1,005,187.00	932,552.00
Others	1,005,187.00	932,552.00
<b>Total</b>	<b>1,294,486,903.60</b>	561,193,811.33



## 2.14 Debt securities issued to the public

	2014		2013	
	Book value	Nominal value	Book value	Nominal value
Debt securities	0.00	0.00	11,962,530.95	0.00
Bonds	68,620,010.80	68,700,000.00	29,940,861.46	30,000,000.00
<b>Total</b>	<b>68,620,010.80</b>	<b>68,700,000.00</b>	<b>41,903,392.41</b>	<b>30,000,000.00</b>

## 2.15 Other liabilities

	2014	2013
Liabilities on payment transfers	10,212,427.40	4,749,283.33
Others	89,627.91	84,726.38
<b>Total</b>	<b>10,302,055.31</b>	<b>4,834,009.71</b>

## 2.16 Accrued expenses and deferred income

Interest	2,384,030.77	1,377,278.56
Others	4,847,533.13	1,513,960.70
<b>Total</b>	<b>7,231,563.90</b>	<b>2,891,239.26</b>

## 2.17 Subordinated liabilities

	2014			
	Book value	Nominal value	Interest %	Due date
<b>1) Subordinated liabilities whose book value exceeds 10% of the total amount of liabilities</b>				
<b>Identifying details of the liability</b>				
Savings Banks' debenture loan I/2011	4,175,000.00	4,175,000.00	3.1.1900	May 16, 2016
Savings Banks' debenture loan I/2012	6,000,000.00	6,000,000.00	2.1.1900	May 7, 2017
Savings Banks' debenture loan I/2013	11,200,000.00	11,200,000.00	2.1.1900	May 15, 2018
Oma Sp debenture loan I/2014	10,000,000.00	10,000,000.00	2.1.1900	May 20, 2019
<b>Total</b>	<b>31,375,000.00</b>	<b>31,375,000.00</b>		
	<b>Amount included in own funds</b>			
Savings Banks' debenture loan I/2010	1,200,000.00			
Savings Banks' debenture loan I/2011	3,340,160.00			
Oma Sp debenture loan I/2014	8,767,798.45			
<b>Total</b>	<b>13,307,958.45</b>			

All listed loans are denominated in euro.

In the solvency calculation, the listed loans are included in the credit institution's lower Tier 2 capital.

Terms and conditions of prepayment:

The bank retains on all loans the right to claim the loan either partially or in full before the due date. However, prepayment is only possible if permitted by the Financial Supervisory Authority, excluding minor claims that the bank will resell shortly after claiming.

Regulations on loan priorities and potential exchanging of loans for shares:

Loans have been issued as a debenture loan in accordance with Article 34 of the Promissory Notes Act (622/47). These loans are subordinated to the issuer's other loans.

### 2) Other than the above-mentioned loans that are subordinated to the credit institution's other loans

Total amount of loans

**Debenture loans**

**1,500,000.00**

## 2.18 Deferred tax liabilities and tax assets

Deferred tax liabilities and tax assets are recognised in the fair value reserve through the changes in recognised fair value of cash flow hedging derivatives and financial assets available for sale, and the deferred tax liabilities through the fair value reserve as an impairment loss on the negative change in value transferred to the result. Other deferred tax liabilities and tax assets have not been recognised on the bank's balance sheet.

### Deferred tax liabilities and tax assets

Deferred tax assets due to valuation	437,183.26
Deferred tax liabilities due to valuation	1,693,934.27

## 2.19 Maturity distribution of financial assets and liabilities

	2014		
Financial assets	less than 3 months	3-12 months	1-5 years
Debt securities eligible for refinancing with central banks	0.00	0.00	3,888,962.00
Loans and advances to credit institutions	43,342,423.97	50,740,645.15	0.00
Loans and advances to the public and general government	35,495,344.21	158,889,612.40	457,031,436.05
Debt securities	0.00	3,100,944.96	29,636,153.30
Total	78 837 768,18	212 731 202,50	490 556 551,40

	2014		
	5-10 years	over 10 years	Total
Debt securities eligible for refinancing with central banks	760,470.00	1,985,476.70	6,634,908.70
Loans and advances to credit institutions	0.00	22,449,100.00	116,532,169.12
Loans and advances to the public and general government	342,552,596.62	313,199,964.03	1,307,168,953.31
Debt securities	6,264,638.00	1,321,467.50	40,323,203.76
Total	349,577,704.62	338,956,008.23	1,470,659,234.89

	2013		
	less than 3 months	3-12 months	1-5 years
Debt securities eligible for refinancing with central banks	0.00	507,850.00	2,960,446.00
Loans and advances to credit institutions	39,939,050.36	-2,112.35	0.00
Loans and advances to the public and general government	30,824,906.72	62,472,210.99	201,876,968.42
Debt securities	1,663,855.38	3,579,808.00	12,383,984.90
Total	72,427,812.46	66,557,756.64	217,221,399.32

	2013		
	5-10 years	over 10 years	Total
Debt securities eligible for refinancing with central banks	504,500.00	1,984,416.78	5,957,212.78
Loans and advances to credit institutions	0.00	16,674,200.00	56,611,138.01
Loans and advances to the public and general government	151,670,576.13	149,354,674.24	596,199,336.50
Debt securities	5,169,871.00	0.00	22,797,519.28
Total	157,344,947.13	168,013,291.02	681,565,206.57

	2014		
	less than 3 months	3-12 months	1-5 years
<b>Financial liabilities</b>			
Liabilities to credit institutions and central banks	7,423,681.25	2,495,897.00	2,003,353.22
Liabilities to the public and general government	1,038,849,660.19	204,854,146.11	49,777,912.43
Debt securities issued to the public	0.00	0.00	68,620,010.80
Subordinated debts	0.00	8,387,600.00	24,487,600.00
<b>Total</b>	<b>1,046,273,341.44</b>	<b>215,737,643.11</b>	<b>144,888,876.45</b>

	2014		
	5-10 years	over 10 years	Total
Liabilities to credit institutions and central banks	0.00	0.00	11,922,931.47
Liabilities to the public and general government	1,005,187.00	0.00	1,294,486,905.73
Debt securities issued to the public	0.00	0.00	68,620,010.80
Subordinated debts	0.00	0.00	32,875,200.00
<b>Total</b>	<b>1,005,187.00</b>	<b>0.00</b>	<b>1,407,905,048.00</b>

	2013		
	less than 3 months	3-12 months	1-5 years
Liabilities to credit institutions and central banks	32,340,016.69	10,499,185.00	1,078,678.19
Liabilities to the public and general government	495,336,485.46	45,999,831.92	18,924,941.95
Debt securities issued to the public	4,992,931.13	6,969,599.82	29,940,861.46
Subordinated debts	0.00	6,700,000.00	17,100,000.00
<b>Total</b>	<b>532,669,433.28</b>	<b>70,168,616.74</b>	<b>67,044,481.60</b>

	2013		
	5-10 years	over 10 years	Total
Liabilities to credit institutions and central banks	0.00	0.00	43,917,879.88
Liabilities to the public and general government	932,552.00	0.00	561,193,811.33
Debt securities issued to the public	0.00	0.00	41,903,392.41
Subordinated debts	0.00	0.00	23,800,000.00
<b>Total</b>	<b>932,552.00</b>	<b>0.00</b>	<b>670,815,083.62</b>

Loans and advances to the public and general government, repayable on demand  
Other than fixed-term deposits and overdraft accounts are listed in the category of less than 3 months.

## 2.20 Itemisation of assets and liabilities in domestic and foreign denominations as well as from members of the same group

	2014		2013	
<b>Assets</b>	<b>Domestic currency</b>	<b>Foreign currency</b>	Domestic currency	Foreign currency
Debt securities eligible for refinancing with central banks	6,634,908.70	0.00	5,957,212.78	0.00
Loans and advances to credit institutions	116,532,169.12	0.00	56,611,138.01	0.00
Loans and advances to the public and general government	1,307,168,953.31	0.00	596,199,336.50	0.00
Debt securities	40,323,203.76	0.00	22,797,519.28	0.00
Derivative contracts	7,445,773.21	0.00	4,015,351.26	0.00
Other assets	140,372,984.93	4,202.57	59,094,753.44	-0.03
<b>Total</b>	<b>1,618,477,993.03</b>	<b>4,202.57</b>	<b>744,675,311.27</b>	<b>-0.03</b>
<b>Liabilities</b>	<b>Domestic currency</b>	<b>Foreign currency</b>	Domestic currency	Foreign currency
Liabilities to credit institutions and central banks	11,922,931.47	0.00	43,917,879.88	0.00
Liabilities to the public and general government	1,294,486,903.60	0.00	561,193,811.33	0.00
Debt securities issued to the public	68,620,010.80	0.00	41,903,392.41	0.00
Derivative contracts	0.00	0.00	-28,041.00	0.00
Subordinated liabilities	32,875,200.00	0.00	23,800,000.00	0.00
Other liabilities	11,995,989.58	0.00	5,605,943.53	0.00
Accrued expenses and deferred income	7,231,563.90	0.00	2,891,239.26	0.00
<b>Total</b>	<b>1,427,132,599.35</b>	<b>0.00</b>	<b>679,284,225.41</b>	<b>0.00</b>



## 2.21 Fair values of financial assets and liabilities

	2014		2013	
<b>Financial assets</b>	<b>Book value</b>	<b>Fair value</b>	Book value	Fair value
Cash and cash equivalents	6,608,345.60	6,608,345.60	3,631,078.54	3,631,078.54
Loans and advances to credit institutions	116,532,169.12	116,532,169.12	56,611,138.01	56,611,138.01
Loans and advances to the public and general government	1,307,168,953.31	1,307,168,953.31	596,199,336.50	596,199,336.50
Debt securities	46,958,112.46	46,958,112.46	28,754,732.06	28,754,732.06
Shares and other equity	92,828,265.08	92,828,265.08	43,356,112.60	43,356,112.60
Shares and other equity in the group's companies	338,497.40	338,497.40	55,970.00	55,970.00
Derivative contracts	7,445,773.21	7,445,773.21	4,015,351.26	4,015,351.26
<b>Total</b>	<b>1,577,880,116.18</b>	<b>1,577,880,116.18</b>	732,623,718.97	732,623,718.97
<b>Financial liabilities</b>	<b>Book value</b>	<b>Fair value</b>	Book value	Fair value
Liabilities to credit institutions	11,922,931.47	11,922,931.47	43,917,879.88	43,917,879.88
Liabilities to the public and general government	1,294,486,903.60	1,294,486,903.60	561,193,811.33	561,193,811.33
Debt securities issued to the public	68,620,010.80	68,620,010.80	41,903,392.41	41,903,392.41
Derivative contracts and other liabilities held for trading	0.00	0.00	-28,041.00	-28,041.00
Subordinated liabilities	32,875,200.00	32,875,200.00	23,800,000.00	23,800,000.00
<b>Total</b>	<b>1,407,905,045.87</b>	<b>1,407,905,045.87</b>	670,787,042.62	670,787,042.62

The fair values of financial assets have been determined primarily on the basis of the quoted market prices. If a quoted market price was not available, the current value discounted by the market interest rate or another generally accepted valuation model or method was used in the valuation. The book value was used as the fair value for other financial assets. The book value was used as the fair value for financial liabilities.

### Financial instruments measured at fair value on the balance sheet

	Parent 2014			
	Level 1	Level 2	Level 3	Total
	0.00	7,034,591.19	411,182.02	7,445,773.21
Unrealised gains and losses during the accounting period			0.00	

	Parent 2013			
	Level 1	Level 2	Level 3	Total
	0.00	3,996,592.30	-9,282.04	3,987,310.26
Unrealised gains and losses during the accounting period			0.00	

### Essential financial assets that are measured at acquisition cost instead of fair value

Shares and other equity in companies necessary for operations are measured at acquisition cost. These are detailed in note 5.2. Shares and other equity necessary for operations are intended to be retained permanently. The fair value of these assets cannot be reliably determined.

During the accounting period, financial assets as described above were sold worth 111,634.80 euros. This resulted in a capital loss of 111,634.80 euros.

## 2.22 Increases and decreases of equity and transfers between items during the accounting period.

	At the beginning of the accounting period	Increases	Decreases	At the end of the accounting period
Share capital	10,000,000.00	12,000,000.00	0.00	22,000,000.00
Other restricted reserves	2,283,938.16	8,283,006.34	-4,473,382.87	6,093,561.63
Fair value reserve	2,283,938.16	8,283,006.34	-4,473,382.87	6,093,561.63
Cash flow hedge	0.00	480,376.64	-96,075.33	384,301.31
Measured at fair value	2,283,938.16	7,802,629.70	-4,377,307.54	5,709,260.32
Non-restricted reserves	19,567,889.55	75,960,968.61	0.00	95,528,858.16
Reserve for invested non-restricted equity	19,567,889.55	75,403,487.08	0.00	94,971,376.63
Other reserves	0.00	557,481.53	0.00	557,481.53
Retained earnings	5,326,917.34	3,461,725.67	-252,000.00	8,536,643.01
Profit for the period	3,461,725.67	6,973,154.12	-3,461,725.67	6,973,154.12
<b>Equity, total</b>	<b>40,640,470.72</b>	<b>106,678,854.74</b>	<b>-8,187,108.54</b>	<b>139,132,216.92</b>
	At the beginning of the accounting period	Increases	Decreases	At the end of the accounting period
Cash flow hedge	0.00	480,376.64	-96,075.33	384,301.31
of which deferred taxes	0.00	0.00	-96,075.33	-96,075.33
Equity-based instruments	1,719,641.60	6,380,823.95	-3,707,273.23	4,393,192.32
of which deferred taxes	-429,910.41	0.00	-668,387.66	-1,098,298.07
Debt securities	564,296.56	1,421,805.75	-670,034.31	1,316,068.00
of which deferred taxes	-141,074.14		-187,942.87	-329,017.01
<b>Fair value reserve, total</b>	<b>2,283,938.16</b>	<b>8,283,006.34</b>	<b>-4,473,382.87</b>	<b>6,093,561.63</b>

## 2.23 Share capital

The number of Oma Säästöpankki Oy's shares is 462,000, of which Töysän Säästöpankkisäätiö owns 60,000, Kuortaneen Säästöpankkisäätiö 40,000, Parkanon Säästöpankkisäätiö 68,000, Hauhon Säästöpankkisäätiö 33,600, Rengon Säästöpankkisäätiö 22,400, Suodenniemen Säästöpankkisäätiö 16,000 and Etelä-Karjalan Säästöpankkisäätiö 222,000.

### 3. NOTES TO GRANTED GUARANTEES AND CONTINGENT LIABILITIES AS WELL AS OFF-BALANCE SHEET ARRANGEMENTS

#### 3.1 Granted guarantees

##### For own loans:

Balance sheet item	Pledges	Mortgages	Other guarantees	Total
Liabilities to credit institutions	2,495,897.00	0.00	0.00	2,495,897.00
<b>For own loans, total</b>	<b>2,495,897.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,495,897.00</b>

#### 3.2 Pension liabilities

Personnel's retirement provisions are arranged with pension insurance company Eläke-Fennia and there are no uncovered pension liabilities.

#### 3.3 Leasing and other rent liabilities

Minimum rent payable based on irrevocable rent agreements

	2014	2013
Less than 1 year	212,463.86	114,551.28
Over 1 year < 5 years	448,726.09	101,862.94

#### 3.4 Off-balance sheet commitments

Commitments given to a third party on behalf of a customer

Guarantees	30,915,229.07	15,522,674.00
Other commitments given to a third party on behalf of a customer	936,873.84	299,209.40
Irrevocable commitments		
given in favour of a customer	57,648,345.72	35,945,964.31
of which loan commitments	57,648,345.72	35,945,964.31
<b>Off-balance sheet commitments, total</b>	<b>89,500,448.63</b>	<b>51,767,847.71</b>

The bank has given an absolute guarantee to Aktia Hypoteekkipankki Oyj on behalf of itself and the other savings banks involved in the arbitration agreement, regarding compensation for any losses on brokered mortgages to Aktia Hypoteekkipankki Oyj. The amount of the guarantee liability is limited.

The bank has given an absolute guarantee to Aktia Pankki Oyj for the benefit of all savings banks that have entered into an identical current account contract with Aktia Pankki Oyj. Guaranteed are those receivables that may be due to Aktia Pankki Oyj if the terms in the current account contract are breached. Operations covered by the guarantee were ceased in November 2014, when the savings banks' current accounts were transferred to Central Bank of Savings Banks Finland PLC, and liability for guarantees could no longer exist.

#### 3.5 Other off-balance sheet arrangements

The bank belongs to Oy Samlink Ab's value added tax obligation group.

	2014	2013
The joint liability amount related to the group registration of value added tax	984,440.27	1,599,454.59

## 4. NOTES TO PERSONNEL AND MANAGEMENT

	2014	2013
<b>4.1 Number of employees December 31st</b>		
Permanent full-time employees	170	67
Permanent part-time employees	13	4
Temporary employees	15	11
<b>Total</b>	<b>198</b>	<b>82</b>

### 4.2 Management's salaries and rewards

Board of Directors, members and deputy members	3,400.00	0.00
Executive directors and deputies, CEO and his/her deputy	454,885.53	390,531.88
<b>Total</b>	<b>458,285.53</b>	<b>390,531.88</b>

### 4.3 Loans and guarantees granted to management

	2014		2013	
	Loans	Guarantees	Loans	Guarantees
Board of Directors, members and deputy members	996,174.91	145,000.00	0.00	0.00
Executive directors and deputies, CEO and his/her deputy	349,973.34	149,781.49	1,121,533.84	0.00
<b>Total</b>	<b>1,346,148.25</b>	<b>294,781.49</b>	<b>1,121,533.84</b>	<b>0.00</b>
Increases	224,614.41	294,781.49	479,360.80	0.00
Decreases	0.00	0.00	113,034.06	31,809.40

Loan terms:

Loans and guarantees have been granted with conditions that are applied to similar loans and guarantees granted to customers.



#### 4.4 Related parties

Definition of a related party	2014			
	Loans and advances to the public and general government	Investments	Other receivables	Guarantees/collateral
Management *)	0.00	0.00	0.00	0.00
Management of the owner community	904,184.62	0.00	0.00	0.00
Family relationship	921,766.27	0.00	0.00	0.00
Authority	1,686,775.09	0.00	0.00	0.00
<b>Total</b>	<b>3,512,725.98</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Definition of a related party	2013			
	Loans and advances to the public and general government	Investments	Other receivables	Guarantees/collaterals
Management *)	0.00	0.00	0.00	0.00
Management of the owner community	1,353,012.94	0.00	0.00	28,500.00
Family relationship	417,707.01	0.00	0.00	15,000.00
Authority	4,984,632.30	0.00	0.00	0.00
<b>Total</b>	<b>6,755,352.25</b>	<b>0.00</b>	<b>0.00</b>	<b>43,500.00</b>

\*) Loans and guarantees to the management are listed in note 4.3.

The primary terms and conditions regarding receivables and investments: Loans and guarantees have been granted with conditions that are applied to similar loans and guarantees granted to customers.

## 5. OWNERSHIPS IN OTHER COMPANIES

### 5.1 Small subsidiaries and associated companies excluded from the consolidated financial statements

Subsidiaries		Number	Book values
Housing and property companies		11	14,568,557.16
Others		3	242,909.40
Associated companies		Number	Book values
Housing and property companies		17	6,381,745.94
Others		2	7,965,481.45

## 5.2 Ownerships in other companies

Company's name and registered office	Share of ownership, %	Equity*	Profit for the accounting period*
Aktia Hypoteekkipankki Oy, Helsinki	5.60	131,413,077.86	377,941.72
Sp-Henkivakuutus Oy, Espoo	18.78	29,406,907.50	4,602,241.77
Nooa Säästöpankki Oy, Helsinki	21.90	36,614,604.22	1,348,580.13
Sp-Rahastoyhtiö Oy, Helsinki	19.97	2,115,515.56	158,479.73
Säästöpankkien Holding Oy, Espoo	19.90	1,484,923.31	133,915.00
Oy Samlink Ab, Espoo	15.45	13,011,600.31	2,583,699.53
Central Bank of Savings Banks Finland PLC, Espoo	5.27	10,902,241.67	-3,084,271.16
<b>Total</b>		<b>224,948,870.43</b>	<b>6,120,586.72</b>

\* Equity and profit for accounting period 2013

## 6. OTHER NOTES

### 6.1 Notary operations performed by the credit institution

Asset management services offered by the credit institution

The bank offers transmission and execution of orders in accordance with Article 11 of the Investment Act, trading on its own account, asset management, investment advisory services, custody and management of financial assets as well as safety deposits and related services.

The bank does not offer so-called full-service asset management.

### 6.2 Auditor's fees

Auditor's fees by assignment group:

Audit	30,293.20
Assignments as per Article 1, Item 2 under Clause 1 of the Auditing Act	9,114.00
Other services	2,078.00
<b>Total</b>	<b>41,485.20</b>

2014

### 6.3 Long-term saving

	Eur	Number
Saved assets, total	111,148.97	12
Deposits, total	67,755.22	12
PS accounts	67,755.22	12
Customers' assets, total	43,393.75	
Shares	24,742.20	
Reserves	18,651.55	

### 6.4 Legal proceedings

The bank has not issued any reservations related to legal proceedings and it is not likely that the bank would suffer significant losses as a result of legal proceedings.

# Signatures on the financial statements and the annual report

Helsinki, February 17, 2015

## **Oma Säästöpankki Oy's Board of Directors**

Jarmo Partanen  
Chairman

Jyrki Mäkynen  
Vice Chairman

Heli Korpinen

Aki Jaskari

Timo Kokkala

Jarmo Salmi

Ari Yli-Kaatiala

Pasi Sydänlammi  
CEO

An audit report has been provided today.

Seinäjoki, February 19, 2015

Tatu Huhtala, APA

# Audit Report

To Oma Säästöpankki Oy's Annual General Meeting

**I HAVE AUDITED** Oma Säästöpankki Oy's bookkeeping, financial statements, annual report and management for the accounting period January 1 - December 31, 2014. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

## Responsibility of the Board of

### Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of financial statements and annual reports that give a true and sufficient view in accordance with the laws and regulations governing the preparation of financial statements and annual reports in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

### Auditor's responsibility

My responsibility is to express an opinion on the financial statements and the annual report based on my audit. The Auditing Act requires that I comply with the requirements of professional ethics. I conducted the audit in accordance with good auditing practices in Finland. Good auditing practice requires that I plan and perform the audit to obtain reasonable assurance about whether the financial statements or the annual report are free from material misstatements, and whether the members of the Board of Directors or the CEO are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability

Companies Act or the Articles of Association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the annual report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. When making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and annual report that give a true and fair view. The auditor considers internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonability of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the annual report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements and the annual report give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with the financial reporting standards as adopted in Finland. The information in the annual report is consistent with the information in the financial statements.

Seinäjäki, February 20, 2015

Tatu Huhtala, APA



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