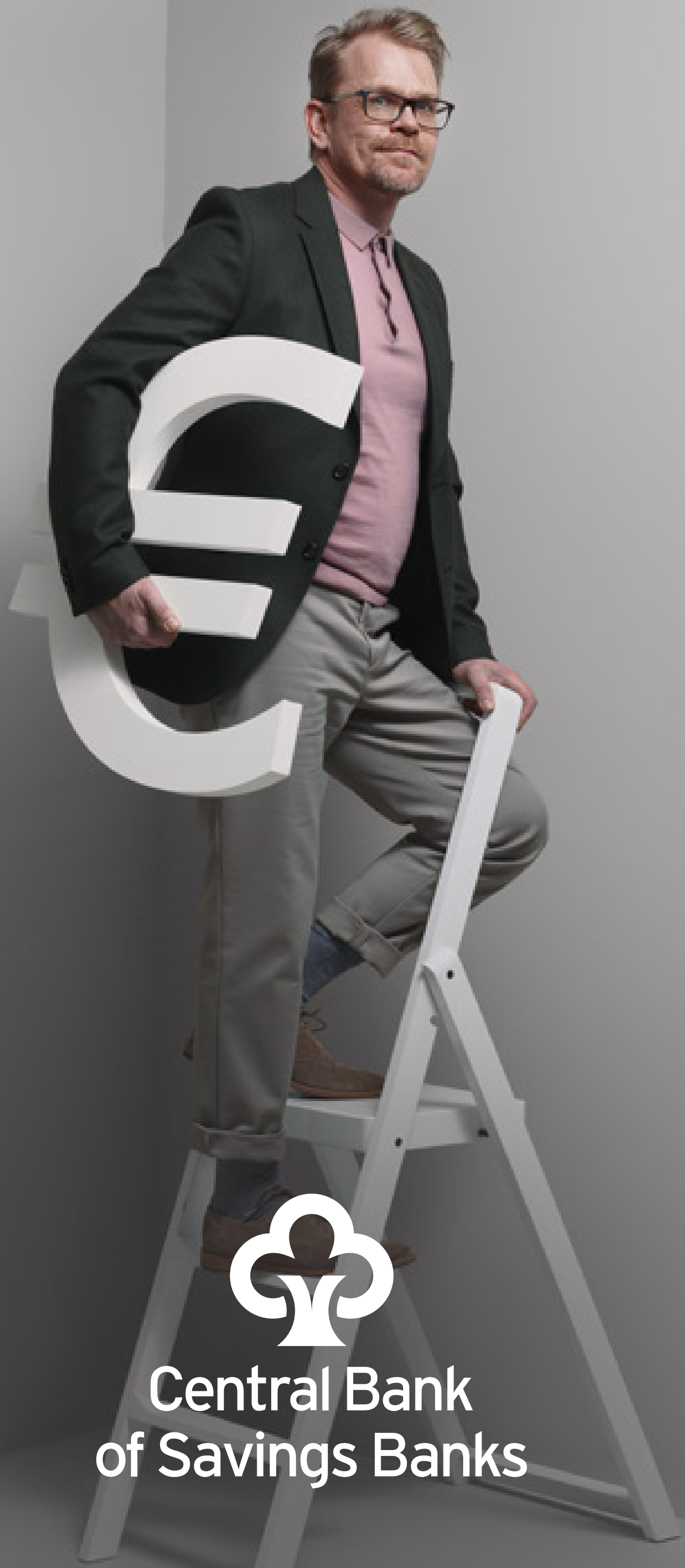
CENTRAL BANK OF SAVINGS BANKS FINLAND PLC

HALF-YEAR REPORT FOR 1 JANUARY – 30 JUNE 2019



Central Bank of Savings Banks

HALF-YEAR REPORT FOR 1 JANUARY – 30 JUNE 2019

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BOARD OF DIRECTORS' REPORT FOR 1 JANUARY – 30 JUNE 2019

Central Bank of Savings Banks Finland Plc (hereinafter "SB Central Bank") is a bank owned by Finnish savings banks. Its main purpose is to provide savings banks and the Savings Banks Group with various central credit institution services. The central credit institution services include payment services and account operator services, payment card issuing for the customers of the member Savings Banks (hereinafter also "Savings Banks") of the Amalgamation, and services related to liquidity management, funding and asset and liability management. SB Central Bank is part of the Savings Banks Amalgamation.

During the review period SB Central Bank joined Suomen Asiakastieto Plc's consumer credit inquiry system, known also as positive credit information register. By joining the inquiry system, SB Central Bank got new and modern tools for responsible lending. Otherwise the focus of the review period has been maintaining and developing of the functions.

SB Central Bank's operating profit for January–June amounted to EUR 3.6 million, and the balance sheet total amounted to EUR 2,763 million.

The Savings Banks' Group and Amalgamation of Savings Banks

SB Central Bank is part of the Savings Banks Group and the Savings Banks Amalgamation, and its financial statements are consolidated into Savings Banks Group's consolidated financial statements.

The Savings Banks Group is the most longstanding banking group in Finland. It comprises of Savings Banks that formed the Savings Banks Amalgamation, the Savings Banks' Union Coop, which acts as the Central Institution and the subsidiaries and associated companies owned by Savings Banks.

The member organizations of the Savings Banks Amalgamation (hereinafter Amalgamation) form a financial entity as defined in the Act on Amalgamations, in which the Savings Banks' Union Coop and its member credit institutions are jointly liable for each other's liabilities and commitments. The Amalgamation comprises the Savings Banks' Union Coop, which acts as the Central Institution of the Amalgamation, 21 Savings Banks, the Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc, as well as the companies within the consolidation groups of the above-mentioned entities, Sp-Fund Management Company Ltd and Savings Bank Services Ltd. During the review period, two mergers between the Savings Banks were executed. Kiikoisten Säästöpankki merged to Huittisten Säästöpankki and Suomenniemen Säästöpankki to Säästöpankki Optia. As a result of the mergers, the number of Savings Banks belonging to the Amalgamation and to the Group reduced from 23 banks to 21 banks. The structure of the Group differs from that of the Amalgamation so that the Group also includes organizations other than credit and financial institutions or service companies. The most significant of these are Sp-Life Insurance Ltd and Sp-Koti Ltd.

Additional information on the group structure of the Savings Banks Group is available online at *www.saastopankki.fi/saastopankkiryhma*.

Description of the operational environment

Global economic outlook

Uncertainty over the development of global economic growth increased during the first half of 2019 and the economic outlook worsened. The trade policy tension between the United States and China became a central theme. In addition, the United Kingdom leaving the European Union caused a domestic policy crisis as a result of which the exit had to be postponed. This in part had a negative impact on industry and consumer confidence in Europe. Uncertainty over the global trade outlook impaired the outlook for industry, and global economic growth is expected to slow down to the level of 3.2 per cent during 2019. Central banks' monetary policy is changing to a stimulating direction, which in part reduces the negative shock arising from global obstacles to trade.

Economic growth in the euro zone was modest, and the change was 1.2 per cent during the first quarter year-on-year. The development of the labour market has continued to be good in the euro zone, and the unemployment rate has decreased. Trade policy tensions and uncertainty over economic growth have manifested themselves as decreasing confidence indicators. In particular, industrial confidence indicators decreased during the first half of 2019. The increase in core inflation ground to a halt during the second half of last year, and expectations regarding the ECB's monetary policy changed to a significant extent. The European Central Bank estimates that key interest rates will remain at their current level until at least mid-2020.

Economic growth in the United States has remained stable, and the change was 3.1 per cent during the first quarter year-on-year. The unemployment rate is exceptionally low, even though fewer new jobs were created than the previous year. Uncertainty regarding trade policy and the administration's planned changes in import duties could be seen in the slowing down of industrial production. Industrial confidence indicators decreased strongly during the first half of 2019. In spite of the impairment of industrial outlook, consumer confidence continued to be strong and retail sales grew during the first quarter. Expectations regarding the monetary policy of the US Federal Reserve changed significantly after the turn of the year. The increase in the key interest rate stopped after a three-year rise, and the market began to price interest rate cuts. Underlying the change is the low consumer price inflation and uncertainty over the potential impacts of a trade war on economic growth. Inflation expectations turned to a decline during the fourth quarter of 2018 and have continued to decrease during 2019.

Interest rate environment

Interest rates remained at a very low level during the review period . Short-term interest rates decreased towards the end of the period after being relatively stable during the first months of the year. On the other hand, the decrease in long-term interest rates continued almost throughout the review period . No significant change in the situation is in sight due to the the euro zone's weak economic growth and subdued inflation, which has also delayed the normalisation of the ECB's monetary policy.

The prevailing flat yield curve presents challenges to net interest income in banking operations due to low maturity transformation income. Furthermore, regulatory requirements (LCR and, effective from 31 December 2018, MREL) combined with the ECB's negative deposit rate result in increased burden on the net interest income.

Investment markets

The year 2019 got off to a very favourable start from the point of view of investment markets. In spite of economic uncertainties, nearly all asset categories showed a positive income. As central banks announced changes in monetary policy in a more stimulating direction, investors' risk appetites increased significantly. The fourth quarter of 2018 was soft in the investment market, and the return of investors' confidence was particularly evident in the strong increase in share prices. Decreasing interest rates increased the return from government loan investments and corporate bonds during the first half of the year. A significant decrease was seen in long-term interest rates, both in the euro zone and the United States. Stock market returns were lower in emerging markets than other regions. Underlying the differences in returns is uncertainty arising from the slowing down of global trade and worsened economic outlook in China.

The Finnish economy

The outlook of the Finnish economy has worsened as global economic growth has slowed down. In particular, the outlook of exports has worsened. Adjusted for seasonal fluctuations, the Finnish GDP increased by 1.2 per cent year-on-year during the first quarter and is therefore close to the economic growth in the rest of the euro zone. A slowing down of economic growth in the euro zone will have a significant impact on the Finnish economy, as 40 per cent of the value of exports of goods is bound for other euro zone countries. Even though the Confederation of Finnish Industries' confidence indicator decreased strongly last year, growth in industrial production has remained at a good level. The employment rate has improved and households' purchasing power has developed favourably. These factors support economic growth, which depends on domestic consumption as export demand slows down. An increase in the employment rate from its current level requires faster economic growth, which is challenging in the prevailing situation of the world economy. Finland's economic growth is expected to be around 1.5 per cent this year.

Financial position

Financial highlights

(EUR 1,000)	6/2019	12/2018	6/2018
Revenue	24,617	45,671	22,171
Net interest income	4,170	9,373	4,478
% of revenue	16.9 %	20.5 %	20.2 %
Operating profit	3,606	3,733	1,703
% of revenue	14.6 %	8.2 %	7.7 %
Total operating revenue	12,698	22,031	10,712
Total operating expenses	-8,901	-17,216	-8,475
Cost to income ratio	0.7	0.8	0.8
Total assets	2,763,389	2,734,159	2,511,457
Total equity	84,718	53,101	50,828
Return on equity %	4.2 %	7.1 %	2.8 %
Return on assets %	0.11 %	0.13 %	0.05 %
Equity/assets ratio %	3.1 %	1.9 %	2.0 %
Solvency ratio %	46.6 %	30.9 %	32.0 %
Impairment losses on loans and other receivables	-191	-1,082	-534

Profit trends (comparison figures 1–6/2018)

SB Central Bank's operating profit for the review period 1–6/2019 increased significantly compared with comparison period and amounted to EUR 3.6 million and 14.6 % of revenue (EUR 1.7 million and 7.7 %, respectively, for the comparison period 1–6/2018).

SB Central Bank's operating revenue for the review period grew by 19 % and amounted to EUR 12.7 (10.7) million. Of the operating revenue, net interest income was EUR 4.2 (4.5) million, net fee and commission income EUR 5.4 (5.3) million, and other operating incomes EUR 3.1 (0.9) million.

Interest income decreased by 6 % to EUR 10.7 (11.4) million. The most significant items of the interest income were interest income from credit institutions and card credits of private customers. Also interest expenses decreased by 6 % to EUR 6.5 (6.9) million. The most significant items of the interest expenses consisted of interest expenses from debts to credit institutions and issued bonds. The fair value hedging carried out to mitigate the interest rate risk improved the net interest income by EUR 0.7 (0.9) million. Net interest income in the review and comparison period was affected by low interest rates in general and the negative interest rate on ECB deposits. In addition, above in section Interest rate environment mentioned regulatory requirements (LCR and MREL) have additional encumbrance to SB Central Bank's net interest income.

Fee and commission income increased from the comparison period with 10 % and were in the reporting period EUR 10.8 (9.9) million. Fee and commission expenses grew by 19 % to EUR 5.4 (4.5) million. The growth in fee and commission income from the payment card issuing contributed the most significant item of the 2 % increase in net fee and commission income.

Other operating income were EUR 3.1 (0.9) million and consisted during the reporting period of income from exchange of credit card receivables, other incomes related to payment card issuing and service fees based on service agreements produced for the Savings Banks Group. During the reporting period SB Central Bank sold non-performing and defaulted credit card receivables.

Operating expenses increased by five procent during the review period and were EUR 8.9 (8.5) million. Personnel expenses consisted of salaries, as well as pension expenses and other personnel expenses. These expenses totaled EUR 2.0 (2.0) million. Other administrative expenses increased by 7 % to EUR 5.8 (5.5) million. Depreciation and amortisation of property, plant and equipment and intangible assets, amounting remained at the same level with comparison period and were EUR 0.3 (0.3) million. During the review period EUR 0.2 (0.5) million of expected credit losses (ECL). Investments in the development of operations contributed to the growth in expenses. The cost to income ratio decreased by 11 % to 0.7 (0.8).

Balance sheet and financing (comparison figures 31 December 2018)

SB Central Bank's balance sheet remained near the same level with the comparison period and was EUR 2,763 million on 30 June 2019 (EUR 2,734 million on 31 December 2018). Loans granted to Savings Banks in the Amalgamation and Sp Mortgage Bank Plc decreased by 30 % totaling to EUR 1,172 (1,680) million at the end of the review period.

Loans to credit card holders amounted to EUR 103 (95) million, representing the most significant part of loans and advances to customers. In the end of review period, SB Central Bank's non-performing credit card receivables remained almost at same level and were EUR 0.8 (0.8) million, representing 0.8 % (0,8 %) of all credit card receivables.

Liabilities to customers consisted mainly of deposits from governments, multinational organisations and foreign funds. These deposits grew by 22 % totaling to EUR 462 (379) million.

During the review period SB Central Bank issued private placement based debentures with variable maturities, amounting to EUR 50 million, under the EMTN programme listed on the Irish Stock Exchange.

SB Central Bank's equity was EUR 85 (53) million showing an increase of 60 %. The change is mainly due to share issue to the owner banks, which amounted to EUR 28 million. Return on equity was 4.2 % (7.1 %). Return on assets was 0.1 % (0.1 %).

Capital adequacy and risk position

Capital adequacy (comparative information 31 December 2018)

SB Central Bank's capital adequacy is strong and exceeds clearly regulatory minimum and buffer requirements. Own funds consists wholly of CET1 capital and totalled EUR 79.1 million (EUR 49.0 million) at the end of the review period. The growth is due to share issue during the reporting period and profit of the reporting period. Risk-weighted assets were EUR 170 (159) million euroa, that is 7 % bigger than in the end of the year 2018. SB Central Bank's capital ratio was 46.6 % (30.9 %) and CET1 capital ratio was 46.6 (30,9) at the end of the review period.

The capital requirement of SB Central Bank was EUR 18 million (EUR 17 million) that equals to 11 % of risk-weighted assets. The components of the capital requirement have remained unchanged compared to the previous year. The capital requirement is formed by:

- Minimum capital requirements set by Capital Requirement Regulation (CRR) (capital ratio of 8 %),
- 2.5 % CET1 capital conservation buffer of according to the Act on Credit Institutions and
- the country-specific countercyclical CET1 capital requirements of foreign exposures.

The Finnish Financial Supervisory Authority is responsible for domestic macro prudential decision making after hearing the Bank of Finland, Ministry of Finance and Ministry of Social Affairs and Health. Decisions on the activation of macro prudential instruments are taken on a quarterly basis expect for decisions on O-SII buffers, risk weights for loans secured by mortgages on immovable property (CRR Article 124 and 164) and systematic risk Buffer. Decisions on the activation of these instruments have taken at least once a year.

In the beginning of the year 2018 Credit Institution Act was updated to include a new macroprudential measure, Systemic Risk Buffer (SRB). FIN-FSA may impose SRB on the basis of the structural characteristics of the financial system. FIN-FSA made decision to maintain the level of systemic risk buffer unchanged on 29 June 2019. The systemic risk buffer requirement for Savings Banks Amalgamation will be 1 % of risk weighted assets, and this requirement enters into effect at the Amalgamation level on 1 July 2019 based on decision made before..

Board of Financial Supervisory Authority has set a discretionary additional capital requirement ac-cording to the Act on Credit Institutions' chapter 11 6th article in their meeting on 4th of July 2019. Financial Supervisory Authority has determined the discretionary additional capital requirement as 1,25 % of total risk amount according to the Act on Credit Institutions' chapter 11 6th article's 2 moment's first paragraph's a) subparagraph. The requirement percentage is based on the method-ology of SREP (Supervisory Review and Evaluation Process) for LSI banks from ECB, where the percentage of additional capital requirement is determined from the overall rating of FSA's as-sessment. Additional capital requirement is to be fulfilled by Common Equity Tier 1 (CET1) capital referred in EU's Capital Requirement Regulation (CRR) (EU 575/2013). The capital requirement ruling the Savings Banks Amalgamation is effective from 31st of March 2020 and is valid maximum 3 years until 31st of March 2023. 30 th of June 2019 the valid discretionary additional capital requirement was 0,5 % of total risk amount.

The decision made by the FIN-FSA Board to lower the maximum LTC ratio from 90 % to 85 % for residential mortgage loans other than first-home loans came into effect on 1 July 2018. In the year 2018 FIN-FSA decided not to impose countercyclical buffer requirement (CCyB) on credit institu-tions, and therefore CCyB remained at zero. CCyB can vary from 0-2.5 % of risk weighted assets. FIN-FSA did not impose additional O-SII capital requirement for Savings Banks Amalgamation.

Financial Supervisory Authority has granted a permission to apply a 0 per cent risk weight to internal credit institution liabilities included within the scope of the Amalgamation's joint and several liability. These permissions are based on the European Union Capital Requirements Regulation (EU 575/2013) and the Act on the Amalgamation of Deposit Banks (599/2010).

The Financial Supervisory Authority has granted permission to the Central Institution of the Amalgamation to waive fully the application of the requirements regarding liquidity set out in part six of Regulation (EU) No 575/2013 and its amending and supplementing acts to the Amalgamation's member credit institutions.

The standard method is used to calculate the capital requirement of the credit risk of the SB Central Bank. The capital requirement to the operational risk is calculated by the basic method. SB Central Bank has published the relevant information with regard to capital adequacy calculation each year as part of its Annual Report and Notes to the Financial Statement. The main capital ad-equacy information has been published in the Half-year report.

SB Central Bank's capital adequacy information is included in the consolidated financial state-ments of the Savings Banks Amalgamation. The Savings Banks Group publishes the Pillar III capi-tal adequacy information separately at the same time with its financial statements. The Savings Banks Group's financial statements and Pillar III information are available online at *www.saastopankki.fi*.

Capital adequacy

Own Funds (EUR 1,000)	30.6.2019	31.12.2018
Common Equity Tier 1 (CET1) capital before regulatory adjustments	84,718	53,101
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-5,646	-4,138
Common Equity Tier 1 (CET1) capital	**79,072**	**48,963**
Tier 1 capital (T1 = CET1 + AT1)	**79,072**	**48,963**
Total capital (TC = T1 + T2)	**79,072**	**48,963**
Risk weighted assets	**169,830**	**158,709**
of which: credit and counterparty risk	132,509	120,658
of which: credit valuation adjustment (CVA)	991	2,211
of which: market risk	2,005	1,515
of which: operational risk	34,325	34,325
Common Equity Tier 1 (as a percentage of total risk exposure amount)	**46.6**	**30.9**
Tier 1 (as a percentage of total risk exposure amount)	**46.6**	**30.9**
Total capital (as a percentage of total risk exposure amount)	**46.6**	**30.9**
Capital requirement		
Total capital	79,072	48,963
Capital requirement total*	17,832	16,664
Capital buffer	**61,239**	**32,299**

* The capital requirement is formed by the statutory minimum capital adequacy requirement of 8 %, the capital conservation buffer of 2.5 % according to the Act on Credit Institutions, and the country-specific counter-cyclical capital requirements of foreign exposures.

Leverage ratio

The leverage ratio of SB Central Bank was 2.8 (1.7) %. The leverage ratio has been calculated according to the known regulation, and it describes the ratio of the Bank's Tier 1 capital to total liability. The SB Central Bank monitors the indebtedness as part of the ICAAP process.

(EUR 1,000)	30.6.2019	31.12.2018
Tier 1 capital	79,072	48,963
Leverage ratio exposure	2,865,600	2,826,302
Leverage ratio	**2.8**	**1.7**

Resolution plan

The Directive of the European Parliament and of the Union 2014/59/EU on the recovery and resolution framework of credit institutions and investment service firms was brought nationally into force as of 1 January 2015 (the Act on the crisis solution of credit institutions and investment service firms). To implement the resolution act, the Financial Stability Authority was established (the Act on the Financial Stability Authority, 1995/2014). In May 2017 the Stability Authority decided to set a minimum requirement of own funds and eligible liabilities (MREL) at amalgamation level and this requirement will be applied starting December 31st 2018. The requirement will not be directed at the member credit institutions. The MREL requirement is in nature a Pillar 2 -type continuously required minimum requirement. The Financial Stability Authority has decided that the minimum amount of eligible liabilities is the minimum requirement of own funds times two. Currently, the requirement is 20.79 % of the total risk of Amalgamation.

Risk management

The objectives, principles and organization of risk management in SB Central Bank are the same as those presented in the 2018 financial statements.

Credit rating

S&P Global Ratings (S&P) has given long-term counterparty credit rating 'A-' on SB Central Bank. Short-term rating is 'A-2'. The outlook is stable. Credit rating has not changed during the review period and is from April 2017.

Significant events after the interim report date

The Board of Directors of SB Central Bank is not aware of any factors that would materially influence the financial position after the interim report date.

Outlook for the year

SB Central Bank's result before tax is expected to be profitable.

Further information

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The figures presented in the half-year report are unaudited.

Releases and other corporate information are available on the SB Central Bank's website at *www.spkeskuspankki.fi*

The corresponding information on Savings Banks Group is available online at *www.saastopankki.fi*.

Formulas used in calculating the financial highlights:

Revenues:	Interest income, fee income, net trading income, other operating revenue
Total operating revenue:	Net interest income, net fee and commission income, net trading income, other operating revenue
Total operating expenses:	Personnel expenses, other operating expenses, depreciation and amortisation of property, plant and equipment and intangible assets

Cost to income ratio:

$$\frac{\text{Total operating expenses}}{\text{Total operating revenue}}$$

Return on equity %:

$$\frac{\text{Profit}}{\text{Equity, incl. non-controlling interests (average)}} * 100$$

Return on assets %:

$$\frac{\text{Profit}}{\text{Total assets (average)}} * 100$$

Equity/assets ratio %:

$$\frac{\text{Equity (incl. non-controlling interests)}}{\text{Total assets}} * 100$$

Solvency ratio, %:

$$\frac{\text{Own Funds total}}{\text{Risk-weighted assets total}} * 100$$

Alternative Performance Measures

European Securities and Markets Authority's Guidelines on Alternative Performance measures came into effect on 3 July 2017. An alternative performance measure is a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the IFRS framework. Alternative Performance Measures are used to reflect financial development and enhance comparability between different reporting periods.

SB Central Bank is not using any alternative performance measures that are not directly calculated using the information presented in the half-year report, nor have any changes occurred in the financial highlights.

HALF-YEAR REPORT (IFRS)

Income statement

(EUR 1,000)	Note	1-6/2019	1-6/2018
Interest income		10,712	11,402
Interest expense		-6,542	-6,923
Net interest income	4	4,170	4,478
Net fee and commission income	5	5,417	5,319
Net investment income		92	117
Other operating revenue		3,019	798
Total operating revenue		**12,698**	**10,712**
Personnel expenses		-1,978	-1,954
Other operating expenses		-6,665	-6,214
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-259	-308
Total operating expenses		**-8,901**	**-8,475**
Net impairment loss on financial assets	6	-191	-534
Operating profit		**3,606**	**1,703**
Income tax expense		-717	-301
PROFIT		**2,888**	**1,402**

Statement of comprehensive income

(EUR 1,000)	1-6/2019	1-6/2018
PROFIT	**2,888**	**1,402**
OTHER COMPREHENSIVE INCOME		
Items that are or may be reclassified to profit or loss		
Changes in fair value reserve		
Fair value measurements	384	148
Total	**384**	**148**
TOTAL COMPREHENSIVE INCOME	**3,272**	**1,550**

Statement of financial position

(1 000 euroa)	Note	30.6.2019	31.12.2018
ASSETS			
Cash and cash equivalents		1,347,937	823,612
Loans and advances to credit institutions	8	1,254,544	1,760,168
Loans and advances to customers	8	102,230	95,278
Derivatives	9	2,476	2,689
Investment assets	10	41,967	37,811
Property, plant and equipment		234	222
Intangible assets		5,331	3,113
Tax assets		656	1,381
Other assets		8,014	9,885
TOTAL ASSETS		2,763,389	2,734,159
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	11	865,611	840,107
Liabilities to customers	11	465,741	379,253
Derivatives	9	618	282
Debt securities issued	12	1,337,151	1,451,558
Tax liabilities		200	111
Other liabilities		9,352	9,746
Total liabilities		**2,678,671**	**2,681,057**
Equity			
Share capital		68,344	40,000
Reserves		19,798	19,414
Retained earnings		-3,424	-6,312
Total equity		**84,718**	**53,101**
TOTAL LIABILITIES AND EQUITY		2,763,389	2,734,159

Statement of cash flows

(EUR 1,000)	1-6/2019	1-6/2018
Cash flows from operating activities		
Profit	2,888	1,402
Adjustments for items without cash flow effect	349	731
Change in deferred tax	717	301
Cash flows from operating activities before changes in assets and liabilities	**3,954**	**2,435**
Increase (-) or decrease (+) in operating assets	**492,520**	**-121,563**
Loans and advances to credit institutions	502,115	-168,000
Loans and advances to customers	-7,190	-5,793
Investment assets, at fair value through other comprehensive income	-4,437	1
Investment assets, at amortized cost	161	159
Other assets	1,871	52,071
Increase (-) or decrease (+) in operating liabilities	**-2,472**	**-163,429**
Liabilities to credit institutions	25,504	-18,385
Liabilities to customers	86,488	53,500
Debt securities issued	-114,064	-193,704
Other liabilities	-400	-4,839
Total cash flows from operating activities	**494,002**	**-282,557**
Cash flows from investing activities		
Investments in property, plant and equipment and intangible assets	-1,952	-755
Disposals of investment property and property, plant and equipment and intangible assets	42	35
Total cash flows from investing activities	**-1,910**	**-721**
Cash flows from financing activities		
Increase in share capital	**28,345**	-
Total cash flows from financing activities	**28,345**	-
Change in cash and cash equivalents	**520,437**	**-283,277**
Cash and cash equivalents at the beginning of the period	**835,272**	**1,107,275**
Cash and cash equivalents at the end of the period	**1,355,709**	**823,998**
Cash and cash equivalents comprise the following items:		
Cash	1,347,937	817,626
Receivables from central banks repayable on demand	7,772	6,372
Total cash and cash equivalents	**1,355 709**	**823,997**
Interest received	13,612	12,036
Interest paid	8,982	6,815

Statement of changes in equity

(EUR 1,000)	Share capital	Share premium	Fair value reserve	Total reserves	Retained earnings	Total equity
Equity 1 January 2018	**40,000**	**19,000**	**224**	**19,224**	**-9,946**	**49,278**
Comprehensive income						
Profit					3,633	3,633
Other comprehensive income			190	190		190
Total comprehensive income			**190**	**190**	**3,633**	**3,823**
Total equity 31 December 2018	**40,000**	**19,000**	**414**	**19,414**	**-6,312**	**53,101**
Equity 1 January 2019	**40,000**	**19,000**	**414**	**19,414**	**-6,312**	**53,101**
Comprehensive income						
Profit					2,888	2,888
Other comprehensive income			384	384		384
Total comprehensive income			**384**	**384**	**2,888**	**3,272**
Transactions with owners						
Subscription issue	28,345					28,345
Total equity 30 June 2019	**68,344**	**19,000**	**798**	**19,798**	**-3,424**	**84,718**

BASIS OF PREPARATION

NOTE 1. INFORMATION ON THE REPORTING COMPANY AND DESCRIPTION OF THE SAVINGS BANKS GROUP

Central Bank of Savings Banks Finland Plc (hereinafter "SB Central Bank") is a depository bank owned by Finnish Savings Banks. SB Central Bank's primary function is to provide the savings banks and the Savings Banks Group with various central credit institution services. The central credit institution services include payment services and account operator services, payment card issuing for the customers of the member Savings Banks of the Amalgamation, and services related to liquidity management, funding and asset and liability management. SB Central Bank belongs to the Savings Banks Group and its principal owners are the 21 Savings Banks of the Amalgamation and one Savings Bank outside the Amalgamation.

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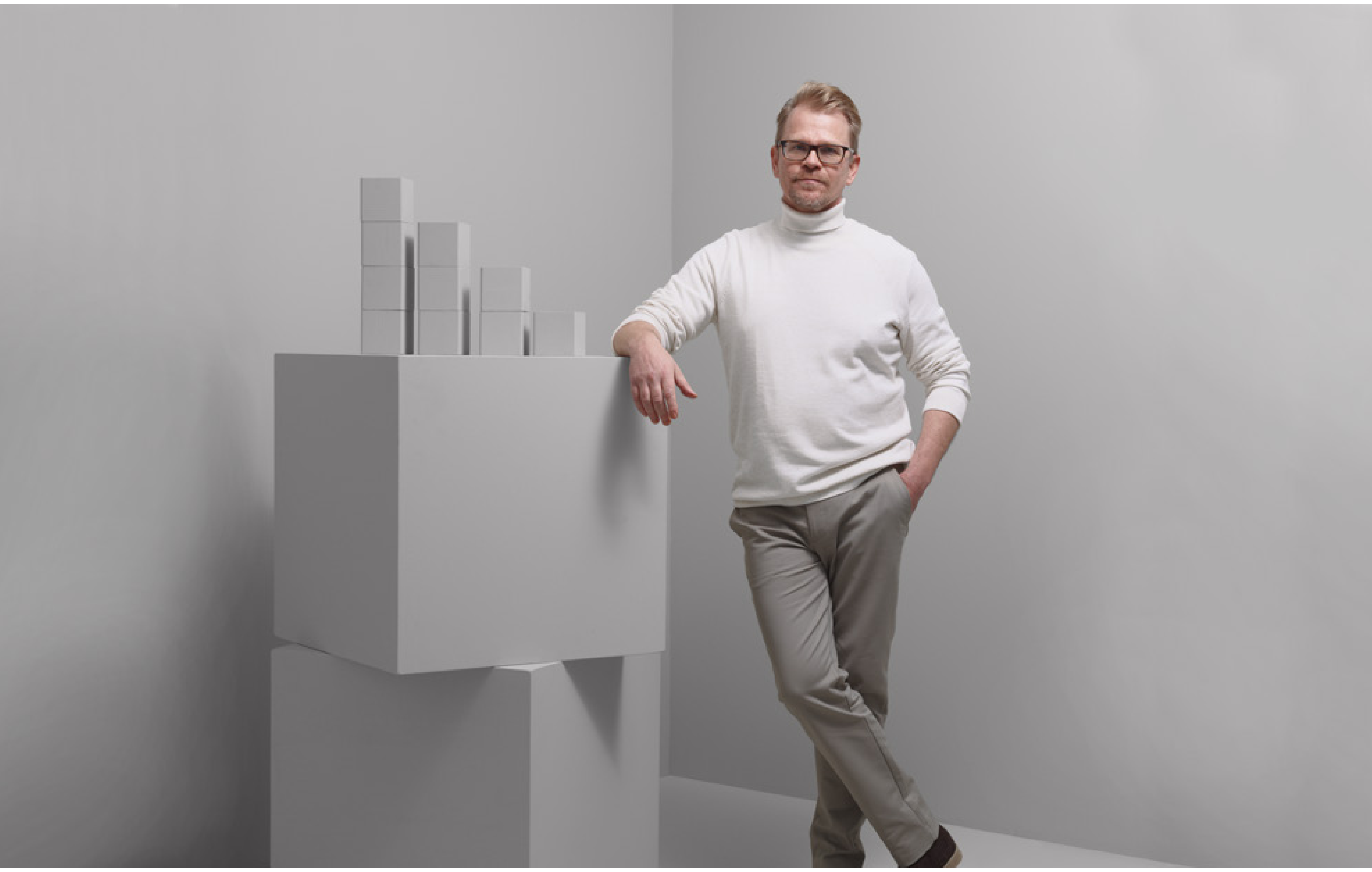


NOTE 2. ACCOUNTING POLICIES

1. Overview

SB Central Bank's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The half-year report has been prepared in accordance with the IAS 34 Interim Financial Re-porting standard. Changes in accounting policies during the financial year are described below. A complete description of the accounting policy can be found in the notes to the financial statements of 2018.

The figures presented in the half-year report are unaudited.

SB Central Bank's half-year report is presented in euros, which is the Bank's functional currency.

CHANGES IN THE ACCOUNTING POLICIES DURING THE REPORTING PERIOD:

IFRS 16 Leases

IFRS 16 Leases entered into effect on 1 January 2019. On transition, SB Central Bank has applied a simplified approach and the comparison figures have not been adjusted. Prior to the IFRS 16 transition on 1 January 2019, SB Central Bank had no finance leases as referred to in IAS 17 and IFRIC 4.

The IFRS 16 transition had no effect on profit or loss or balans sheet, nor did it affect retained earnings, because Sb Central Bank has only leases which are under the IFRS 16 exemptions and SB Central Bank has decided to choose use exemption possibility. SB Central Bank's new accounting policies concerning leases are described in Financial statements of 2018 in the section Accounting policies – New standards and interpretations.

Changes in presentation:

As of the financial statements for 2018, credit losses have been measured in the income statement under Impairment losses of financial assets. In the half-year report for 1 January – 30 June 2018, credit losses were presented in the income statement under Other operating expenses. The comparison figures in the half-year report 2019 have been adjusted according to the presentation method of the financial statements for 2018. As a result of the adjustment, Other operating expenses for the comparison period 1 January – 30 June 2018 decreased by EUR 0.3 million and Impairment losses of financial assets correspondingly increased by EUR 0.3 million.

SB Central Bank will publish one interim report during the year 2019.

SB Central Bank's financial statements and half-year reports are available at the website www.spkeskuspankki.fi or at the premises, address Teollisuuskatu 33, FI-00510 Helsinki. SB Central Bank's registered office is Helsinki.

The Group's financial statements and half-year reports are available at the website *www.saastopankki.fi/saastopankkiryhma* or at the premises of Savings Banks' Union Coop, address Teollisuuskatu 33, FI-00510 Helsinki.

2. Critical accounting estimates and judgements

IFRS-compliant financial statements require SB Central Bank's management to exercise judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and other information such as the amounts of income and expense. Although these estimates are based on the management's best knowledge at the time, it is possible that actual results differ from the estimates used in the financial statements.

The critical estimates of SB Central Bank concern the future and key uncertainties related to estimates at the reporting date, and they relate in particular to determining fair value, impairment of financial assets and recognition of deferred tax on confirmed tax losses.

There have not been any major changes regarding the uncer-tainty requiring management to exercise judgment and make estimates and assumptions compared to the finan-cial statement of 2018.

NOTE 3. SEGMENT INFORMATION

SB Central Bank's management reviews the performance of the company as one individual segment and therefore separate segment information, as defined in IFRS 8, is not presented.

PROFIT FOR THE PERIOD

NOTE 4. NET INTEREST INCOME

(EUR 1,000)	1-6/2019	1-6/2018
Interest income		
Debts eligible for refinancing with Central Bank	125	127
Loans and advances to credit institutions	5,348	5,379
Loans and advances to customers*	3,263	3,127
Debt securities	26	32
Derivative contracts		
Hedging derivatives	1,606	2,280
Other**	345	456
Total	**10,712**	**11,402**
Interest expense		
Liabilities to credit institutions***	-1,711	-1,736
Liabilities to customers	-57	-37
Derivative contracts		
Hedging derivatives	-953	-1,391
Debt securities issued	-3,821	-3,757
Other	0	-2
Total	**-6,542**	**-6,923**
Net interest income	**4,170**	**4,478**
* of which interest income from loans in stage	**2**	**7**

**) Other interest income is made up of interest charges and limit commission based on account agreements.

***) The interest expense from Liabilities to credit institutions is largely made up of the negative interest on central bank deposits.

NOTE 5. NET FEE AND COMMISSION INCOME

(EUR 1,000)	1-6/2019	1-6/2018
Fee and commission income		
Lending	7,418	6,601
Payment transfers	2,267	2,197
Securities	800	795
Other	309	262
Total	**10,794**	**9,854**
Fee and commission expense		
Payment transfers	-1,401	-1,264
Securities	-253	-271
Other*	-3,724	-3,000
Total	**-5,377**	**-4,535**
Net fee and commission income	**5,417**	**5,319**

*of which the most significant expenses are expenses related to granting loans.

NOTE 6. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

Financial asset within the scope of accounting for expected credit losses by impairment stage (EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Financial asset 30 June 2019				
Investment asset	42,310			42,310
Loans and advances	1,268,812	6,858	854	1,276,524
Off-balance sheet items	381,157	6,623	15	387,795
Total	**1,692,278**	**13,481**	**869**	**1,706,628**

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Financial asset 31 December 2018				
Investment asset	38,109			38,109
Loans and advances	1,768,908	6,937	879	1,776,724
Off-balance sheet items	350,461	6,520	-	356,982
Total	**2,157,478**	**13,457**	**879**	**2,171,814**

Expected Credit Losses (ECL), Loans and advances to customers and off-balance sheet	Stage 1	Stage 2	Stage 3	Total
(EUR 1,000)	12 month ECL	Lifetime ECL	Lifetime ECL	
Expected Credit Losses 1 January 2019	**174**	**314**	**820**	**1,308**
New assets originated or purchased	5	4	2	11
Assets derecognised or repaid (excluding write offs)	0	-49	-554	-603
Transfers from Stage 1 to Stage 2	-7	119	0	113
Transfers from Stage 1 to Stage 3		0	237	237
Transfers from Stage 2 to Stage 1	2	-15	0	-12
Transfers from Stage 2 to Stage 3		-74	565	491
Amounts written off			-265	-265
Net change in ECL	**1**	**-14**	**-16**	**-28**
Expected Credit Losses 30 June 2019	**175**	**300**	**804**	**1,279**

Expected Credit Losses (ECL), Loans and advances to credit institutions and off-balance sheet	Stage 1	Stage 2	Stage 3	Total
(EUR 1,000)	12 month ECL	Lifetime ECL	Lifetime ECL	
Expected Credit Losses 1 January 2019	**259**			**259**
New assets originated or purchased	80			80
Assets derecognised or repaid (excluding write offs)	-157			-157
Net change in ECL	**-77**	-	-	**-77**
Expected Credit Losses 30 June 2019	**183**	-	-	**183**

Expected Credit Losses (ECL), Investment asset	Stage 1	Stage 2	Stage 3	Total
(EUR 1,000)	12 month ECL	Lifetime ECL	Lifetime ECL	
Expected Credit Losses 1 January 2019	**343**	**-**	**-**	**343**
New assets originated or purchased	30			30
Net change in ECL	**30**	**-**	**-**	**30**
Expected Credit Losses 30 June 2019	**373**	**-**	**-**	**373**
Expected Credit Losses 30 June 2019 total	**731**	**300**	**804**	**1,835**
Net change in ECL 1.1.-30.6.2019: loans and advances, off-balanse sheet and investment assets	**-46**	**-14**	**250**	**190**

Expected Credit Losses (ECL), Loans and advances to customers and off-balance sheet	Stage 1	Stage 2	Stage 3	Total
(EUR 1,000)	12 month ECL	Lifetime ECL	Lifetime ECL	
Expected Credit Losses 1 January 2018	**166**	**213**	**743**	**1,122**
New assets originated or purchased	15	17	31	63
Assets derecognised or repaid (excluding write offs)	-6	-94		-99
Transfers from Stage 1 to Stage 2	-2	213		211
Transfers from Stage 1 to Stage 3	-1		563	562
Transfers from Stage 2 to Stage 1	2	-8		-6
Transfers from Stage 2 to Stage 3		-29	317	289
Transfers from Stage 3 to Stage 2		1	-1	-1
Amounts written off			-833	-833
Net change in ECL	**8**	**101**	**77**	**186**
Expected Credit Losses 31 December 2018	**174**	**314**	**820**	**1,308**

Expected Credit Losses (ECL), Loans and advances to credit institutions and off-balance sheet	Stage 1	Stage 2	Stage 3	Total
(EUR 1,000)	12 month ECL	Lifetime ECL	Lifetime ECL	
Expected Credit Losses 1 January 2018	**208**			**208**
New assets originated or purchased	51			51
Net change in ECL	**51**	**-**	**-**	**51**
Expected Credit Losses 31 December 2018	**259**	**-**	**-**	**259**

Expected Credit Losses (ECL), Investment asset	Stage 1	Stage 2	Stage 3	Total
(EUR 1,000)	12 month ECL	Lifetime ECL	Lifetime ECL	
Expected Credit Losses 1 January 2018	330			330
New assets originated or purchased	13			13
Net change in ECL	13	-	-	13
Expected Credit Losses 31 December 2018	343	-	-	343
Expected Credit Losses 31 December 2018 total	776	314	820	1 910
Net change in ECL 1.1.-31.12.2018: loans and advances, off-balanse sheet and investment assets	72	101	910	1 082

ASSETS

NOTE 7. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.6.2019 (EUR 1,000)	Amortized costs	Fair value through other comprehensive income	Fair value through profit or loss	Total
Cash and cash equivalents			1,347,937	1,347,937
Loans and advances to credit institutions	1,184,223		70,321	1,254,544
Loans and advances to customers	102,230			102,230
Derivatives				
hedging derivatives			2,476	2,476
fair value			2,476	2,476
Investment assets	24,975	16,993		41,967
Total assets	**1,311,427**	**16,993**	**1,420,734**	**2,749,154**
Liabilities to credit institutions	865,611			865,611
Liabilities to customers	465,741			465,741
Derivatives				
hedging derivatives			618	618
fair value			618	618
Debt securities issued	1,337,151			1,337,151
Total liabilities	**2,668,502**		**618**	**2,669,120**

31.12.2018 (EUR 1,000)	Amortized costs	Fair value through other comprehensive income	Fair value through profit or loss	Total
Cash and cash equivalents			823,612	823,612
Loans and advances to credit institutions	1 691,714		68,454	1,760,168
Loans and advances to customers	95,278			95,278
Derivatives				
hedging derivatives			2,689	
fair value			2,689	2,689
Investment assets	25,180	12,631		37,811
Total assets	**1,812,712**	**12,631**	**894,755**	**2,719,558**
Liabilities to credit institutions	840,107			840,107
Liabilities to customers	379,253			379,253
Derivatives				
hedging derivatives			282	282
fair value			282	282
Debt securities issued	1,451,558			1,451,558
Total liabilities	**2,670,918**		**282**	**2,671,200**

NOTE 8. LOANS AND ADVANCES

(EUR 1,000) 30.6.2019	Not impaired (gross)	Expected credit losses (ECL)	Balance sheet value
Loans and advances to credit institutions			
Deposits	81,503	-2	81,501
Loans and other receivables	1,173,202	-159	1,173,043
Total	**1,254,705**	**-161**	**1,254,544**
Loans and advances to customers			
by product			
Used overdrafts	931	-2	928
Credit cards	102,526	-1,224	101,302
Total	**103,456**	**-1,226**	**102,230**
Loans and advances total	**1,358,161**	**-1,387**	**1,356,774**

(EUR 1,000) 31.12.2018	Not impaired (gross)	Expected credit losses (ECL)	Balance sheet value
Loans and advances to credit institutions			
Deposits	80,624	-2	80,622
Loans and other receivables	1,679,788	-242	1,679,546
Total	**1,760,412**	**-244**	**1,760,168**
Loans and advances to credit institutions			
by product			
Deposits	1,493	-4	1,489
Loans and other receivables	95,039	-1,250	93,790
Total	**96,532**	**-1,254**	**95,278**
Loans and advances total	**1,856,944**	**-1,498**	**1,855,446**

NOTE 9. DERIVATIVES AND HEDGE ACCOUNTING

SB Central Bank hedges its interest rate risk against changes in fair value and applies hedge accounting on hedging relationships. Fair value hedging is applied to fixed interest rate funding transaction and to fixed-rate borrowing.

Changes in the fair value of the hedging derivatives are recognised in the income statement under Net trading income. When applying fair value hedging, also the hedged item is measured at fair value during the hedging period even if the item is otherwise measured at amortised cost. Changes in the fair value of the hedged item are recognised in the balance sheet as an adjustment to the corresponding balance sheet item and in the income statement under Net trading income. Interests arising from hedging derivatives are presented in interest expenses and income.

(EUR 1,000)	Nominal value / remaining maturity			Fair value	
30.6.2019	less than 1 year	1 - 5 years	Total	Assets	Liabilities
Hedging derivative contracts					
Fair value hedging					
Interest rate derivatives	10,000	500,000	510,000	2,476	618
Total	**10,000**	**500,000**	**510,000**	**2,476**	**618**

(EUR 1,000)	Nominal value / remaining maturity			Fair value	
31.12.2018	less than 1 year	1 - 5 years	Total	Assets	Liabilities
Hedging derivative contracts					
Fair value hedging					
Interest rate derivatives	10,000	505,000	515,000	2,689	282
Total	**10,000**	**505,000**	**515,000**	**2,689**	**282**

NOTE 10. INVESTMENT ASSETS

(EUR 1,000) 30.6.2019	At fair value through other comprehensive income	Amortized cost investments	Total
Debt securities*	14,988	25,317	40,305
Expected Credit Losses		-342	-342
Shares and participations	2,005		2,005
Total	**16,993**	**25,317**	**41,967**

(EUR 1,000) 31.12.2018	At fair value through other comprehensive income	Amortized cost investments	Total
Debt securities**	11,116	25,478	36,594
Expected Credit Losses		-298	-298
Shares and participations	1,515	-	1,515
Total	**12,631**	**25,180**	**37,811**

* Credit ratings:

- AA+: EUR 5 002 thousand

- BBB+: EUR 7 017 thousand

- BBB-: EUR 18 300 thousand

- Not rated EUR 9 986 thousand

(EUR 1,000) 30.6.2019	At fair value through other comprehensive income	Amortized cost investments	Total
Quoted			
From public entities	14,988	24,975	39,962
Other			
From others	2,005		2,005
Total	**16,993**	**24,975**	**41,967**

(EUR 1,000) 31.12.2018	At fair value through other comprehensive income	Amortized cost investments	Total
Quoted			
From public entities	5,128	25,180	30,308
From others	5,988		5,988
Other			
From others	1,515		1,515
Total	**12,631**	**25,180**	**37,811**

LIABILITIES

NOTE 11. LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	30.6.2019	31.12.2018
Liabilities to credit institutions		
Liabilities to central banks	38,000	38,000
Liabilities to credit institutions	827,611	802,107
Total	**865,611**	**840,107**
Liabilities to customers		
Deposits	3,483	51
Other financial liabilities*	462,258	379,202
Total	**465,741**	**379,253**
Liabilities to credit institutions and customers	**1,331,352**	**1,219,360**

* Other financial liabilities are deposits from governments, multinational organisations and foreign funds.

LNOTE 12. DEBT SECURITIES ISSUED

	30.6.2019		31.12.2018	
(EUR 1,000)	Nominal value	Book value	Nominal value	Book value
Measured at amortised cost				
Bonds	1,245,000	1,248,165	1,195,000	1,198,643
Other				
Certificates of deposit	89,000	88,986	253,000	252,915
Debt securities issued	**1,334,000**	**1,337,151**	**1,448,000**	**1,451,558**
Of which				
Variable interest rate	535,000	535,345	515,000	518,892
Fixed interest rate	799,000	801,806	933,000	932,666
Total	**1,334,000**	**1,337,151**	**1,448,000**	**1,451,558**

During the review period SB Central Bank issued private placement based debentures with variable maturities, amounting to EUR 50 million, under the EMTN programme listed on the Irish Stock Exchange.

OTHER NOTES

NOTE 13. FAIR VALUES BY VALUATION TECHNIQUE

Fair value measurement

Financial instruments are carried in the SB Central Bank's balance sheet at fair value or at amortised cost. The accounting policies of the annual report (Note 2) describe the classification of financial assets and liabilities according to their valuation method, together with the criteria for the valuation techniques and fair value measurement.

The fair values of financial instruments are primarily determined by using publicly quoted prices or from market prices obtained from third parties. If no market quotation is available, the balance sheet items have mostly been measured by discounting future cash flows using the market interest rates on the reporting date. In the case of cash assets, the nominal value equals the fair value. Similarly, in the case of deposits repayable on demand the nominal value is deemed to correspond to fair value.

SB Central Bank has no non-recurring fair value measurements of assets.

Fair value hierarchy

Level 1 contains financial assets whose fair value is determined by quotations obtainable from active markets. A market is considered to be active, if the prices are readily and regularly available. Level 1 includes quoted bonds, other securities, stocks and derivatives with quoted prices.

Level 2 includes financial assets that are not traded in an active market, and whose fair value is determined by using valuation techniques or models. These are based on assumptions supported by observable market data, such as the quoted interest rates or prices of similar instruments. This group includes e.g. currency and interest rate derivatives, commercial papers and certificates of deposits.

Level 3 includes financial assets whose fair value cannot be derived from public market quotations or through valuation techniques or models which are based on observable market data. Level 3 comprises unquoted equity instruments, structured investments and other securities for which there is currently no binding market quotation available. The fair value at level 3 is often based on price information received from a third party.

Transfers between the levels

Transfers between the levels of fair value hierarchy are considered to take place on the date when the event or change in circumstances causing the transfer occurred.

SB Central Bank has made no transfers between the levels during reporting period January to June 2018.

30.6.2019	Carrying amount	Fair value by hierarchy level			
Financial assets (EUR 1,000)		**Level 1**	**Level 2**	**Level 3**	**Total**
Measured at fair value					
At fair value through profit or loss	1,418,259	1,418,259			1,418,259
Derivative contracts	2,476		2,476		2,476
Fair value through other comprehensive income	16,993	5,049	9,986	2,005	16,993
Measured at amortised cost	1,311,427				1,311,342
Total financial assets	**2,749,154**	**1,423,308**	**12,462**	**2,005**	**2,749,136**

30.6.2019	Carrying amount	Fair value by hierarchy level			
Financial liabilities (EUR 1,000)		**Level 1**	**Level 2**	**Level 3**	**Total**
Measured at fair value					
Derivative contracts	618		618		618
Measured at amortised cost	2,668,502				2,677,311
Total financial liabilities	**2,669,120**		**618**		**2,677,929**

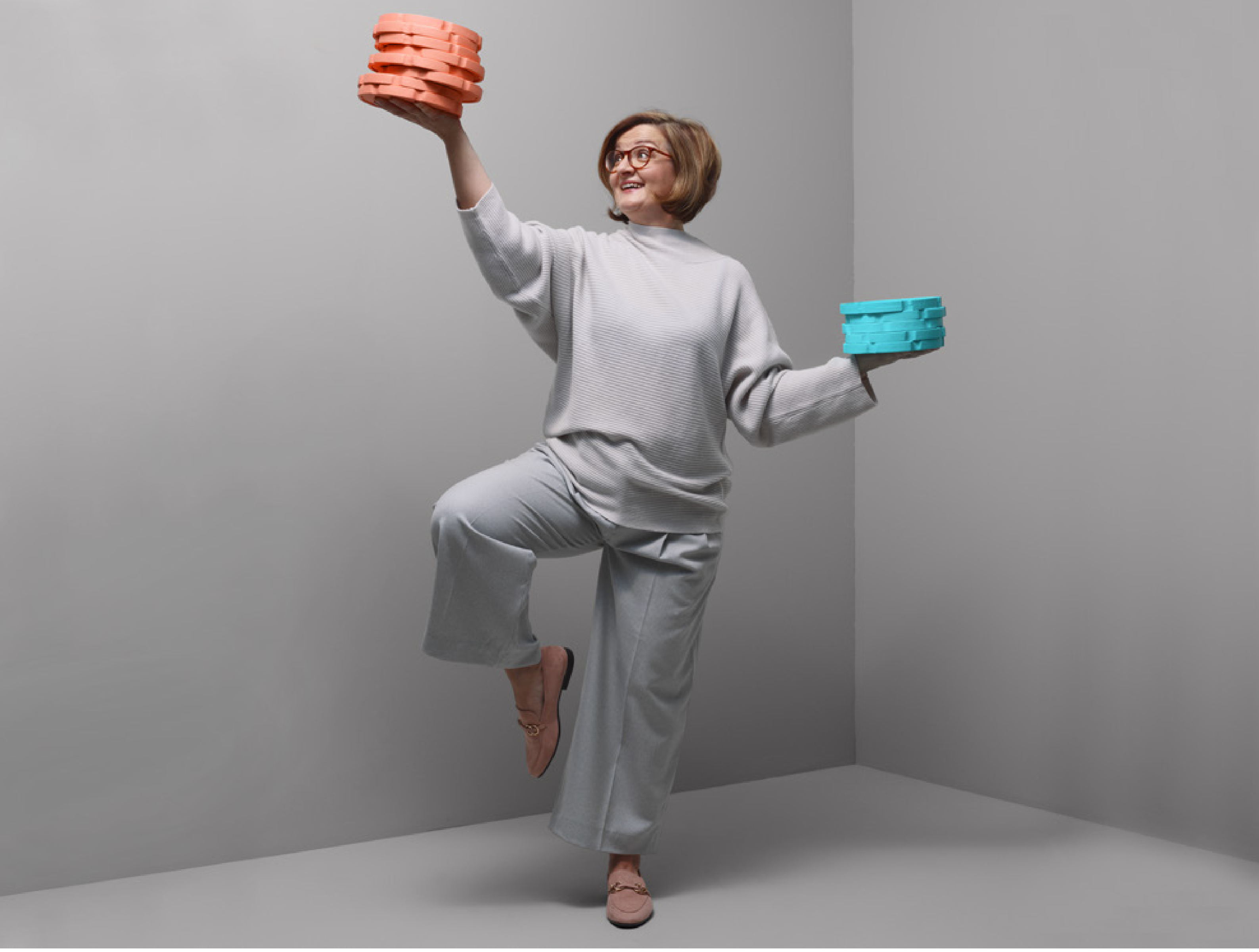
Changes at level 3

Reconciliation of changes in financial assets at level 3.

Fair value through other comprehensive income (EUR 1,000)	
Carrying amount 31 December 2018	**1,515**
Changes in value recognised in comprehensive income statement	490
Carrying amount 30 June 2019	**2,005**

Sensitivity analysis of financial instruments at level 3	Effect of hypothetical changes		
30.6.2019	Carrying amount	Positive	Negative
Fair value through other comprehensive income	**2,005**	**2,305**	**1,704**
Total	**2,005**	**2,305**	**1,704**

The above table shows the sensitivity of fair value for level 3 instruments in the event of assumed market change by 15 percentage.



31.12.2018	Carrying amount	Fair value by hierarchy level			
Financial assets (EUR 1,000)		**Level 1**	**Level 2**	**Level 3**	**Total**
Measured at fair value					
At fair value through profit or loss	823,612	823,612			823,612
Derivative contracts	2,689		2,689		2,689
Fair value through other comprehensive income	12,631	5,160	6,001	1,515	12,676
Measured at amortised cost	1,880,626	107,959	1,688,354	94,702	1,891,015
Total financial assets	**2,719,558**	**936,732**	**1,697,044**	**96,217**	**2,729,992**

31.12.2018	Carrying amount	Fair value by hierarchy level			
Financial liabilities (EUR 1,000)		**Level 1**	**Level 2**	**Level 3**	**Total**
Measured at fair value					
Derivative contracts	282		282		282
Measured at amortised cost	2,670,918	768,224	1,905,793		2,674,017
Total financial liabilities	**2,671,200**	**768,224**	**1,906,076**	**-**	**2,674,299**

NOTE 14. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The derivative contracts of the SB Central Bank are subject to ISDA Master Agreement. Based on ISDA agreement, derivative payments may be offset by payment transaction on each payment date as well as in the event of counterparty default or bankruptcy. In addition, it is possible to agree on collateral on a counterparty-specific basis in the terms and conditions of the agreement. These derivatives are presented in the statement of financial position on a gross basis.

30.6.2018				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements		
(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Cash held as collateral	Net amount
Assets						
Derivative contracts				2,476	4,730	-2,254
Total				**2,476**	**4,730**	**-2,254**
Liabilities						
Derivative contracts				618	3,410	-2,792
Total				**618**	**3,410**	**-2,792**

31.12.2018				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements		
(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Cash held as collateral	Net amount
Liabilities						
Derivative contracts				2,689	4,730	-2,041
Total				**2,689**	**4,730**	**-2,041**
Liabilities						
Derivative contracts				282	510	-228
Total				**282**	**510**	**-228**

NOTE 15. COLLATERAL GIVEN AND RECEIVED

(EUR 1,000)	30.6.2019	31.12.2018
Collateral given		
Given on behalf of Group's own liabilities and commitments		
Securities	52,700	50,351
Other	3,410	510
Collateral given	**56,110**	**50,861**
Collateral received		
Securities	39,685	39,339
Other	4,730	4,730
Collateral received	**44,415**	**44,069**

Collateral given and held are related to participating in ECB funding operations and margin depos-its related to derivatives.

NOTE 16. OFF BALANCE-SHEET COMMITMENTS

(EUR 1,000)	30.6.2019	31.12.018
Guarantees	10,000	10,000
Loan commitments	226,294	215,982
Other*	161,500	141,000
Off balance-sheet commitments	**397,794**	**366,982**

* Other off balance-sheet commitments are agreements with member credit institutions of the Savings Banks Amalgamation in which the trade date will only take place after the end of the period under review.

NOTE 17. RELATED PARTIES

Related party refers to SB Central Bank's key management personnel and their close family members. In addition, related parties comprise entities, which the key management personnel and/or their close family members control. SB Central Bank's related parties include the members of the Board of Directors, Managing Director and Deputy Managing Director. No significant changes have taken place in key personnel compensation during the review period.

With the exception of uncollateralised credit cards, SB Central Bank has granted no related party loans or investments and has no related party business activities. Credit cards granted to related parties are subject to the same general terms and conditions that apply to corresponding customer credits.

PILLAR III DISCLOSURES

SB Central Bank is part of the Savings Banks Amalgamation and the Savings Banks Group. SB Central Bank's capital adequacy information is included in the information concerning the capital adequacy of the Savings Banks Amalgamation, presented in the consolidated financial statements of the Savings Banks Group. The Financial Supervisory Authority has granted a permission not to deduct internal holdings of credit institutions included in the Amalgamation from own funds instruments when calculating own funds at the individual institution level and sub-consolidation group level. In addition, the Financial Supervisory Authority has granted a permission to apply a 0 per cent risk weight to internal credit institution liabilities included within the scope of the Amalgamation's joint and several liability. These permissions are based on the European Union Capital Requirements Regulation (EU 575/2013) and the Act on the Amalgamation of Deposit Banks (599/2010). A copy of the financial statement of the Savings Banks Group is available online at *www.saastopankki.fi* or from the Savings Banks' Union Coop offices at Teollisuuskatu 33, FI-00510 Helsinki, Finland.

The original Half-year Report is in Finnish. This is an English version thereof.

Central Bank
of Savings Banks

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