Q4/2018

Oma Savings Bank Group

Financial statements release 31 December 2018

Contents

Financial statements release 31 December 2018 is a translation of the original Finnish version "Tilinpäätöstiedote 31.12.2018". If discrepancies occur, the Finnish version is dominant.

Year 2018 comparable profit EUR 26.2 million - significant growth 34%

Profitable growth continues

The growth in business volumes continued to be brisk in Q4. Net interest income grew 27%, totalling EUR 13.4 (10.6) million. The strong development of net interest income was impacted in particular by the growth in the loan portfolio and decrease in refinancing costs. Fee and commission income continued its strong development, totalling EUR 7.4 (6.2) million. We strengthened our operations in Finland's main growth centres in Greater Helsinki, Oulu and Turku. As expected, this caused an increase in personnel, rental and business premise expenses. We developed our digital service channels and introduced our own innovative OmaKonttori app. One of Q4's most significant events was the preparations for the IPO and its successful implementation in challenging market conditions. The Group's Q4 profit before taxes was EUR 6.6 (2.6) million.

Our operations continued to be strong and stable for the entire year. The balance sheet reached a new record of more than EUR 2.91 (2.73) billion. The comparable profit before taxes excluding net income from financial assets and liabilities was EUR 26.2 (19.6) million, which is 34% growth compared to the previous year. Our key sources of income, net interest income and commission income, showed excellent development. During the 2017 accounting period, the net income from financial assets and liabilities was highlighted in the profit, the impact on the profit being EUR 10.8 million.

We believe that excellent customer experience will continue to boost the company's profitable growth

Loan stocks are growing multiple compared to market

The pace of mortgage lending remained good throughout the year. Our housing loan portfolio grew by 15%, the rate being eight times the market. The most significant growth occurred in the corporate loan portfolio, which grew by 32.9% during the year. The growth of our corporate loan portfolio is fourfold compared to the market. Growth was enabled by satisfied customers and a high level of employee satisfaction. During the year, the pace of customer acquisition picked up and improved and the bank's growth was largely organic. The growth in business volumes was affected by the optimisation of the office network and partly by the acquisition of S-Pankki's SME and agriculture & forestry operations.

Diverse funding operations

Our funding operations have become more diversified as a result of the extension of the licence to act as a mortgage credit bank issued by the Finnish Financial Supervisory Authority and the launch of the operations. In June 2018, we issued a EUR 100 million covered bond as part of our EUR 1.5 billion bond programme. This has afforded us a better and more competitive foundation from which to serve our customers' needs, while reducing refinancing costs.

New agreements to support companies' competitiveness

We signed three agreements with the European Investment Bank in 2018. In addition to the loan agreement signed in the spring, we were the first Finnish bank to sign with the European Investment Bank two guarantee agreements under its programme for Employment and Social Innovation (EaSI), through which we will be able to provide EUR 40 million in loans to 2,600 micro-entrepreneurs and EUR 10 million in loans to 100 social enterprises in Finland. At year-end, we signed an agreement with the Nordic Investment Bank for a EUR 35 million loan programme for financing SMEs, small midcaps and environmental projects. Working together supports our competitiveness and provide us with opportunities to finance our business customers under favourable terms. Entrepreneurs and companies make up a significant share of our growing customer base.

Investments in service availability

Both our private and business customers are happy with the bank's extended operations. The opening of two new branch offices in Lahti and Jyväskylä in 2017 was successful.

We have been successful in meeting the challenges presented by a changing operating environment. The service hours for branch offices and customer service have been adjusted to correspond with customers' expectations. Our branch offices in growth centres also serve customers on weekday evenings and some also on Saturdays. Customer meetings are also arranged outside our regular office hours and, increasingly, at the customer's preferred location and time.

During 2018, we invested in our digital services. We launched the OmaVahvistus personal identification number application, which provides strong electronic authentication and replaces transaction authentication number lists and mobile certificates. Furthermore, we introduced the OmaKonttori app, our own innovation, which brings our banking agents and face-to-face meetings to the customer's smart phone. The OmaKonttori app can be used for bank negotiations and, combined with the OmaAllekirjoitus app, for signing and approving agreements digitally. We wish to offer our customers a personal banking experience even when they prefer to do their banking through digital channels.

Listing on the official list of the Helsinki Stock Exchange

One of the year's most significant events was the preparations for the IPO and its successful implementation in challenging market conditions. In August 2018, our Board of Directors decided to initiate a strategic review concerning the listing of the company on the stock exchange and, in addition, the planning of the IPO and listing on Nasdaq Helsinki Ltd.

We celebrated the memorable and historic event on the final day of November by ringing the Helsinki Stock Exchange's opening bell. The bank received EUR 31.3 million in IPO gross proceeds. The impact of listing costs on the financial statements is approximately EUR 1.8 million. The bank now has more than 1,700 shareholders and more than 60% of the personnel are also owners. The listing is a significant step and will improve our operational capabilities in the future.

High level of personnel satisfaction reflects positively on customers

The competence of our personnel is a key competitive factor and we continuously work to improve it. One example of this is the OmaSp Master training programme that we created together with the University of Tampere, which was completed in spring 2018 with the first supervisors and experts.

Our personnel is highly motivated and have an entrepreneurial spirit. Local agreements have been in use for years and they have made it possible for us to offer Saturday opening hours. Our personnel's satisfaction with the bank overall was 4.3/5 in the personnel survey of 12/2018. The personnel's work satisfaction and well-being reflects positively on our customers. Customers' satisfaction with the bank as a whole was 4.3/5 and satisfaction with their contact person was 4.7/5 in the Parasta Palvelua 12/2018 survey.

We believe that excellent customer experience will continue to boost the company's profitable growth in the future. Our solvent bank has been one of Finland's more profitable and efficient banks in recent years, which is something we wish to cultivate in the future by focussing on efficient operations and positive customer experience.

A heartfelt thank you for 2018 to Oma Savings Bank's customers, personnel, owners and partners!

Pasi Sydänlammi
CEO

Oma Savings Bank Group's report for January–December 2018

October–December 2018

- Net interest income was EUR 13.4 (10.6) million, an increase of 27%.
- Commission income was EUR 7.4 (6.2) million and the total amount of fee and commission expenses was EUR 2.6 (1.0) million. The growth in fee and commission expenses is the result of the one-time expenses linked to the bank's listing on the stock exchange.
- Operating income came to approximately EUR 18.2 (24.1) million.
- Total operating expenses were EUR 13.4 (11.9) million. Operating expenses rose due to personnel expenses, expenses resulting from the opening of new branch offices and the expenses from the IPO.
- The total amount of impairment losses on financial assets was EUR 0.2 (1.8) million. The difference to the comparable period results from the change in the impairment assessment process in connection with the implementation of the IFRS 9 Financial Instruments standard.
- The Group's profit before taxes was EUR 4.5 (10.5) million. The bank's comparable profit before taxes, which has been adjusted for net interest income on financial assets and liabilities and IPO expenses, was EUR 6.6 (2.6) million.
- Oma Savings Bank was listed on the official list of Nasdaq Helsinki Ltd. and raised EUR 31.3 million in proceeds in the IPO. Trading in the shares began on the Prelist 30 November 2018 and on the official list 4 December 2018.
- Oma Savings Bank released its first Q3 interim report complying with the IAS 34 standard on 5 November 2018.

January–December 2018

- The Group's profit before taxes for the accounting period was EUR 25.0 (30.4) million.
- The bank's comparable profit before taxes for the accounting period was EUR 26.2 (19.6) million. The comparable profit has been adjusted for EUR 0.6 million in net income on financial assets and liabilities and EUR 1.8 million in expenses linked to the IPO. EUR 10.8 million in net income from financial assets and liabilities was highlighted in the result for the 2017 accounting period.
- Operating income was EUR 76.0 (74.1) million, an increase of 2.5% year-on-year.
- Net interest income grew 25.5% and was EUR 49.4 (39.3) in total.
- Fee and commission income came to a total of EUR 29.7 (24.8) million.
- The net income on financial assets and liabilities was EUR 0.6 (10.8) million. The difference to the comparable period 2017 results from capital gains from the sale of shares.
- Operating expenses grew 14.9% to EUR 47.2 (41.1) in total. This growth was largely the result of increases in personnel expenses and other expenses.
- Impairment losses on financial assets were EUR 3.7 (2.6) million.
- The Group's balance sheet total grew by 6.9% to EUR 2,914.7 (2,726.6) million.
- Group equity grew by 20.2% to EUR 290.3 (241.5) million. The profit for the accounting period accounted for EUR 20.3 million of the increase in equity capital.
- The Group's solvency ratio (TC) remained strong and was 19.3% (18.9%) at the end of the period. The core capital's (CET1) ratio to risk-weighted items was 18.4% (17.6%).

Oma Savings Bank Group's key figures

The Group's key figures (1000 euros)	1-12/2018	1-12/2017	2018 Q4	2017 Q4
3) Operating income/loss	88,092	84,921	22,287	26,949
Net interest income	49,351	39,317	13,426	10,574
% of operating income/loss	56.0%	46.3%	60.2%	39.2%
Total operating income	75,958	74,091	18,152	24,132
Total operating expenses	47,237	41,112	13,439	11,897
3) Cost/income ratio, %	62.2%	55.5%	74.0%	49.3%
Impairment losses on financial assets, net*	-3,746	-2,600	-196	-1,765
Profit before taxes	24,976	30,379	4,516	10,469
% of operating income/loss	28.4%	35.8%	20.3%	38.8%
Profit/loss for the accounting period	20,322	24,087	3,719	8,047
Balance sheet total	2,914,661	2,726,567	2,914,661	2,726,567
Equity	290,330	241,484	290,330	241,484
3) Return on assets (ROA), %	0.7%	1.0%	0.5%	1.3%
3) Return on equity (ROE), %	7.6%	10.4%	5.5%	13.4%
3) Earnings per share (EPS), euro**	0.78	0.98	0.13	0.33
Average number of shares (excluding own shares)**	25,822,093	24,592,933	28,015,922	24,727,733
Number of shares at the end of the year (excluding own shares)**	29,585,000	25,087,200	29,585,000	25,087,200
Equity ratio, %	10.0%	8.9%	10.0%	8.9%
Total of own funds (TC) relative to risk-weighted items (%)***	19.3%	18.9% (1 (2	19.3%	18.9% (1 (2
Core capital (CET1) relative to risk-weighted items (%)***	18.4%	17.6% (1 (2	18.4%	17.6% (1 (2
Tier 1 capital (T1) relative to risk-weighted items (%)***	18.4%	17.6% (1 (2	18.4%	17.6% (1 (2
3) Liquidity coverage ratio (LCR), %	134.8%	280.3% (1	134.8%	280.3% (1
Average number of employees	288	264	292	260
Employees at the end of the period	293	270	293	270
Alternative performance measures excluding items affecting comparability:				
3) Comparable profit before taxes	26,210	19,599	6,583	2,594
3) Comparable cost-to-income ratio, %	61.1%	64.9%	66.1%	73.2%
3) Comparable earnings per share (EPS), euro**	0.82	0.63	0.19	0.07
3) Comparable return on equity (ROE), %	8.0%	6.7%	7.9%	2.9%

* IFRS 9 *Financial Instruments* standard implementation 1 January 2018. The comparable figures have not been adjusted. ** The number of shares in the comparable periods take into account the 50:1 stock split carried out on 9 November 2018.*** Solvency calculation begun at the Group level on 31 March 2018. 1) Calculated at the parent company level. 2) The key figure does not correspond to the figure presented in the published interim report or financial statements. 3) The calculation principles of the key figures and alternative key figures are presented in note G16 of the financial statements. The items related to the comparability of key figures and the actual calculation are presented on pages 18-19.

Significant events in October–December

Listing on Nasdaq Helsinki, Finland Oy's official list 4 December 2018

In August 2018, Oma Savings Bank's Board of Directors decided to initiate a strategic review concerning the listing of the company on the stock exchange and, in addition, the bank announced on 7 November its plans for an IPO and listing on Nasdaq Helsinki Oy. Oma Savings Bank Plc and Etelä-Karjalan Säästöpankkisäätiö decided to carry out an IPO on 29 November 2018. The final subscription price in the IPO was EUR 7.00 per share. This corresponded to EUR 207.2 million in market value immediately after the IPO.

Trading in Oma Savings Bank Plc's shares began on the stock exchange's official list on 4 December 2018. The bank issued altogether 4,500,000 new share in the IPO. The IPO included a public offering (675,000 shares), an institutional offering (3,611,517 shares) and personnel offering (213,483 shares). The public offering and personnel offering were clearly oversubscribed. The subscription price per share for the personnel offering was 10% lower at EUR 6.3 per share.

The bank received EUR 31.3 million in IPO gross proceeds. The total number of shares outstanding is 29,585,000. The new shares issued in the IPO represent some 15.2% of the bank's shares immediately after listing. The total number of shareholders after the IPO was more than 1,700.

Extraordinary General Meeting 9 November 2018

Oma Savings Bank Plc's Extraordinary General Meeting was held on 9 November 2018. The General Meeting established a Shareholders' Nomination Committee and approved its charter. The General Meeting authorised the Board of Directors to decide on filing an application for the admittance of the company share for trading on the Helsinki Stock Exchange's official list. A decision was made to make the changes to the Articles of Association required by the company's listing on the stock exchange. In addition, the General Meeting decided on the splitting of shares by issuing shareholders with new shares without payment in proportion with their holdings so that 49 new shares were issued per share. The share issue authorisation granted to the Board of Directors entitled the Board to decide on the issuing of a maximum of 5,000,000 new shares in one or more instalments against payment or without payment.

First interim report

For the first time, the bank published a Q3 interim report complying with the IAS 34 standard for the period 1 January–30 September 2018. The report included the financial targets approved in September 2018 by the Board of Directors.

Agreement on a loan programme with the Nordic Investment Bank

On 18 October 2018, Oma Savings Bank and the Nordic Investment Bank (NIB) signed an agreement for a EUR 35 million loan programme for financing SMEs, small midcaps and environmental projects. The loan period for the programme is seven years. This is the second loan programme agreed on with NIB. A press release on the loan programme was issued on 18 October 2018.

European Investment Bank's guarantee agreements

The bank signed two guarantee agreements with the European Investment Bank on 15 November 2018 of which one concerns social enterprises and the other micro-entrepreneurs in Finland. The agreements are based on the EU's programme for Employment and Social Innovation (EaSI). Behind the new financing agreements is the European Fund for Strategic Investments (EFSI), which plays a major role in the Investment Plan for Europe.

The microfinancing agreement enables the bank to grant EUR 40 million in loans to 2,600 micro-entrepreneurs in Finland over the next five years. Micro-entrepreneurs receive loans at a lower interest rate and with fewer requirements concerning collateral within the EU-supported programme. The bank primarily grants the loans to independent self-employed persons and micro-entrepreneurs that live in the countryside or in outlying urban areas.

Within the agreement that applies to social enterprises, the bank offers altogether EUR 10 million in loans to some 100 social enterprises, which are predominantly co-operatives. The purpose of the loans is to increase social and economic inclusion. A press release on the agreements was issued on 15 October 2018.

Significant events during the 2018 accounting period

- Oma Savings Bank was listed on the official list of Nasdaq Helsinki Oy and raised EUR 31.3 million in proceeds in the IPO. Trading in the shares began on the official list on 4 December 2018.
- Oma Savings Bank released its first Q3 interim report complying with the IAS 34 standard on 5 November 2018.
- At the start of 2018, the bank carried out a reform of its operations to ensure future development and growth. The Yrityspankki business banking unit was established in connection with the reform.
- Employee training has been one of the priorities of the development of the bank's operations in recent years. In February 2018, altogether 13 of the bank's experts and supervisors graduated from the first OmaSp Master training programme implemented together with the University of Tampere.
- The introduction of the bank's new OmaKonttori and OmaVahvistus apps in spring and summer 2018 diversified the bank's customer service in digital channels. Customers can use the OmaKonttori app to send messages or make voice or video calls to their preferred banking agent. With the app, customers can carry out their banking activities personally with the same banking agent as in the branch office.
- On 1 June 2018, the bank signed a loan agreement aimed at Finnish SMEs with the European Investment Bank.
- In June 2018, the bank issued a EUR 100 million covered bond as part of a bond programme. The bond was added to the previous bond issued in December 2017 under Oma Savings Bank's bond programme worth EUR 1.5 billion.
- In June 2018, the bank increased its share in SAV-Rahoitus by buying more shares from owners with a non-controlling interest, and its holding was 50.7% on the balance sheet date.
- On 28 August 2018, the bank announced it would be opening another branch office in Oulu and on 3 October 2018, it announced the opening of new branch offices in Turku and Helsinki.
- On 31 August 2018, the bank bought a 25% share in PP-Laskenta Oy from Samlink Ab. PP-Laskenta Oy produces the bank accounting, payroll and supervisory reporting services.

Outlook for the 2019 accounting period

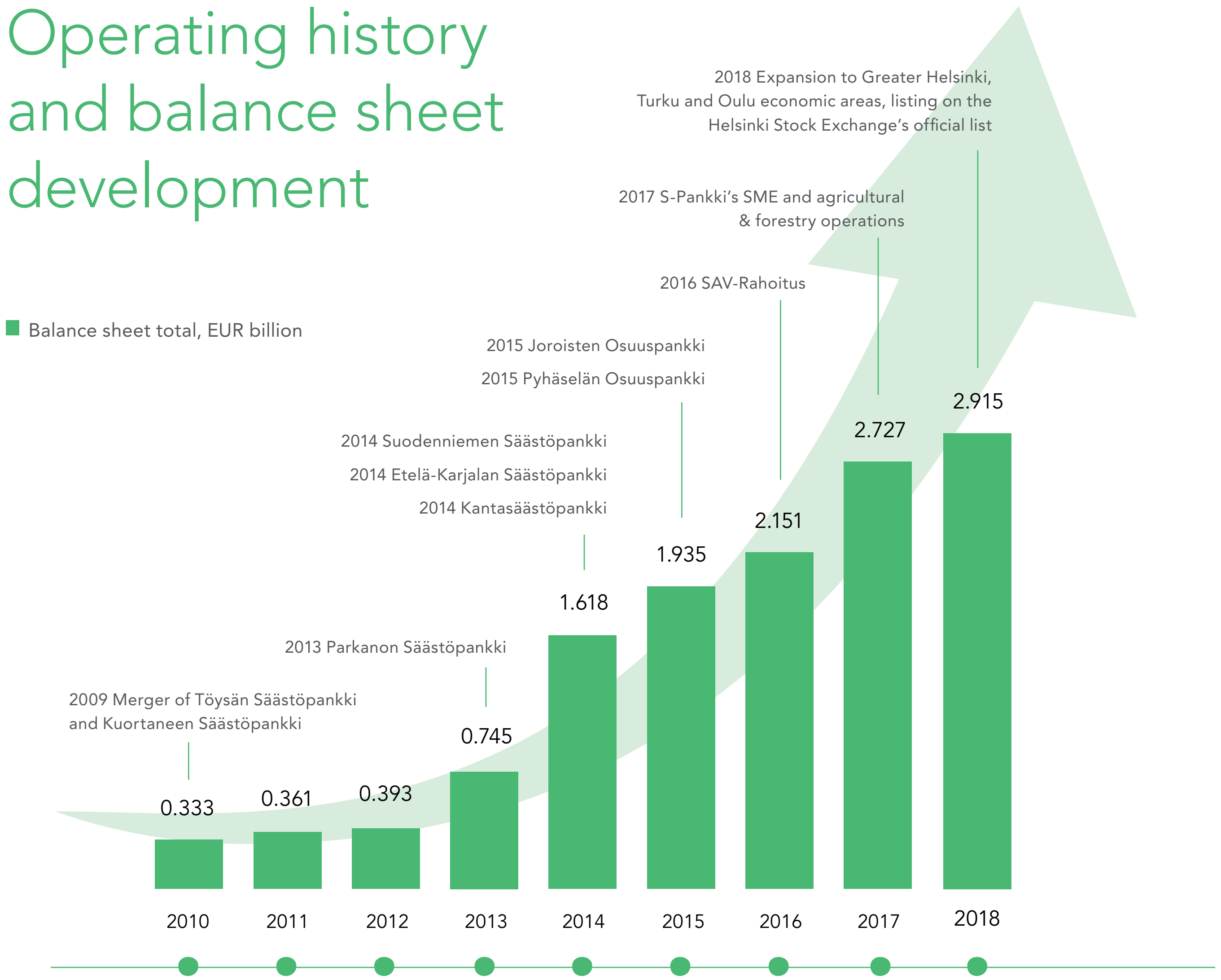
The company's business volumes are predicted to maintain their strong growth during the 2019 accounting period. The company's profitable growth is supported by efforts in recent years to improve the customer experience and the availability of customer service through new digital service channels and the opening of new units.

Oma Savings Bank Plc provides earnings guidance and the comparable profit before taxes and the profit before taxes. A verbal description is used to make a comparison with the comparable period.

Earnings guidance is based on the forecast for the entire year, which takes into account the current market and business situation. Forecasts are based on the management's insight into the Group's business development.

Guidance for the 2019 accounting period:
Provided that profitable growth continues, the company estimates that the Group's comparable profit before taxes for 2019 will grow compared to the previous accounting period. At the same time, the profit before taxes for 2019 is estimated to grow compared to the previous accounting period.

Operating history and balance sheet development



Oma Savings Bank established | Growth into a national bank | Development of operations

Before 2009

- Savings bank operations since 1875

2009–2012

- Operations continue under the Oma Savings Bank brand

2013–2016

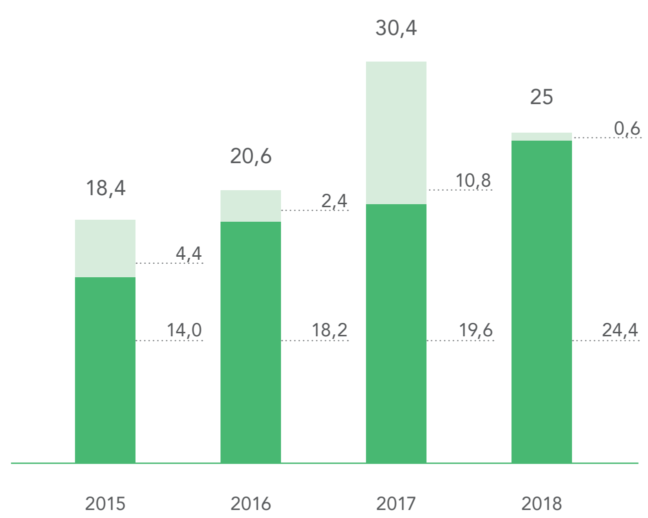
- Expansion into a national bank through M&As
- OmaMobiili online bank
- Strong development of digital customer services

2017–

- 2017 International credit rating (S&P)
- 2017 Personnel offering
- 2017 Mortgage banking operations start
- 2017 Launch of trading in bonds on the Helsinki Stock Exchange
- 2017 Developing OmaMobiili app
- 2018 Developing digital services: OmaKonttori and OmaVahvistus mobile apps, OmaAllekirjoitus service, electronic appointments
- 2018 Listing on the official list of the Helsinki Stock Exchange

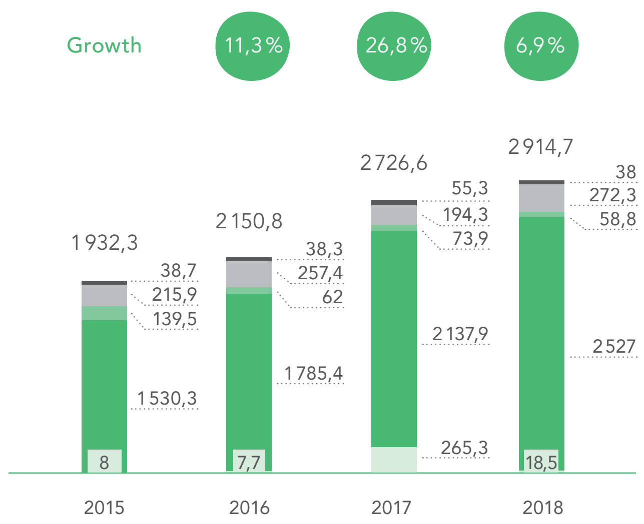
A growing Finnish bank

Profit before taxes, EUR mill.



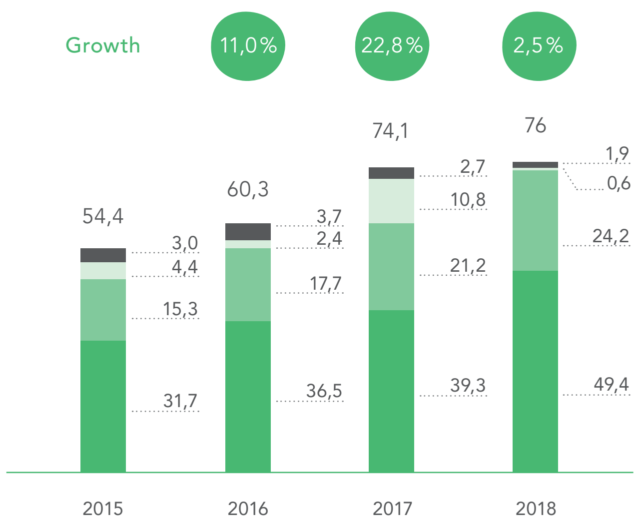
Net income from financial assets and liabilities. Net income from financial assets and liabilities is in line with 2015–2018 In the financial statements, 'Net trading income' and 'Net investment income' add up.

Balance sheet total, EUR mill.



- Cash and cash equivalents
- Investment assets
- Loans and advances to the public and public sector entities
- Other assets
- Loans and advances to credit institutions

Total operating income, EUR mill.



- Net interest income
- Net income on financial assets and liabilities
- Fee and commission income and expenses
- Other operating income

Key figures

Total operating income	Profit before taxes	Comparable profit before taxes
76,0 **EUR milj.** Accounting period 1–12/2018	**25,0** **EUR milj.** Accounting period 1–12/2018	**26,2** **EUR milj.** Accounting period 1–12/2018
Cost/income ratio[1]	Balance sheet total	Number of employees
62,2 % Accounting period 1–12/2018	**2 915** **EUR milj.** Accounting period 1–12/2018	**288** Average, accounting period 1–12/2018.
Employee satisfaction	Customers	Customer satisfaction
4,3/5 Satisfaction in the bank as a whole 12/2018 personnel survey.	**136 100** Private customer 83%, business customers 17%.	**4,3/5** Satisfaction in the bank as a whole. Parasta Palvelua 12/2018 survey.

1) The calculation principles of the key figures and alternative key figures are presented in note G16 of the financial statements on the page 84.

Operating environment

Oma Saving Bank operates in a stable, business-friendly environment in Finland. The gross domestic product (GDP) of Finland has shown strong growth since 2015, increasing by 2.8% in 2016 and by 2.7% in 2017[1]. Finland's GDP is expected to continue to grow, at an estimated average annual rate of 1.8% in the period 2018–2020[2]. According to Statistics Finland's labour survey, there were 84,000 more employed persons in December of 2018 than in the comparable period. In 2018, the employment rate was 71.7% (69.6%) and the unemployment rate was on average 7.4% (8.6%).[3]

In the company's view, the Finnish business environment is also stable in terms of household indebtedness and housing prices. According to Statistics Finland's preliminary data, the prices of old dwellings in housing companies rose by 0.3% in Q4 2018 in Greater Helsinki and fell by 0.4% in the rest of Finland. Similarly, prices rose in Greater Helsinki by 2.5% for the whole year while elsewhere in Finland they fell 1.2%.[4]

Total loans to households increased by 2.2% over the year, the housing loan stock growth was 1.7% from that. The number of corporate loans increased during the same period 7.5%.[5]

The loan portfolio for housing corporations grew rapidly last year. The growth in housing company loans has been driven by the increase in popularity among home owners of large shares in housing company loans and long instalment-free periods in new properties. This increase is most obvious in the growth of the supply of new homes in blocks of flats. Construction is, however, expected to fall due to a decline in the number of new building permits issued after spring 2018.[6]

A rapid shift in customer behaviour and an increase in digital services in different areas have presented challenges to the financial sector's ability to successfully meet customers' expectations. According to a survey carried out by Finance Finland (FFI), almost half of customers expect a personal advisory service. An increasing number of customers expect services to be available on weekday evenings, and more than a quarter expect services to also be available on Saturdays.[7]

Oma Savings Bank has successfully met the challenges presented by a changing operating environment. Oma Savings Bank has created new types of service opportunities for customers and digital services such as the OmaKonttori and OmaVahvistus apps. Customers can use the OmaKonttori mobile app to interact face-to-face with their banking agent and to carry out their banking activities without visiting a branch office. Oma Savings Bank has extended its opening hours in order to meet customer expectations, and almost all of the city branches are open on weekday evenings as well. Increasingly, appointments are often arranged according to the customer's wishes, at the customer's preferred location and time.

1) Statistics Finland, Gross Domestic Product grew by 2.7 per cent in 2017. Published on 31.1.2019.

2) IMF, Challenges to Steady Growth. 10/2018.

3) Statistics Finland, Strong employment growth continued in December. Published 24.1.2019.

4) Statistics Finland, The prices of old housing companies rose in the last year quarter of 2018 in Turku. Published 31.1.2019.

5) Bank of Finland, a lively year in the corporate bond market. Published 31.1.2019. www.suomenpankki.fi/fi/Tilastot/rahalaitosten-tase-lainat-ja-talletukset-ja-korot/

6) Financial Supervisory Authority, Macroeconomic Stability Report WINTER 2-2018, Published 20.12.2018.

7) Financial Federation, Savings, Credit and Payment Methods 2017. Published 8.6.2017.

Efficient sales and service network

Our goal is to offer the best local banking services – close to you.
Our goal is to offer a high-quality service experience and the best customer satisfaction in the sector.

Business model

OmaSp is a retail bank that offers its 135,000 customers diverse banking services through its own balance sheet, through the companies it owns and by acting as an intermediary for its partners' products. Of its customers, some 80% are private customers and the remaining 20% are business customers. OmaSp is also engaged in mortgage banking.

Comprehensive banking services

At the heart of the service are daily banking services and lending designed for private and business customers. We also offer financing, savings, investment services and legal advisory services.

Services for private customers		Services for business customers
Accounts, payment cards, cashier and payment services, and comprehensive digital services.	Daily banking	Corporate accounts, payment, invoice and payment transaction services, money services, Corporate Netbank and other digital trading services.
A broad selection of loans from home loans to consumer credit and payment cards with credit facilities.	Loans, financing and lending	Extensive financing services for financing business and investments, bank guarantees and Trade Finance.
An extensive range of savings products from savings accounts to ASP accounts and time deposits, basket equity linked deposits and different types of savings insurance.	Saving	Group pension insurance, in co-operation with Sp-Life Insurance.
Equities, investment funds and asset management together with Sp-Fund Management Company and Sp-Life Insurance.	Investments and asset management	Capital redemption contracts and capital redemption operations. together with Sp-Life Insurance.
Mortgages and consumer credit, together with AXA and Sp-Life Insurance.	Loan insurance	The reduction of companies' personnel risks.
Inheritance and family-related legal matters.	Legal advisory services	For example establishing a company, taxation and generational handovers

Oma Savings Bank Plc's financial reporting schedule and the annual general meeting 2019

Oma Savings Bank will publish financial information in 2019 as follows:

19 February	Financial Statement Bulletin for 2018
29 April	Annual General Meeting
9 May	Interim Report January–March 2019
8 August	Interim Report January–June 2019
7 November	Interim Report January–September 2019

Financial statements

Profit before taxes
4,5
EUR mill.
Period 10–12/2018

Comparable profit before taxes
6,6
EUR mill.
Period 10–12/2018

Profit 10–12/2018

The Group's Q4 profit before taxes was EUR 4.5 (10.5) million and the cost/income ratio was 74.0% (49.3%). The bank's comparable profit before taxes, which has been adjusted for net interest income on financial assets and liabilities and IPO expenses, was EUR 6.6 (2.6) million. EUR 7.9 million in net income from financial assets and liabilities was highlighted in the profit before taxes for the 2017 comparable period due to the allocation changes in the investment portfolio and investment strategy. As a result of the allocation changes, the bank sold the majority of its equity-based investments. The comparable cost/income ratio was 66.1% (73.2%). The IFRS 9 standard was adopted as of 1 January 2018, as a result of which the amount of financial assets recognised at current value through other comprehensive income fell.

Income

Operating income came to approximately EUR 18.2 (24.1) million.

Net interest income grew 27.0%, totalling EUR 13.4 (10.6) million. During the review period interest income grew 20.7%, totalling EUR 15.0 (12.4) million. Interest expenses fell 15.4% year-on-year, and were EUR 1.6 (1.8) million in the fourth quarter. The development of net interest income was impacted especially by the increase in interest income resulting from the growth in the loan portfolio and by a reduction in refinancingcosts resulting from the issuing of covered bonds.

Net commission income declined 8.4% compared to the comparable period. Total fee and commission income was EUR 7.4 (6.2) million and the total amount of fee and commission expenses was EUR 2.6 (1.0) million. The growth in fee and commission expenses is the result of the one-time expenses linked to the bank's listing on the stock exchange.

The net income on financial assets and liabilities was EUR –0.3 (7.9) million during the period. The difference compared to the comparable period results from capital gains from the sale of shares during Q4 2017, which in turn resulted from changes in investment portfolio allocations due to the changed investment strategy.

Expenses

Total operating expenses were EUR 13.4 (11.9) million.

During the period, personnel expenses were 39.2% higher than in the comparable period. The total amount of personnel expenses was EUR 5.0 (3.6) million. This growth results from an increase in the number of employees, largely due to the opening of new branch offices. On average, the number of employees was 292 (260) during the period.

The accounting period's other operating expenses were EUR 7.7 (7.2) million. The most significant items of other operating expenses are information management expenses, marketing and PR expenses and rent expenses. Other operating expenses includes approximately EUR 0.2 million costs linked to the bank's listing an the stock exchange.

The period's depreciation, amortisation and impairment losses on tangible and intangible assets was EUR 0.7 (1.1) million.

The total amount of impairment losses on financial assets was EUR 0.2 (1.8) million. The difference to the comparable period results from the change in the impairment assessment process in connection with the implementation of the IFRS 9 Financial Instruments standard. According to the new model, the need for impairment provision and its amount can be assessed monthly, due to which the differences in impairment losses between periods will be smaller.

Profit before taxes

25

EUR mill.

Accounting period 1–12/2018

Comparable profit before taxes

26,2

EUR mill.

Accounting period 1–12/2018

Result 1–12/2018

The Group's profit before taxes for the accounting period was EUR 25.0 (30.4) million and the cost/income ratio was 62.2% (55.5%). Profit fell by 17.8% from the previous year.

The bank's comparable profit before taxes for 2018 was EUR 26.2 (19.6) million. The comparable profit has been adjusted for EUR 0.6 million in net income on financial assets and liabilities and EUR 1.8 million in expenses linked to the IPO. The comparable profit increased 33.7%.

EUR 10.8 million in net income from financial assets and liabilities was highlighted in the 2017 result. The 2017 accounting period's profit before tax excluding net income from financial assets and liabilities was EUR 19.6 million.

The comparable cost/income ratio was 61.1% (64.9%). Oma Savings Bank Plc is presenting a comparable result for the first time beginning with its Q4 2018 report. Oma Savings Bank Group is reporting new alternative key figures, from which items affecting comparability have been excluded. The comparable result excludes items that are not related to continuous customer operations.

The comparable result and items affecting comparability are presented below:

Profit before taxes excluding items affecting comparability:	1-12/2018	1-12/2017	2018 Q4	2017 Q4
Profit before taxes	**24,976**	**30,379**	**4,516**	**10,469**
Operating income:				
Listing expenses, fee and commission expenses	1,549	-	1,549	-
Net income on financial assets and financial liabilities	-556	-10,780	277	-7,875
Operating expenses				
Listing expenses, Other operating expenses	241	-	241	-
Comparable profit before taxes	**26,210**	**19,599**	**6,583**	**2,594**
Income taxes in the income statement	-4,653	-6,292	-797	-2,423
Change in deferred income tax	-247	2,156	-413	1,575
Comparable profit/loss for the accounting period	**21,310**	**15,463**	**5,372**	**1,747**

The net income from financial assets and liabilities is detailed in Note G10 of the Financial Statements Bulletin. The cost of listing is recognized in the income statement in two different installments: Fee and commission expenses and Other Operating Expenses. The listing costs totaled EUR 1.8 million.

Income

Total operating income grew by 2.5% compared with the year under comparison to EUR 76.0 (74.1) million. The increase in operating income resulted largely from the strong growth in business and partly also from the increase in customer and business volumes resulting from the transfer of S-Pankki's SME and agricultural & forestry operations to Oma Savings Bank.

Net interest income grew 25.5% during 2018, totalling EUR 49.4 (39.3) million. Interest income grew 20.1%, totalling EUR 55.9 (46.6) million. Meanwhile, interest expenses decreased by 9.1% to EUR 6.6 (7.3) million. The development of net interest income was impacted especially by the increase in interest income resulting from the growth in the loan portfolio and by a reduction in refinancing costs resulting from the issuing of covered bonds.

Fee and commission expenses (net) grew by 13.7% to EUR 24.2 (21.2) million. The total amount of fee and commission income was EUR 29.7 (24.8) million. In addition to increased lending, the increase in commission income was also partly due to the increase in card payments and payment transaction fees. Fee and commission income grew by 55.1% to EUR 5.5 (3.6) million. Some EUR 1.5 million of the growth in fee and commission expenses can be explained by the one-time expenses resulting from the listing on the stock exchange.

The net income on financial assets and liabilities was EUR 0.6 (10.8) million during the period. The difference compared to the comparable period came from one-time capital gains from the sale of shares in Q4 2017, which in turn resulted from allocation changes in the investment portfolio and investment strategy. EUR 0.7 million in net gains from hedge accounting was highlighted in the 2018 net income from financial assets and liabilities.

Other operating income decreased by 31.3% to EUR 1.9 (2.7) million.

Expenses

Total operating expenses grew 14.9%, totalling EUR 47.2 (41.1) million. A significant amount of the increase consisted of the EUR 3.2 million increase in personnel expenses and the EUR 2.7 million increase in other operating expenses.

Personnel expenses grew year-on-year by 24.2% to EUR 16.3 (13.1) million. The increase in personnel expenses resulted from the recruitment of personnel for the branch offices opened in late 2017 and during 2018, and from an increase in the number of employees in other units. In 2018, the average number of employees was 288 (264).

Other operating expenses grew during the year by 10.4% to EUR 28.1 (25.5) million. The IT expenses and marketing and representation expenses included in the item showed little significant growth during the year. The growth in other operating expenses is due to the rent and office expenses for the new branch offices. Other operating expenses include some EUR 0.2 million in expenses resulting from the listing of the bank.

Depreciation, amortisation and impairment losses on tangible and intangible assets grew by 11.3% to EUR 2.8 (2.5) million. The change was mostly related to the depreciation and impairment losses on intangible assets. In 2018, no impairment was recognised for real estate properties in own use.

Impairment losses (net) recognised in the financial assets' income statement were EUR 3.7 (2.6) million. Impairment losses of financial assets include the expected credit losses, final credit losses and reversals of credit losses on customer loans calculated according to the IFRS 9 Financial Instruments standard. The amount of credit loss provision were EUR 1.8 (0.4) million. Realised credit losses decreased by 10.4% to EUR 2.0 (2.2) million.

Balance sheet

The Group's balance sheet total grew during the year by 6.9% to EUR 2,914.7 (2,726.6) million. The key items on the balance sheet developed during 2018 as follows:

Cash and cash equivalents

The Group's cash and cash equivalents came to EUR 18.5 (265.3) million at the end of the period. The cash and cash equivalents at the end of the comparable year include the assets gained from the covered bond issued in December 2017. The assets were in Oma Savings Bank's current account in the Bank of Finland into 2018.

Loans and other receivables

In total, loans and other receivables grew during the year by 16.9% to EUR 2,585.8 (2,211.7) million. The growth was made up of loans for SMEs, home loans and consumer credit. In business loans, growth was especially focussed on the real estate sector.

Investment assets

The Group's investment assets grew 40.2% in 2018, which came to EUR 272.3 (194.3) million. The change in investment assets is largely the result of an increase in the number of debt securities, while the number of shares and other equity instruments remained stable throughout the year.

Liabilities to credit institutions and to the public and public sector entities

Liabilities to credit institutions and to the public and public sector entities grew during the year by 10.3% to EUR 1,847.7 (1,675.4) million.

Liabilities to the public and public sector entities grew during the year by 7.2% to EUR 1,757.9 (1,639.3) million.

Liabilities to credit institutions grew EUR 53.8 million in 2018. This growth results from the EUR 35 million loan programme signed with the Nordic Investment Bank (NIB) and the EUR 20 million loan agreement with the European Investment Bank.

Debt securities issued to the public

Total debt securities issued to the public declined during the year by 3.0% to EUR 714.9 (737.0) million.

On 16 April 2018, a bond issued by Oma Savings Bank with a nominal value of EUR 100 million matured. At the same time, the nominal value of a covered bond issued in December 2017 was raised by EUR 100 million. The average interest on bonds at their nominal value was 0.345% (0.639%) at the end of the period. Debt securities issued to the public are shown in note G7 Debt securities issued to the public.

Equity

Group equity grew by 20.2% to EUR 290.3 (241.5) million during the year. The profit for the accounting period accounted for EUR 20.3 million of the increase in equity capital. The company carried out an IPO between 19 November and 29 November 2018. The subscription price was EUR 7 per share and altogether 4,500,000 shares were subscribed for in the IPO. The IPO yielded the Group EUR 31.3 million in equity, which was recorded in the reserve for invested non-restricted equity in its entirety in compliance with the terms and conditions of the IPO.

The company's Extraordinary General Meeting on 9 November 2018 decided to increase the number of shares through a stock split by giving shareholders new shares without payment in proportion with their holdings so that 49 new shares were given per share. After the stock split, the company's total number of shares was 29,596,700. In addition to the IPO, in April 2018 ,the company implemented an issue of 9,500 shares targeted at the personnel (split-adjusted figure), as a follow up to the personnel offering carried out in November 2017.

Own shares

The number of own shares held by Oma Savings Bank on 31 December 2018 was 11,700. Oma Savings Bank has bought its own shares during the 2018 accounting period. All of the purchases concerned shares subscribed for in connection with the 2017 personnel offering. The redemptions took place in connection with the ending of employment contracts.

Off-balance-sheet commitments

Off-balance sheet commitments included commitments given to a third party on behalf of a customer and irrevocable commitments given to a customer. Commitments given to a third party on behalf of a customer, EUR 22.0 (15.4) million, were mostly made up of bank guarantees and other guarantees. Irrevocable commitments given to a customer which totalled EUR 187.2 (188.6) million at the end of the accounting period, consisted largely of undrawn credit facilities.

In September 2018, Oma Savings Bank signed an agreement on the acquisition of new premises to be completed in Seinäjoki in 2019. The contract price was in total EUR 2.3 million.

Solvency and risk status

Oma Savings Bank Group publishes its key solvency information in its financial statements release. Solvency and risk management information is presented in more detail as part of the Annual Report, the notes to the financial statements and the Pillar III section based on the Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions.

The reporting level for the LCR key figure describing solvency calculation and liquidity became Group-level as of the first quarter of 2018. On 31 December 2018, the solvency and liquidity key figure is reported at the Group level (Oma Savings Bank Group) while the comparable period's figures were reported at the parent company level (Oma Savings Bank Plc). Oma Savings Bank Plc forms a significant portion of the Group, which makes the Group's and Group parent company's figures materially comparable with one another.

The solvency ratio (TC) of the Oma Savings Bank Group remained strong and was 19.3% (18.9%) at the end of the period. The core capital's (CET1) ratio to risk-weighted items was 18.4% (17.6%), clearly exceeding the minimum level for the financial goals approved by the Board of Directors, 16%. The assets raised in the institutional and public offering when Oma Savings Bank Plc was listed on the Helsinki Stock Exchange strengthened the solvency and core capital ratio. Risk-weighted items, EUR 1,498.9 (1,309.7) million, rose 14.4% on the comparable period, however, contributing to the weakening of the Group's solvency position. The growth in risk-weighted items is largely attributable to the dramatic growth in the business and private customer loan portfolio. In its solvency calculations, Oma Savings Bank Group 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. The basic method is applied when calculating the capital requirement for market risk for the foreign exchange position.

At the end of 2018, the capital structure of Oma Savings Bank was strong, consisting mostly of core capital (CET1). Oma Savings Bank Group's total own funds (TC) were EUR 288.8 (247.7) million when the capital requirement for the bank's own funds was EUR 157.5 (137.6) million. The capital requirement includes the minimum capital requirement (8%) as well as a fixed capital buffer (2.5%) and a countercyclical capital buffer. Tier 1 capital (T1) was EUR 275.8 (229.9) million, consisting entirely of core capital (CET1). Tier 2 capital (T2) was EUR 13.0 (17.8) million, consisting of debenture loans. The increase in own funds was most significantly the result of the EUR 30.0 million in assets raised in the institutional and public offerings and the profit for the accounting period. Earnings for the 2018 accounting period, EUR 20.2 million, (Oma Savings Bank Plc's shareholders' share) is included in the core capital based on the licence issued by the Finnish Financial Supervisory Authority. The leverage ratio was 9.3% (8.3%) at the end of the period. The summary of Oma Savings Bank Group's solvency is presented in note G13 to the financial statements.

As of 2015, the bank's solvency requirement in Finland has been 10.5%, calculated from risk-weighted items. The countercyclical capital buffer requirement varies between 0 and 2.5%. The size of the countercyclical capital buffer requirement and its activation are decided on each quarter by the Board of the Financial Supervisory Authority based on its macroprudential analysis. In 2018, the Financial Supervisory Authority did not activate the countercyclical capital buffer requirement for Finnish credit institutions. As of 1 January 2018, the Financial Supervisory Authority has had the right to activate the capital buffer requirement (system risk buffer) for credit institutions based on the structural characteristics of the financial system. On 29 June 2018, the Financial Supervisory Authority imposed a 1–3% capital buffer requirement for all credit institutions to strengthen the risk tolerance of the credit institutions in case of structural systemic risks. A system risk buffer of 1% to be covered by the consolidated core capital was set for Oma Savings Bank Plc. The decision will enter into force on 1 July 2019.

Changes to IT systems

In its stock exchange release on 23 January 2019, the bank announced that it has decided to implement a new banking platform with Temenos technology. The system will be supplied by Cognizant Technology Solutions Finland Oy, to which the bank will be selling its 15,45% holding in its current IT service provider Oy Samlink Ab. At the same time, OmaSp signed an agreement with Oy Samlink Ab to develop a new banking platform and a 10-year service agreement for production and maintenance of basic banking services.

The new basic banking system roll-out project will begin in Q1 of 2019. The total planned duration of the project is three years. A more detailed schedule for the project will be created during the detailed planning phase. During the project, the bank will continue to develop its services and digital services in particular. The deployment of OmaKonttori during the first half of 2019 to enable a personal digital banking experience is one of the bank's strategic priorities. Also OmaMobiili's development is going strong and the and the service will be renewed during spring 2019.

The bank's goal is to achieve lower basic banking system maintenance costs after the reform of the basic banking system. Developing the new services will be more agile and cost-effective in future. Oma Savings Bank will capitalise the expenditure.

Significant events after the review period

A positive profit warning

Oma Savings Bank Plc gave a positive profit warning on 22 January 2019, raising its profit guidance for 2018. According to the new guidance, the company's profit before tax excluding net income from financial assets and liabilities for 2018 will grow significantly compared to the previous year. Profit before tax excluding net income from financial assets and liabilities was EUR 19.6 million in 2017. The profit for the 2018 accounting period includes some EUR 1.8 million in expenses incurred from the IPO. During the 2017 accounting period, the net income from financial assets and liabilities was highlighted in the profit, the impact on the profit being EUR 10.8 million.

The improved earnings outlook is driven by speedy growth in business volumes, which affects the strong development of both net interest income and fee and commission income.

Renewal of the banking platform

On 23 January 2019, Oma Savings Bank announced that it will be implementing a new banking platform with Temenos technology with Cognizant and at the same time selling its ownership of Oy Samlink Ab to Cognizant. The bank is selling to Cognizant Technology Solutions Finland Oy its 15.45% holding in the current IT services provider Oy Samlink Ab together with the Savings Bank Group, Aktia Bank Plc, Handelsbanken, Posti Group Plc, POP Bank Group and other minority shareholders. The completion of the transaction still requires the approval of the regulators. The transaction will result in a capital gain of approximately EUR 4.3 million, which will have an impact on the bank's result for the financial year 2019.

At the same time, on 23 January 2019, the bank signed an agreement with Oy Samlink Ab to develop a new banking platform based on the Temenos T24 and Temenos Payment Hub software, and a 10-year service agreement for production and maintenance of basic banking services. The delivery of the banking platform will cost the bank about EUR 20 million.

As part of the banking platform renewal, the card system will also be renewed and Oma Savings Bank signed an agreement with Nets on 6.2.2019. The target time for the introduction of the new card system is early in year 2020.

Financial goals

Oma Savings Bank's Board of Directors approved the following financial goals in September 2018:

Growth

10–15 %

10–15% annual growth in total operating income under the current market conditions (actual figure for 2018 3%)

Profitability

<55 %

Cost/income ratio less than 55% (actual figure for 2018 62%)

Return on equity (ROE)

>10 %

Long-term return on equity (ROE) over 10% (actual figure for 2018 8%)

Solvency

16 %

Core capital ratio (CET1) at least 16% (actual figure for 2018 18%)

Board of Directors' proposal for the distribution of profit

The Board of Directors proposes that, based on the financial statements to be approved for 2018, a dividend of EUR 0.14 be paid from the parent company's distributable profits for each share entitling the shareholder to dividend for 2018. All of shares outstanding on the dividend record date, with the exception of the own shares held by the parent company, are entitled to a dividend for 2018.

No significant changes took place in the bank's financial position after the end of the accounting period. The bank's liquidity is good and the proposed distribution of profit does not compromise the bank's liquidity according to the Board of Directors' insight.

General Meeting

Oma Savings Bank Plc's Annual General Meeting will be held on **Monday 29 April 2019** at **12:00** pm.

Oma Savings Bank Group's consolidated financial statements

Consolidated condensed income statement

Note	(1,000 euros)	1-12/2018	1-12/2017	2018 Q4	2017 Q4
	Interest income	55,949	46,579	14,989	12,421
	Interest expenses	-6,599	-7,262	-1,563	-1,848
G8	**Net interest income**	**49,351**	**39,317**	**13,426**	**10,574**
	Fee and commission income	29,694	24,814	7,357	6,192
	Fee and commission expenses	-5,535	-3,569	-2,572	-970
G9	**Fee and commission income and expenses, net**	**24,158**	**21,245**	**4,785**	**5,222**
G10	Net income on financial assets and financial liabilities	556	10,780	-277	7,875
	Other operating income	1,893	2,748	218	460
	Total operating income	**75,958**	**74,091**	**18,152**	**24,132**
	Personnel expenses	-16,321	-13,137	-4,999	-3,592
	Other operating expenses	-28,128	-25,470	-7,714	-7,167
	Depreciation, amortisations and impairment losses on tangible and intangible assets	-2,788	-2,504	-726	-1,137
	Total operating expenses	**-47,237**	**-41,112**	**-13,439**	**-11,897**
G11	Impairment losses on financial assets, net	-3,746	-2,600	-196	-1,765
	Profit before taxes	**24,976**	**30,379**	**4,516**	**10,469**
	Income taxes	-4,653	-6,292	-797	-2,423
	Profit for the accounting period	**20,322**	**24,087**	**3,719**	**8,047**
	Of which:				
	Shareholders of Oma Savings Bank Plc	20,203	24,208	3,683	8,131
	Non-controlling interests	119	-120	36	-84
	Total	**20,322**	**24,087**	**3,719**	**8,047**
	Earnings per share (EPS), euro	**0.78**	**0.98**	**0.13**	**0.33**

The implementation of the Financial Instruments standard on January 1, 2018, affects the figures for the period 1-12/2018.
The figures from the comparable year have not been recalculated.

Profit before taxes excluding items affecting comparability:	1-12/2018	1-12/2017	2018 Q4	2017 Q4
Profit before taxes	**24,976**	**30,379**	**4,516**	**10,469**
Operating income:				
Listing expenses, fee and commission expenses	1,549	-	1,549	-
Net income on financial assets and financial liabilities	-556	-10,780	277	-7,875
Operating expenses				
Listing expenses, Other operating expenses	241	-	241	-
Comparable profit before taxes	**26,210**	**19,599**	**6,583**	**2,594**
Income taxes in the income statement	-4,653	-6,292	-797	-2,423
Change in deferred income tax	-247	2,156	-413	1,575
Comparable profit/loss for the accounting period	**21,310**	**15,463**	**5,372**	**1,747**

Consolidated condensed statement of comprehensive income

(1,000 euros)	1-12/2018	1-12/2017	2018 Q4	2017 Q4
Profit for the accounting period	20,322	24,087	3,719	5,052
Other comprehensive income before taxes	386	-4,808	1,016	1,649
Items that will not be reclassified through profit or loss	**110**	**-149**	**101**	**-18**
Gains and losses on remeasurements from defined benefit pension plans	110	-149	101	-18
Interest in associated companies' comprehensive income	-	-	-	-
Items that may later be reclassified through profit or loss	276	-4,659	915	1,667
Measured at fair value	**276**	**-4,655**	**915**	**1,670**
Cash flow hedge	-	-4	-	-3
Income taxes	-77	962	-203	-329
For items that will not be reclassified to profit or loss	**-22**	**30**	**-20**	**4**
Gains and losses on remeasurements from defined benefit pension plans	-22	30	-20	4
Items that may later be reclassified to profit or loss	-55	932	-183	-443
Measured at fair value	-55	931	-183	-444
Cash flow hedge	-	1	-	1
Other comprehensive income for the accounting period after taxes	**309**	**-3,846**	**813**	**1,321**
Comprehensive income for the accounting period	**20,631**	**20,241**	**4,532**	**6,372**
Attributable to:				
Shareholders of Oma Savings Bank Plc	20,512	20,361	4,496	6,398
Non-controlling interest	119	-120	36	-27
Total	**20,631**	**20,241**	**4,531**	**6,372**

Consolidated condensed balance sheet

Note	Assets (1,000 euros)	31.12.2018	31.12.2017
	Cash and cash equivalents	18,521	265,265
	Financial assets valuated at fair value through profit or loss	0	332
G3	Loans and advances to credit institutions	58,832	73,847
G3	Loans and advances to the public and public sector entities	2,527,016	2,137,868
G4	Financial derivatives	1,593	1,676
G5	Investment assets	272,253	194,253
	Shares of companies consolidated by the equity method	175	0
	Intangible assets	5,039	6,515
	Tanglible assets	16,547	17,348
	Other assets	12,286	28,337
	Deferred tax assets	1,342	1,240
	Current income tax assets	1,057	-112
	Total assets	**2,914,661**	**2,726,567**
	Liabilitites (1,000 euros)	**31.12.2018**	**31.12.2017**
G6	Liabilities to credit institutions	89,793	35,993
G6	Liabilities to the public and public sector entities	1,757,911	1,639,304
G4	Financial derivatives	0	2,222
G7	Debt securities issued to the public	714,863	736,961
	Subordinated liabilities	25,200	28,000
	Provisions and other liabilities	15,698	22,042
	Deferred tax liabilities	20,866	19,119
	Current income tax liabilities	0	1,441
	Total liabilities	**2,624,331**	**2,485,083**
	Equity	**31.12.2018**	**31.12.2017**
	Share capital	24,000	24,000
	Reserves	139,616	110,268
	Retained earnings	125,964	106,439
	Shareholders of Oma Savings Bank Plc	**289,580**	**240,706**
	Shareholders of Oma Savings Bank Plc	289,580	240,706
	Non-controlling interests	750	778
	Equity, total	**290,330**	**241,484**
	Total liabilities and equity	**2,914,661**	**2,726,567**

Group's off-balance sheet commitments

Off-balance sheet commitments (1,000 euros)	31.12.2018	31.12.2017
Guarantees and pledges	21,735	14,972
Other commitments given to a third party	297	471
Commitments given to a third party on behalf of a customer	**22,032**	**15,443**
Undrawn credit facilities	187,244	188,634
Irrevocable commitments given in favour of a customer	**187,244**	**188,634**
Group's off-balance sheet commitments, total	**209,276**	**204,077**

Consolidated condensed cash flow statement

(1,000 euros)	1-12/2018	1-12/20187
Cash flow from operating activities		
Profit/loss for the accounting period	20,322	24,087
Changes in fair value	-583	69
Depreciation and impairment losses on investment properties	200	317
Depreciation, amortisation and impairment losses on tangible and intangible assets	2,788	2,504
Gains and losses on sales of tangible and intangible assets	387	-57
Impairment and expected credit losses	3,746	2,596
Income taxes	4,653	6,292
Adjustments to impairment losses	-	4
Other adjustments	865	-787
Adjustments to the profit/loss of the accounting period	12,056	10,938
Cash flow from operations before changes in receivables and liabilities	**32,378**	**35,025**
Increase (-) or decrease (+) in operating assets		
Debt securities	-74,917	-2,882
Loans and advances to credit institutions	-2,495	-1,176
Loans and advances to customers	-393,972	-349,626
Derivatives and hedge accounting	93	-48
Investment assets	-3,229	60,508
Other assets	15,734	-16,208
Total	**-458,787**	**-309,432**
Increase (+) or decrease (-) in operating liabilities		
Liabilities to credit institutions	53,800	1,736
Liabilities to customers	116,125	154,509
Debt securities issued to the public	-22,098	383,911
Subordinated liabilities	-	15,200
Provisions and other liabilities	-6,801	-2,227
Total	**141,027**	**553,129**
Paid income taxes	**-5,061**	**-2,470**
Total cash flow from operating activities	**-290,444**	**276,252**

(1,000 euros)	1-12/2018	1-12/2017
Cash flow from investments		
Investments in tangible and intangible assets	-1,170	-5,317
Proceeds from sales of tangible and intangible assets	1,129	1,187
Acquisition of associated companies	-175	-
Changes in other investments	19	-
Total cash flow from investments	**-196**	**-4,130**
Cash flows from financing activities		
Subordinated liabilities, changes	-2,800	-4,800
Acquisition of non-controlling interests	-45	-76
Other monetary changes in equity items	31,344	2,577
Dividends paid	-2,112	-1,576
Total cash flows from financing activities	**26,387**	**-3,875**
Net change in cash and cash equivalents	**-264,253**	**268,247**
Cash and cash equivalents at the beginning of the accounting period	**323,658**	**55,409**
Cash and cash equivalents at the end of the accounting period	**59,405**	**323,658**
Cash and cash equivalents, other arrangements		**-**
Cash and cash equivalents are formed by the following items		
Cash and cash equivalents	18,521	265,265
Receivables from credit institutions repayable on demand	40,884	58,393
Total	**59,405**	**323,658**
Received interest	**49,290**	**39,645**
Paid interest	**-5,246**	**-5,941**
Dividends received	**987**	**966**

Consolidated statement of changes in equity

December 31, 2018 (1,000 euros)	Share capital	Reserve for invested non-restricted equity	Fair value reserve	Hedging instrument reserve	Other reserves	Reserves, total	Retained earnings	Shareholders of Oma Savings Bank Plc	Non-controlling interest	Equity, total
Equity, December 31, 2017	24,000	106,087	4,181	0	0	110,268	106,439	240,706	778	241,484
Impact of IFRS9, January 1, 2018			-2,181			-2,181	1,432	-749	-131	-880
Equity, January 1, 2018	**24,000**	**106,087**	**1,999**	**0**	**0**	**108,086**	**107,871**	**239,957**	**647**	**240,604**
Comprehensive income										
Profit/loss for the accounting period	-	-	-	-	-	-	20,203	20,203	119	20,322
Other comprehensive income	-	-	221	-	-	221	88	309	-	309
Total comprehensive income	**-**	**-**	**221**	**-**	**-**	**221**	**20,291**	**20,512**	**119**	**20,631**
Transactions with owners										
Acquisition of treasury shares	-	-	-	-	-	-	-57	-57	-	-57
Distribution of dividends	-	-	-	-	-	-	-2,112	-2,112	-	-2,112
Share capital increase	-	31,550	-	-	-	31,550	-	31,550	-	31,550
Transaction costs (IPO costs)	-	-241	-	-	-	-241	-	-241	-	-241
Other changes	-	-	-	-	-	-	-29	-29	-16	-45
Transactions with owners, total	**-**	**31,309**	**-**	**-**	**-**	**31,309**	**-2,198**	**29,111**	**-16**	**29,095**
Equity, total, December 31, 2018	**24,000**	**137,396**	**2,220**	**0**	**0**	**139,616**	**125,964**	**289,580**	**750**	**290,330**

December 31, 2017 (1,000 euros)	Share capital	Reserve for invested non-restricted equity	Fair value reserve	Hedging instrument reserve	Other reserves	Reserves, total	Retained earnings	Shareholders of Oma Savings Bank Plc	Non-controlling interest	Equity, total
Equity, December 31, 2017	**24,000**	**103,510**	**7,905**	**3**	**0**	**111,418**	**84,740**	**220,158**	**913**	**221,071**
Comprehensive income										
Profit/loss for the accounting period	-	-	-	-	-	-	24,208	24,208	-120	24,088
Other comprehensive income	-	-	-3,724	-3	-	-3,727	-119	-3,846	-	-3,846
Total comprehensive income	**-**	**-**	**-3,724**	**-**	**-**	**-3,724**	**24,089**	**20,362**	**-120**	**20,242**
Transactions with owners										
Acquisition of own shares	-	-	-	-	-	-	-	-	-	-
Sale of own shares	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	-1,576	-1,576	-	-1,576
Share capital increase	-	2,577	-	-	-	2,577	-	2,577	-	2,577
Cash flow hedging/hedges	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-815	-815	-	-815
Acquisition of subsidiary, where the amount of non-controlling interests	-	-	-	-	-	-	-	-	-15	-15
Transactions with owners, total	**-**	**2,577**	**-**	**-**	**-**	**2,577**	**-2,391**	**186**	**-15**	**171**
Equity, total, December 31, 2017	**24,000**	**106,087**	**4,181**	**0**	**0**	**110,268**	**106,438**	**240,706**	**778**	**241,484**

Financial statements notes

G1 Accounting principles for the financial statements

The Group's parent company is Oma Savings Bank Plc, which has its domicile in Seinäjoki and head office in Lappeenranta, at Valtakatu 32, 53100 Lappeenranta. Copies of the financial statements and the interim report are available on the bank's website at **www.omasp.fi**.

Oma Savings Bank Group comprises a parent company (Oma Savings Bank Plc) and its two subsidiaries (Real Estate company Lappeenrannan Säästökeskus and SAV-Rahoitus Oyj) and a joint venture PP-Laskenta Oy.

At its meeting on February 19, 2019, the Board approved the financial statements release for the period of January 1– December 31, 2018.

About the accounting principles

The financial statements release has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The accounting principles used for the financial statement release are the ones used for the 2017 financial statements, with the exception of changes resulting from the implementation of the IFRS 9 Financial Instruments standard.

The IFRS 9 standard replaces the IAS 39 Financial Instruments: Recognition and Measurement standard. Any changes to the accounting principles resulting from the implementation of IFRS 9 are stated in the financial statement release.

On August 31, 2018, Oma Savings Bank acquired a 25% share of PP-Laskenta Ltd from Samlink Ab. The investment will be consolidated as a joint venture by using the equity method.

In addition to the IFRS 9 standard, the Group also implemented the IFRS 15 Revenue from Contracts with Customers standard, which replaced the rules on revenue recognition set out in, for example, IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The implementation of the standard does not have an impact on the amount of Oma Savings Bank Group's recognised revenue or the timing of recognition.

All figures in the financial statements release are expressed in thousands of euros, unless noted otherwise. The figures in the notes are rounded so the combined amount of single figures may deviate from the figures presented in the table or the calculation. The accounting and functional currency of the Group and its companies is the euro.

Changes related to the IFRS 9 implementation to the paragraph Financial instruments of the accounting principles for the financial statements

2.1. Classification and valuation of financial assets

In initial recognition, an item belonging to the financial assets is valuated at fair value. If the item is other than an item valuated at fair value through profit or loss, transaction costs directly attributable to the acquisition of the item will be added to or deducted from the item.

A loss allowance for expected credit loss on financial assets must be recognised after initial recognition, if a financial asset is valuated at an amortised cost or at fair value through other comprehensive income.

Financial assets are classified in one of the following categories when they are initially recognised:

- amortised cost,
- fair value through other comprehensive income or
- fair value through profit or loss.

The classification and valuation of debt instruments is based on the bank's business model and the nature of contractual cash flows.

2.1.1. Financial assets valuated at amortised cost

Financial assets are valuated at an amortised cost when the contractual cash flows only include capital repayments and interest payments; Oma Savings Bank regards them as part of a business model whose objective is to collect contractual cash flows over the life of the investments.

2.1.2. Financial assets valuated at fair value through other comprehensive income

Financial assets are valuated at fair value through other items of comprehensive income when the contractual cash flows only include capital repayments and interest payments and the bank regards them as part of a business model whose objective is both collecting contractual cash flows and possibly selling investments before the maturity date.

2.1.3. Financial assets valuated at fair value through profit or loss

Financial assets are primarily valuated at a fair value through profit or loss, but the bank may, under IFRS 9, choose to measure an individual asset at an amortised cost or fair value through other items of comprehensive income. Financial assets, which are acquired or incurred principally for the purpose of selling, or are part of a portfolio with evidence of short-term profit-taking, are valuated at fair value through profit or loss.

2.2 Equity-based instruments

Equity investments are primarily valuated at fair value through profit or loss, but the bank may irrevocably choose to measure an individual asset at fair value through other items of comprehensive income.

The Group has no equity-based investments recognised in items of other comprehensive income at fair value.

2.3 Assessment of business models

The bank specifies the business model objective for each portfolio based on how business operations are managed and reported to the management. The objectives are specified on the basis of the investment and lending policy approved by the bank.

A business model describes a portfolio-specific revenue model whose objective is solely to collect the contractual cash flows from the assets, to collect both the contractual cash flows and cash flows arising from the sale of assets, or collect cash flows generated from trading the assets.

2.4 Cash flow testing

In a case where the business model is something other than trade, the bank will assess whether contractual cash flows are solely payments of principal and interest (so called SPPI test). If the cash flow criterion is not met, the financial asset is recognised at fair value through profit or loss.

In assessing whether contractual cash flows are solely payments of principal and interest, the bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows so that it does not meet the test requirements of the SPPI (solely payments of principal and interest) contractual cash flow characteristics.

All retail and company loans granted by the bank contain a prepayment feature. This prepayment feature meets the SPPI criteria because in the case of a prepaid loan, the bank is entitled to recover reasonable compensation from the early termination of the contract.

2.5 Impairment of financial assets

Allowance for expected credit loss (ECL) will be measured from all the balance sheet items valuated at an amortised cost and at fair value through other comprehensive incomes as well as off-balance-sheet credit commitments and guarantees.

Allowance for financial assets valuated at the amortised cost is recognised in a separate account as a deduction to the bookkeeping value. Expected credit loss of financial assets valuated at fair value through other comprehensive income is recognised in the fair value reserve in other items of comprehensive income. Expected credit loss of off-balance-sheet items is recognised as a provision.

The expected credit loss is calculated for the entire effective period of the financial asset when, on the date of reporting, the default risk related to financial assets has significantly increased since its initial recognition. In other cases, the expected loss is calculated based on the assessment that default of payment will occur within 12 months of the date of reporting.

Expected credit losses are recognised for each reporting date and they reflect:

- an unbiased and probability-weighted value determined by evaluating the range of potential outcomes,
- the time value of money, and
- reasonable and supportable information that is available on the reporting date without unreasonable costs or efforts and regards realised transactions, prevailing circumstances, and forecasts of future economic conditions.

All financial assets included in the calculation are categorised in three stages, reflecting their credit quality compared to initial recognition.

Stage 1: Financial assets which are not considered to have experienced a significant increase in credit risk since initial recognition and for which 12-month expected credit losses are recognised.

Stage 2: Financial assets which are considered to have experienced a significant increase in credit risk since initial recognition and for which lifetime expected credit losses are recognised.

Stage 3: Credit-impaired assets for which lifetime expected credit losses are recognised.

2.5.1 Significant increase in credit risk

In assessing whether the credit risk related to a financial instrument has increased significantly, the entity must use the change in the risk of a default occurring over the expected life of the financial instrument. In the assessment, the entity should compare the risk of default occurring over the expected life of the instrument at the reporting date with the risk of default at the date of initial recognition. A significant increase in credit risk transfers the loan from stage 1 to stage 2. The bank uses both quantitative and qualitative indicators in credit risk assessment.

Indicators for assessing significant increase in credit risk vary slightly between different portfolios, but for the largest loan receivables (private and business customer loans), the bank considers changes in behavioural scoring and credit rating, as well as certain qualitative indicators such as forbearance, placement on a watchlist and a 30-day delay in payments.

The bank has automated a credit scoring system which is based on the type of loan; the behavioural credit scores of private customers and credit ratings of business customers, as well as the values of qualitative indicators. Loan-specific stage allocation is monitored regularly.

2.5.2 Definition of default

Under IFRS 9, the bank considers a default to have occurred when:

- Contractual payments are more than 90 days over due,
- a loan is non-performing or assigned to a collection agency,
- the customer is bankrupt or subject to debt restructuring.
- If 20% or more of the customer's loans meet the above default conditions, the result is that all of the customer's loans are considered to be in default.

This definition is consistent with the definition used by the bank in regulatory reporting. In assessing when a debtor is in default, the bank takes into account qualitative indicators (such as breaches of loan terms) and quantitative indicators (such as the number of days over due date) and uses internal and external sources to collect information on the debtor's financial position.

2.5.3 Expected credit loss calculation parameters and inputs

Private loans and business loans are the most significant loans for the bank's business, and the bank determines the allowance for credit loss using the formula EAD*PD*LGD (exposure at default * probability of default * loss given default). The bank uses the recorded customers' repayment behavior data as the basis for determining the parameters.

For determining the ECL parameters for business loans, the bank has used a statistical model based on a transition matrix describing the credit rating changes specified by the company. A credit rating is a grade assigned by an external party.

The bank uses a simple credit loss ratio model for determining the ECL parameters for smaller loan segments.

For debt security investments, the bank determines the allowance for credit loss using the formula EAD*PD*LGD. Loan-specific data from the market database is used as the source for calculating PDs. In addition, the bank applies a low credit risk exception for debt security investments with a credit rating of at least investment grade in the reporting date. In these cases, the allowance for credit loss will be measured at an amount equal to the 12-month expected credit losses.

The EAD parameter represents the amount of loan funds in the reporting date (exposure at default). When assessing the value of the EAD parameter, it takes into account, in addition to the book value of the loan, the payments to the loan as stated in the payment plan. However, certain financial instruments include both the loan principal and the undrawn portion of a loan commitment. The undrawn portion of a loan is taken into account in the EAD for the total limit granted.

The group's management monitors the allowance for credit loss in each segment to ensure that the model properly reflects the amount of credit loss. The management also, if necessary, refines the calculation parameters at its discretion.

2.5.4 Changing of contractual cash flows

Whenever a change is made to a financial asset or liability valuated at amortised cost without removing the asset or liability from the balance sheet, any profit or loss must be recognised. The profit or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original contractual interest rate.

This may occur when loans are renegotiated (e.g. in case of an amended repayment plan or deferred amortisation). Changes in loan terms due to the customer's inability to pay are treated as an increase in credit risk.

If the terms of a loan are modified significantly, the loan is removed from the balance sheet and replaced with a new loan. If the removed loan has experience a significant increase in credit risk since initial recognition, the new loan will be recognised as an impaired loan in the balance sheet.

2.6 Recognition of the final credit loss

Financial assets are removed from the balance sheet when it is expected that payment on the loans will no longer be received and the final loss can be calculated. The previously recognised impairment is reversed at the same time the item is removed from the balance sheet and the final credit loss is recognised. If the final credit loss has not been recognised, loans are removed from the balance sheet after they have been collected, or if the terms of the loan are substantially modified e.g. in case of refinancing.

2.7 Classification and valuation of financial liabilities

Accounting for financial liabilities remains unchanged after the implementation of IFRS9. The new requirements only affect the accounting of financial liabilities that are recognised at fair value through profit or loss, and the Group does not have such liabilities. Derecognition requirements correspond to those of the previously applicable IAS 39 Financial Instruments standard.

2.8 Derivatives and hedge accounting

The bank complies with the IFRS 9 standard in hedge accounting, allowing for the continuation of portfolio hedge accounting in accordance with IAS 39.

Adjustments to revenue recognition principles

2.9.1. Interest income and expenses

Interest income and expenses are amortised using the effective rate method for the duration of the contract. Interest income and expenses are recognised on the income statement under "Net interest income".

When the impairment losses have been recognised in the agreement included in the financial assets, the original effective rate will be used to calculate the interest income, and the interest will be calculated on the loan balance less the impairment.

2.9.2. Fee and commission income and expenses

Fee and commission income and expenses are primarily recognised in accordance with the accrual basis when the service or procedure is performed. For fees and commissions spanning several years, the portion related to the accounting period is entered.

Accounting principles for the financial statements requiring the management's discretion and factors of uncertainty related to the estimates

The preparation of this interim report in compliance with the IFRS standards has required the group's management to make certain estimates and assumptions that impact on the number of items presented in the interim report and the information included in the accompanying notes. The essential estimates by the management team relate to the future and the material factors of uncertainty in terms of the date of reporting. They are closely related to, for example, the determination of fair value and the impairment of financial assets, loans and other receivables as well as tangible and intangible assets. Even though the estimates are based on the best current perceptions of the management, it is possible that the actual figures may deviate from the estimates used in the interim report.

Compared to the financial statements in 2017, there are no significant changes in the accounting principles requiring the management's discretion and factors of uncertainty related to the estimates; with the exception of estimates made when recognising expected credit losses under IFRS 9. The model was adopted on January 1, 2018.

New standards and interpretations not yet in effect

Oma Savings Bank Group starts using the new IFRS 16 of the Leases Standard for January 1, 2019 accounting period the year in which its application becomes mandatory. The standard will replace IAS 17 and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The new standard brings changes to the leased premises and equipment. IFRS 16 requires the lessees to recognise the lease agreements as lease liabilities and right-of-use assets in the balance sheet. An asset recognized in the balance sheet is recorded depreciation and interest on leasing debt. On lease accounting will remain high in accordance with current IAS 17, ie leases classified as operating or finance leases.

Oma Savings Bank intends to apply IFRS 16 standard exception of up to 12-month or low-value leases will not be recorded in the balance sheet. Group uses in a transitional phase, a simplified approach. The lease agreement is determined by the remaining amount Rents are discounted to their present value using additional credit interest at the time of application.

Changed logging rules do not affect significantly financial position of the Group. Balance sheet assets and liabilities increase with the adoption of the standard about EUR 6 million.

Other published standard changes and interpretations has no significant impact on Oma Savings Bank's consolidated financial statements.

G2 Categorisation of financial assets and financial liabilities

Assets December 31, 2018 (1,000 euros)	Amortised cost	Recognised in comprehensive income at fair value	Recognised at fair value through profit or loss	Hedging derivatives	Bookkeeping value, total	Fair value
Cash and cash equivalents	18,521	-	-	-	18,521	18,521
Loans and advances to credit institutions	58,832	-	-	-	58,832	58,832
Advances to customers	2,526,932	-	84	-	2,527,016	2,527,016
Derivatives, hedge accounting	-	-	-	1,593	1,593	1,593
Debt instruments	-	228,480	179	-	228,659	228,659
Equity instruments	-	-	36,592	-	36,592	36,592
Total financial assets	**2,604,285**	**228,480**	**36,855**	**1,593**	**2,871,214**	**2,871,214**
Investment properties					**7,176**	**9,006**
Non-financial assets					**36,271**	**36,271**
Assets December 31, 2018	**2,604,285**	**228,480**	**36,855**	**1,593**	**2,914,661**	**2,916,491**

Liabilities December 31, 2018 (1,000 euros)	Other liabilities	Hedging derivatives	Bookkeeping value, total	Fair value
Liabilities to credit institutions	89,793	-	89,793	89,793
Liabilities to customers	1,757,911	-	1,757,911	1,757,911
Debt securities issued to the public	714,863	-	714,863	714,863
Subordinated liabilities	25,200	-	25,200	25,200
Total financial liabilities	**2,587,767**	**-**	**2,587,767**	**2,587,767**
Non-financial liabilities			36,564	36,564
Liabilities December 31, 2018	**2,587,767**	**-**	**2,624,331**	**2,624,331**

Assets December 31, 2017 (1,000 euros)	Loans and receivables	Held to maturity	Recognised at fair value through profit or loss	Hedging derivatives	Available for sale	Non-financial assets	Bookkeeping value, total	Fair value
Cash and cash equivalents	265,265	-	-	-	-	-	265,265	265,265
Assets recognised at fair value through profit or loss	-	-	332	-	-	-	332	332
Loans and advances to credit institutions	73,847	-	-	-	-	-	73,847	73,847
Loans and advances to customers	2,137,868	-	-	-	-	-	2,137,868	2,137,868
Financial derivatives	-	-	-	1,676	-	-	1,676	1,676
Investment assets	-	1,989	-	-	192,263	-	194,252	195,664
Debt securities	-	1,989	-	-	150,647	-	152,636	152,636
Shares and other equity instruments	-	-	-	-	33,380	-	33,380	33,380
Investment properties	-	-	-	-	8,236	-	8,236	9,648
Intangible assets	-	-	-	-	-	6,515	6,515	6,515
Current income tax assets	-	-	-	-	-	-112	-112	-112
Deferred tax assets	-	-	-	-	-	1,240	1,240	1,240
Other assets	-	-	-	-	-	45,684	45,684	45,684
Assets December 31, 2017	**2,476,980**	**1,989**	**332**	**1,676**	**192,263**	**53,327**	**2,726,567**	**2,727,979**

Liabilities December 31, 2017 (1,000 euros)	Hedging derivatives	Other financial liabilities	Non-financial liabilities	Bookkeeping value, total	Fair value
Liabilities to credit institutions	-	35,993	-	35,993	35,993
Liabilities to the public and public sector entities	-	1,639,304	-	1,639,304	1,639,304
Financial derivatives	2,222	-	-	2,222	2,222
Debt securities issued to the public	-	736,961	-	736,961	736,961
Subordinated liabilities	-	28,000	-	28,000	28,000
Provisions	-	-	313	313	313
Income tax liabilities	-	-	1,441	1,441	1,441
Deferred tax liabilities	-	-	19,119	19,119	19,119
Other liabilities	-	-	21,730	21,730	21,730
Liabilities December 31, 2017	**2,222**	**2,440,258**	**42,603**	**2,485,083**	**2,485,083**

G3 Loans and other receivables

(1,000 euros)	31.12.2018	31.12.2017
Loans and advances to credit institutions		
Deposits	40,884	58,394
Other	17,948	15,453
Loans and advances to credit institutions, total	**58,832**	**73,847**
Loans and advances to the public and public sector entities		
Loans	2,450,631	2,078,443
Used overdraft facilities	52,114	37,425
Loans intermediated through the State's assets	312	507
Credit cards	23,761	21,457
Bank guarantee receivables	198	36
Loans and advances to the public and public sector entities, total	**2,527,016**	**2,137,868**
Total loans and advances	**2,585,848**	**2,211,715**

IAS 39 Impairment losses on loans and receivables	31.12.2018	31.12.2017
Impairment losses January 1	**n/a**	**8334**
+ Increases to impairment losses	n/a	2,620
- Reversals of impairment losses	n/a	-2,157
+/- Change in impairment losses recorded on collective basis	n/a	-76
Impairment December 31	**n/a**	**8,720**
- Final credit losses	n/a	2,213
Credit losses December 31	**n/a**	**2,213**

IFRS 9 Expected credit losses – changes in credit loss provision

Loans and advances to credit institutions, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	Total
Expected credit losses January 1, 2018	**1**	**12**	**-**	**13**
Transfer to stage 1	1	-12	-	-11
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
New debt securities	154	-	-	154
Matured debt securities	-1	-	-	-1
Realised credit losses	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	5	-	-	5
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
Expected credit losses December 31, 2018	**160**	**-**	**-**	**160**

Loans and advances to the public and general government, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	Total
Expected credit losses January 1, 2018	**1,001**	**1,658**	**7,090**	**9,749**
Transfer to stage 1	92	-419	-112	-439
Transfer to stage 2	-107	273	-329	-162
Transfer to stage 3	-106	-60	3,210	3,045
New debt securities	869	635	260	1,763
Matured debt securities	-243	-234	-2,476	-2,952
Realised credit losses	-4	-0	-1,178	-1,183
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	-158	-384	1,782	1,240
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	356	-	356
Expected credit losses December 31, 2018	**1,345**	**1,825**	**8,247**	**11,417**

IFRS 9 Expected credit losses – changes in credit loss provision

Off-balance sheet commitments (1,000 euros)	Stage 1	Stage 2	Stage 3	Total
Expected credit losses January 1, 2018	**295**	**331**	**84**	**710**
Transfer to stage 1	191	-193	-1	-3
Transfer to stage 2	-5	7	-2	-
Transfer to stage 3	-1	-0	1	-
New debt securities	195	72	60	327
Matured debt securities	-296	-46	-53	-394
Realised credit losses	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	4	-50	0	-46
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
Expected credit losses December 31, 2018	**384**	**121**	**89**	**594**

G4 Financial derivatives

Assets (1,000 euros)	31.12.2018	31.12.2017
Hedging fair value		
Interest rate derivatives	1,519	1,470
Other hedging derivatives		
Share and share index derivatives	74	206
Total derivative assets	**1,593**	**1,676**

Liabilities (1,000 euros)	31.12.2018	31.12.2017
Hedging fair value		
Interest rate derivatives	-	2,222
Total derivative liabilities	**-**	**2,222**
Change in the value of hedged object / Fair value hedge	**-1,884**	**598**
Change in the value of hedged object / Other hedging derivatives	**436**	**437**

Nominal values of underlying items and fair values of derivatives December 31, 2018	Residual maturity				Fair values	
(1,000 euros)	Less than 1 year	1-5 years	Over 5 years	Total	Assets	Liabilities
Fair value hedge	**5,000**	**365,000**	**-**	**370,000**	**1,519**	**-**
Interest rate swaps	5,000	365,000	-	370,000	1,772	-
Cva and Dva adjustments					-252	-
Other hedging derivatives	**18,543**	**59,172**	**-**	**77,715**	**74**	**-**
Share and share index derivatives	18,543	59,172	-	77,715	250	
Cva and Dva adjustments					-176	-
Derivatives total	**23,543**	**424,172**	**-**	**447,715**	**1,593**	**-**

Nominal values of underlying items and fair values of derivatives December 31, 2017	Residual maturity				Fair values	
(1,000 euros)	Less than 1 year	1-5 years	Over 5 years	Total	Assets	Liabilities
Fair value hedge	15,000	270,000	-	285,000	1,470	2,222
Interest rate swaps	15,000	270,000	-	285,000	1,470	2,222
Other hedging derivatives	23,422	44,767	-	68,189	206	-
Share and share index derivatives	23,422	44,767	-	68,189	206	-
Derivatives total	**38,422**	**314,767**	**-**	**353,189**	**1,676**	**2,222**

G5 Investment assets

(1,000 euros)	31.12.2018	31.12.2017
IFRS 9, As of January 1, 2018		
Recognised at fair value through profit or loss		
Debt securities	439	n/a
Shares and other equity instruments	36,157	n/a
Assets recognised at fair value through profit or loss, total	**36,596**	**n/a**
Recognised in other comprehensive income at fair value		
Debt securities	228,480	n/a
Shares and other equity instruments	-	n/a
Recognised in other comprehensive income at fair value, total	**228,480**	**n/a**
IAS 39, until December 31, 2017		
Financial assets available for sale		
Debt securities	n/a	150,647
Shares and other equity instruments	n/a	33,380
Financial assets available for sale, total	**n/a**	**184,027**
Investments held to maturity		
Debt securities	n/a	1,989
Investments held to maturity, total	**n/a**	**1,989**
Investment properties	**7,176**	**8,236**
Total investment assets	**272,253**	**194,253**

Changes in investment properties (1,000 euros)	31.12.2018	31.12.2017
Cost, January 1	**13,671**	**13,863**
+ Increases	554	350
- Decreases	-1,639	-542
+/- Transfers	49	0
Cost at the end of the period	**12,635**	**13,671**
Accumulated depreciation and impairment	**-5,435**	**-4,536**
+/- Accumulated depreciation of decreases and transfers	186	-42
- Depreciation	-410	-521
+/- Impairment and their refunds	201	
+/- Other changes		-336
Accumulated depreciation and impairment at the end of the period	**-5,458**	**-5,435**
Bookkeeping value, January 1	**8,236**	**9,327**
Bookkeeping value at the end of the period	**7,176**	**8,236**

IFRS 9 Expected credit losses – changes in credit loss provision

Debt securities, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	Total
Expected credit losses January 1, 2018	**84**	**11**	**-**	**95**
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-1	14	-	13
Transfer to stage 3	-	-	-	-
New debt securities	12	2	-	13
Matured debt securities	-40	-4	-	-44
Realised credit losses	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	4	2	-	6
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
Expected credit losses December 31, 2018	**59**	**24**	**-**	**83**

Debt securities eligible for refinancing with central banks, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	Total
Expected credit losses January 1, 2018	**-**	**-**	**-**	**-**
Transfer to stage 1	-1	9	-	7
Transfer to stage 2	-	-	-	-
Transfer to stage 3	161	16	-	176
New debt securities	-	-	-	-
Matured debt securities	-	-	-	-
Realised credit losses	-	-	-	-
Recoveries on previous realised credit losses	-108	-	-	-108
Changes in credit risk	-	-	-	-
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
Expected credit losses December 31, 2018	**440**	**25**	**-**	**464**

IAS 39, until 31.12.2017

Impairment losses on financial assets available for sale	Debt securities	Shares and other equity	Total
Impairment losses January 1, 2017	**0**	**1,366**	**1,366**
+ Increases to impairment losses	0	66	66
- Reversals of impairment losses	0	-41	-41
Impairment losses December 31, 2017	**0**	**1,391**	**1,391**

Recognised at fair value through profit or loss and recognised through fair value reserve (1,000 euros) December 31, 2018		Equity instruments				Debt-based				
		Valuated through fair value reserve	Valuated through profit or loss	Valuated at amortised cost	Total	Valuated through fair value reserve	Valuated through profit or loss	Valuated at amortised cost	Total	All total
Quoted										
	Public sector entities	-	-	-		104,656	-	-	104,656	104,656
	From others	-	15,202	-	15,202	122,242	-	-	122,242	137,444
Non-quoted										
	From others	-	21,215	-	21,215	1,583	179	-	1,762	22,977
Total		**-**	**36,417**		**36,417**	**228,480**	**179**		**228,659**	**265,076**

Financial assets available for sale and investments held to maturity (1,000 euros) December 31, 2017		Debt securi-ties available for sale	Shares and other equity instruments available for sale			Investments held to maturity	
		At fair value	At fair value	At cost	Total	At amortised cost	All total
Quoted							
	Public sector entities	52,455	13,147	-	13,147	-	65,602
	From others	95,661	11,891	-	11,891	1,989	109,541
Non-quoted							
	From others	2,531	-	8,342	8,342	-	10,873
Total		**150,647**	**25,038**	**8,342**	**33,380**	**1,989**	**186,016**

G6 Liabilities to the public and public sector entities and liabilities to credit institutions

(1,000 euros)	31.12.2018	31.12.2017
Liabilities to credit institutions		
Repayable on demand	11,871	14,644
Other than repayable on demand	77,923	21,349
Total liabilities to credit institutions	**89,793**	**35,993**
Liabilities to the public and public sector entities		
Deposits	**1,755,760**	**1,639,422**
Repayable on demand	1,542,386	1,420,786
Other	213,375	218,636
Other financial liabilities	**267**	**479**
Other than repayable on demand	267	479
Changes in fair value in terms of borrowing	**1,884**	**-598**
Liabilities to the public and public sector entities, total	**1,757,911**	**1,639,304**
Liabilities to the public and public sector entities and liabilities to credit institutions, total	**1,847,704**	**1,675,350**

G7 Debt securities issued to the public

(1,000 euros)	December 31, 2018	December 31, 2017
Bonds	582,908	583,045
Certificates of deposit	131,955	153,916
Total debt securities issued to the public	**714,863**	**736,961**

Maturity of bonds	Nominal value	Interest	Year of issue	Due date	Bookkeeping value 2018	Bookkeeping value 2017
Oma Savings Bank Plc 16.4.2018	100,000	(margin 0.930 %) / variable	2015	16/04/2018	-	99,980
Oma Sp Oyj 6.5.2019	110,000	(margin 1.000 %) / variable	2016	06/05/2019	109,978	109,916
Oma Sp Oyj 3.4.2020	125,000	(margin 0.880 %) / variable	2017	03/04/2020	124,919	124,855
Oma Sp Oyj 12.12.2022	350,000	0.125 % / fixed	2017	12/12/2022	348,010	248,294
					582,908	**583,045**

Weighted average nominal interest rate 0.345 % (0.639 %)

Maturity of deposit certificates	less than 3 months	3-6 months	6-9 months	9-12 months	Bookkeeping value, total
December 31, 2018	106,973	24,983	-	-	**131,955**
December 31, 2017	90,978	56,949	5,988	-	**153,916**

G8 Net interest income

(1,000 euros)	2018	2017
Interest income		
Advances to the public and public sector entities	50,912	42,272
Debt securities	2,167	2,361
Derivatives	2,188	1,344
Other interest income	683	602
Total interest income	**55,949**	**46,579**
Interest expenses		
Liabilities to credit institutions	-675	-486
Liabilities to the public and public sector entities	-2,316	-2,531
Debt securities issued to the public	-3,085	-3,084
Subordinated liabilities	-477	-394
Other interest expenses	-46	-767
Total interest expenses	**-6,599**	**-7,262**
Net interest income	**49,351**	**39,317**

G9 Fee and commission income and expenses

(1,000 euros)	2018	2017
Fee and commission income		
Lending	11,276	7,754
Deposits	129	238
Card and payment transactions	12,271	11,233
Intermediated securities	110	117
Reserves	2,452	2,374
Legal services	721	728
Brokered products	1,313	1,303
Granting of guarantees	640	463
Other fee and commission income	782	602
Total fee and commission income	**29,694**	**24,814**
Fee and commission expenses		
Card and payment transactions	-2,890	-3,056
Securities	-1,626	-74
Other fee and commission expenses	-1,020	-439
Total fee and commission expenses	**-5,535**	**-3,569**
Fee and commission income and expenses, net	**24,158**	**21,245**

Fees and commission expenses in 2018 financial year includes expenses related to the listing on the stock exchange EUR 1,549 thousands.

G10 Net income on financial assets and financial liabilities

IFRS 9, as of January 1, 2018	2018	2017
Net income on financial assets recognised at fair value		
Debt securities		
Capital gains and losses	-116	n/a
Valuation gains and losses	-104	n/a
Total debt securities	**-220**	**n/a**
Shares and other equity instruments		
Dividend income	1,289	n/a
Capital gains and losses	-90	n/a
Valuation gains and losses	-712	n/a
Total shares and other equity instruments	**486**	**n/a**
Net income on financial assets recognised at fair value, total	**266**	**n/a**
Net income on financial assets recognised in other comprehensive income at fair value		
Debt securities		
Capital gains and losses	-4	n/a
Difference in valuation reclassified from the fair value reserve to the income statement	396	n/a
Total debt securities	**393**	**n/a**
Net income on financial assets recognised in other comprehensive income at fair value, total	**266**	**n/a**

IAS 39, until December 31, 2017 (1,000 euros)	2018	2017
Net income from financial assets available for sale		
Debt securities		
Capital income and losses	n/a	-161
Difference in valuation reclassified from the fair value reserve to the income statement	n/a	2,166
Total debt securities	**n/a**	**2,005**
Shares and other equity instruments		
Capital income and losses	n/a	-68
Impairment	n/a	-
Difference in valuation reclassified from the fair value reserve to the income statement	n/a	8,249
Valuation loss reclassified from the fair value reserve	n/a	-888
Valuation gain reclassified from the fair value reserve	n/a	9,138
Dividend income	n/a	972
Total shares and other equity instruments	**n/a**	**9,154**
Total net income from financial assets available for sale	**n/a**	**11,159**

Net income from investment properties (1,000 euros)	2018	2017
Rent and dividend income	818	930
Capital income and losses	-387	53
Other income from investment properties	10	10
Maintenance expenses	-919	-831
Depreciation and impairment on investment properties	-200	-317
Rent expenses on investment properties	-13	-12
Total net income from investment properties	**-691**	**-168**

Net gains on trading in foreign currencies	**45**	**-194**
Net gains from hedge accounting	**744**	**-51**
Net income from trading	**-202**	**34**
Net income on financial assets and financial liabilities, total	**556**	**10,780**

G11 Impairment losses on financial assets

(1,000 euros)	2018	2017
IFRS 9, as of January 1, 2018		
ECL from advances to customer and off-balance sheet items	-1,253	n/a
ECL from equity investments	-510	n/a
Expected credit losses (IFRS 9), total	**-1,763**	**n/a**
IAS 39, until January 1, 2018		
Increases in receivable-specific impairments	n/a	-1,231
Reversal of receivable-specific impairments	n/a	768
Changes in category-specific impairments	n/a	76
Impairments (IAS 39), total	**n/a**	**-386**
Final credit losses		
Final credit losses	-2,216	-2,329
Refunds on realised credit losses	234	115
Recognised credit losses, total	**-1,983**	**-2,213**
Impairment on receivables, total	**-3,746**	**-2,600**

The expected credit loss current calculations are presented in Notes G3 Loans and other receivables and G5 Investment assets.

G12 Fair values in accordance with the valuation method

The determination of the fair value of financial instruments is set out in note G2 Accounting principles under "Determining the fair value" of the financial statements for the year 2017.

Level 3's recognised equity-based investments include the shares of companies that are essential to Oma Savings Bank's operations. These ownerships include shares in Oy Samlink Ab and Säästöpankkien Keskuspankki Suomi Oyj, evaluated using the acquisition cost in the financial statements (level 3).

Items repeatedly valuated at fair value December 31, 2018

Financial assets (1,000 euros)	Bookkeeping value	Level 1	Level 2	Level 3
Valuated at fair value through profit or loss				
Equity-based	36,592	15,200	1,214	20,176
Debt-based	263	179		84
Financial derivatives	1,593		1,593	
Recognised in comprehensive income at fair value				
Debt-based	228,480	228,191		289
Financial assets total	**266,928**	**243,570**	**2,807**	**20,549**

Items measured at fair value on recurring basis (1,000 euros)

Financial assets December 31, 2017	Bookkeeping value	Level 1	Level 2	Level 3
Valuated at fair value through profit or loss	332	0	0	332
Financial derivatives	1,676	0	1,470	206
Financial assets available for sale	184,027	158,183	1,007	24,837
Total financial assets	**186,035**	**158,183**	**2,477**	**25,375**

Financial liabilities December 31, 2017	Bookkeeping value	Level 1	Level 2	Level 3
Financial derivatives	2,222	0	0	2,222
Total financial liabilities	**2,222**	**0**	**0**	**2,222**

Investment transactions in 2018, categorised to Level 3

Financial assets recognised at fair value through profit or loss (1,000 euros)	Equity-based	Debt-based	Total
Bookkeeping value December 31, 2017	**-**	**332**	**332**
+/- Impact of IFRS9	19,119	386	**19,505**
Bookkeeping value January 1, 2018	**19,119**	**718**	**19,837**
+ Acquisitions	1,179	-	**1,179**
- Sales	-76	-	**-76**
- Matured during the year	-	-532	**-532**
+/- Realised changes in value recognised on the income statement	-67	-100	**-167**
+/- Unrealised changes in value recognised on the income statement	20	-1	**19**
+ Transfers to Level 3	-0	-	**-0**
- Transfers to Level 1 and 2	-	-	**-**
Bookkeeping value December 31, 2018	**20,176**	**84**	**20,260**

Investment transactions in 2018, categorised to Level 3

Recognised in other comprehensive income at fair value (1,000 euros)	Equity-based	Debt-based	Total
Bookkeeping value December 31, 2017	**19,125**	**5,712**	**24,831**
+/- Impact of IFRS9	-19,125	-4,963	-24,082
Bookkeeping value January 1, 2018	**-**	**749**	**749**
+ Acquisitions	-	-	-
- Sales	-	-6	-6
- Matured during the year	-	-451	-451
+/- Realised changes in value recognised on the income statement	-	-	-
+/- Unrealised changes in value recognised on the income statement	-	-	-
+/- Changes in value recognised in comprehensive income statement items	-	-3	-3
+ Transfers to Level 3	-	-	-
- Transfers to Level 1 and 2	-	-	-
Bookkeeping value December 31, 2018	**-**	**289**	**289**

Sensitivity analysis for financial assets on Level 3, September 30, 2018 (1,000 euros)

			Potential impact on capital	
Equity-based	**Hypothetical change**	**Market value**	**Positive**	**Negative**
Recognised at fair value through profit or loss	+/- 15%	20,176	3,026	-3,026
Recognised in other comprehensive income at fair value	+/- 15%	0	0	0
Total		**20,176**	**3,026**	**-3,026**

			Potential impact on capital	
Debt-based	**Hypothetical change**	**Market value**	**Positive**	**Negative**
Recognised at fair value through profit or loss	+/- 15%	84	13	-13
Recognised in other comprehensive income at fair value	+/- 15%	289	43	-43
Total		**373**	**56**	**-56**

			Potential impact on capital	
	Hypothetical change	**Market value**	**Positive**	**Negative**
Recognised at fair value through profit or loss	+/- 15%	20,260	3 039	-3 039
Recognised in other comprehensive income at fair value	+/- 15%	289	43	-43
Total		**20,549**	**3 082**	**-3 082**

Investment transactions in 2017, categorised as Level 3

Valuated at fair value through profit or loss	**2017**
Bookkeeping value January 1, 2017	576
+ Acquisitions	-
- Sales	-
- Matured during the year	-200
+/- Realised changes in value recognised on the income statement	-10
+/- Unrealised changes in value recognised on the income statement	-34
+ Transfers to Level 3	-
- Transfers to Level 1 and 2	-
Bookkeeping value December 31, 2017	**332**

Financial derivatives	**2017**
Bookkeeping value January 1, 2017	10
+ Acquisitions	238
- Sales	-
- Matured during the year	-190
+/- Realised changes in value recognised on the income statement	-
+/- Unrealised changes in value recognised on the income statement	167
+/- Changes in value recognised in comprehensive income statement items	-
+ Transfers to Level 3	-
- Transfers to Level 1 and 2	-
+/- CVA adjustment	-19
Bookkeeping value December 31, 2017	**207**

Financial assets available for sale	**2017**
Bookkeeping value January 1, 2017	28,280
+ Acquisitions	3,229
- Sales	-6,632
- Matured during the year	-597
+/- Realised changes in value recognised on the income statement	88
+/- Unrealised changes in value recognised on the income statement	-161
+/- Changes in value recognised in comprehensive income statement items	886
+ Transfers to Level 3	-
- Transfers to Level 1 and 2	-256
Bookkeeping value December 31, 2017	**24,837**

Sensitivity analysis for financial assets on Level 3, 2017

Shares and other equity	Hypothetical change	Bookkeeping value	Potential impact on the result with assumptions: Positive	Potential impact on the result with assumptions: Negative
Financial assets available for sale	+/- 15 %	19,125	2,869	-2,869
Total		**19,125**	**2,869**	**-2,869**

Interest instruments	Hypothetical change	Bookkeeping value	Potential impact on the result with assumptions: Positive	Potential impact on the result with assumptions: Negative
Financial assets available for sale	+/- 15 %	5,712	857	-857
Total		**5,712**	**857**	**-857**

G13 Summary of solvency

The reporting level regarding solvency calculations changed in the first half of 2018. In the annual report solvency is reported at group level (Oma Savings Bank Group), whereas in previous years, the figures have been reported at the parent company level (Oma Savings Bank Plc). Solvency calculations as of 31 December 2017 do not in every part reply to calculations given in the annual report since the bank has corrected its core capital and solvency calculations on issued shares to employees in its Q3 2018 reporting.

Oma Savings Bank Group announces in the financial statements bulletin capital adequacy information. Capital adequacy and risk management information is presented broader as part of the action report, notes to the Financial Statements; European Parliament and Council to the Capital Requirements Regulation (EU) No 575/2013 based on the Pillar III section.

The main items in the solvency calculation (1,000 euros)	Group 31.12.2018	Parent 31.12.2017
Core capital before deductions	285,699	240 296 [1]
Deductions from core capital	-9,941	-10,383
Core capital (CET1), total	**275,758**	**229 912** [1]
Additional Tier 1 capital before deductions	-	-
Deductions from additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1), total	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1), total	**275,758**	**229 912** [1]
Tier 2 capital before deductions	13,031	17,766
Deductions from Tier 2 capital	-	-
Tier 2 capital (T2), total	**13,031**	**17,766**
Own funds (TC = T1 + T2), total	**288,789**	**247 678** [1]
Risk-weighted items		
Credit and counterparty risk	1,367,127	1,193,120
Adjustment risk of liability (CVA)	5,401	7,104
Market risk	-	-
Operational risk	126,170	109,516
Risk-weighted items, total	**1,498,699**	**1,309,739**
Fixed capital buffer in accordance with the Act on Credit Institutions (2.5 %)	37,467	32,743
Core capital (CET1) relative to risk-weighted items (%)	18.40 %	17.55 % [1]
Tier 1 capital (T1) relative to risk-weighted items (%)	18.40 %	17.55 % [1]
Own funds, total (TC) relative to risk-weighted items (%)	19.27 %	18.91 % [1]
Leverage ratio		
Tier 1 capital	275,758	229 912 [1]
Total amount of exposures	2,972,018	2,776,384
Leverage ratio	9.28 %	8.28 % [1]

1) The figure does not correspond to the published financial statements for 2017. In its Q3 2018 reporting, Oma Savings Bank corrected core capital and solvency calculations on issued shares to employees year 2017.

G14 Impacts of the IFRS 9 standard

Oma Savings Bank implemented the IFRS 9 Financial Instruments standard on January 1, 2018. The comparative data for previous accounting periods were not adjusted, and therefore the adjustments to the bookkeeping values of the financial assets resulting from the implementation of the standard are recognised in the equity of the opening balance. The accounting principles that comply with the standard are presented in the interim report's note G1 Accounting principles.

Impacts of reclassification and revaluation on items of equity (1,000 euros)

	31.12.2017	Change	1.1.2018
Fair value reserve	4,181		
Revalution			
Expected credit losses		484	
Debt securities, valuation held to maturity, reclessified		562	
Reclassification			
Fair value reserve seclassification		-3,773	
Change in deferred tax		545	
Total	**4,181**	**-2,181**	**1,999**
Retained earnings (loss)	**106,439**		
Revaluation		-	
Impairment withdrawal December 31, 2017			
IAS 39 Realised impairment		7,587	
IAS 39 Impairment on loan and receivable categories		1,222	
Impairment withdrawal, total December 31, 2017		**8,810**	
Expected credit losses			
IFRS 9 Expected credit losses, lending		-9,762	
IFRS 9 Expected credit losses, categorised at amortisation		-	
IFRS 9 Expected credit losses, recognised in other comprehensive income at fair value		-484	
IFRS 9 Off-balance sheet commitments		-710	
Expected credit losses, total		**-10,956**	
Reclassification			
Fair value reserve reclassification		3,773	
Expected credit losses, total		**3,773**	
Change in deferred tax		**-325**	
Retained earnings (loss)	**106,439**	**1,301**	**107,740**
Equity, total*	**240,706**	**-747**	**239,959**
Amount of non-controlling interest	**778**	**-133**	**645**
Group, total	**241,484**	**-880**	**240,604**

* Equity, January 1, 2018, including also other items of equity. Impact of IFRS9 on fair value reserve and retained earnings (losses) has been presented in the calculation.

Impacts of reclassification and revaluation on financial assets and financial liabilities items (1,000 euros)

Financial assets	IAS 39 book-keeping value 31.12.2017	Re-classification	Revaluation	IFRS 9 bookkeeping value 1.1.2018
Amortised cost				
Cash and cash equivalents				
Balance sheet December 31, 2017	265,265			
Revaluation	-	-	-	
Balance sheet January 1, 2018	265,265	-	-	265,265
Loans and advances to credit institutions				
Balance sheet December 31, 2017	73,847			
Revaluation	-	-	-	
Balance sheet January 1, 2018	73,847	-	-	73,847
Loans and advances to the public				
Balance sheet December 31, 2017	2,137,868			
Revaluation	-	-	-711	
Balance sheet January 1, 2018	2,137,868	-	-711	2,137,158
Investments				
Balance sheet December 31, 2017	1,989			
Classification - to be recognised in comprehensive income	-	-1,989	-	
Revaluation	-	-	-	
Balance sheet January 1, 2018	1,989	-1,989	-	-
Other assets	29,465	-	521	29,985
	29,465	-	521	29,985
Amortised cost, total	**2,508,433**	**-1,989**	**-190**	**2,506,255**

Impacts of reclassification and revaluation on financial assets and financial liabilities items (1,000 euros)

Financial assets available for sale	IAS 39 book-keeping value 31.12.2017	Re-classification	Revaluation	IFRS 9 bookkeeping value 1.1.2018
Investments				
Balance sheet December 31, 2017	184,027			
Classification – Recognised in other comprehensive income at fair value (equity-based)	-	-	-	
Classification – Recognised in other comprehensive income at fair value (debt-based)	-	-145,572	-	
Classification – Recognised at fair value through profit or loss	-	-38,455	-	
Classification – amortised cost		-	-	
Balance sheet January 1, 2018	**184,027**	**-184,027**	**-**	**-**
Recognised in other comprehensive income at fair value (debt-based)				
Investments				
Balance sheet December 31, 2017	-			
Classification–financial assets available for sale	-	145,572	-	145,572
Classification–financial assets held to maturity	-	1,989	562	2,551
Balance sheet January 1, 2018	**-**	**147,561**	**562**	**148,123**
Recognised in other comprehensive income at fair value, total	**184,027**	**-36,467**	**562**	**148,123**
Recognised at fair value through profit or loss				
Derivative instruments	1,676			1,676
Investments	332			332
Balance sheet December 31, 2017	2,008			2,008
Classification–financial assets available for sale		38,455		38,455
Balance sheet January 1, 2018	**2,008**	**38,455**	**-**	**40,463**
Recognised at fair value through profit or loss, total	**2,008**	**38,455**	**-**	**40,463**
Total financial assets	**2,694,469**	**0**	**373**	**2,694,841**

Impacts of reclassification and revaluation on financial assets and financial liabilities items (1,000 euros)

Financial liabilities	IAS 39 Book-keeping value 31.12.2017	Re-classification	Revaluation	IFRS 9 bookkeeping value 1.1.2018
Amortised cost				
Liabilities to credit institutions	35,993	-	-	35,993
Liabilities to the public	1,639,304	-	-	1,639,304
Debt securities issued	764,961	-	-	764,961
Other liabilities	42,602	-	807*	43,408
Balance sheet January 1, 2018	2,482,860	-	807	2,483,667
Amortised cost, total	**2,482,860**	**-**	**807**	**2,483,667**
Recognised at fair value through profit or loss				
Debt securities issued	-	-	-	-
Financial liabilities held for trading	-	-	-	-
Derivative instruments	2,222	-	-	2,222
Balance sheet January 1, 2018	2,222	-	-	2,222
Recognised at fair value through profit or loss, total	**2,222**	**-**	**-**	**2,222**
Total financial liabilities	**2,485,083**	**-**	**807**	**2,485,890**

* The item presents the recognised expected credit loss of off-balance sheet items.

Impacts of the IFRS 9 standard implementation on the categorisation of financial assets and financial liabilities (1,000 euros)

	Classification IAS 39	Classification IFRS 9	Bookkeeping value IAS 39 31.12.2017	Bookkeeping value IFRS 9 1.1.2018
Cash and cash equivalents	Loans and other receivables	Amortised cost	265,265	265,265
Loans and advances to credit institutions	Loans and other receivables	Amortised cost	73,847	73,847
Loans and advances to the public	Loans and other receivables	Amortised cost	2,137,869	2,137,158
Derivative instruments	Recognised at fair value through profit or loss	Recognised at fair value through profit or loss	1,676	1,676
Investments	Financial assets available for sale	Recognised at fair value through profit or loss	38,456	38,456
Investments	Financial assets available for sale	Recognised at fair value through other comprehensive income	145,572	145,572
Investments	Recognised at fair value through profit or loss	Recognised at fair value through profit or loss	332	332
Investments	Investments held to maturity	Recognised at fair value through other comprehensive income	1,989	2,552
Investments	Financial assets available for sale	Amortised cost	-	-
Other assets			29,465	29,986
Total assets*			**2,694,469**	**2,694,841**

*Tax assets and other assets presented in the table were included in the Total assets.

Impacts of the IFRS 9 standard implementation on the categorisation of financial assets and financial liabilities (1,000 euros)

	Classification IAS 39	Classification IFRS 9	Bookkeeping value IAS 39 31.12.2017	Bookkeeping value IFRS 9 1.1.2018
Liabilities to credit institutions	Other financial liabilities	Amortised cost	35,994	35,994
Liabilities to the public	Other financial liabilities	Amortised cost	1,639,305	1,639,305
Debt securities issued	Other financial liabilities	Amortised cost	764,961	764,961
Derivative instruments	Recognised at fair value through profit or loss	Recognised at fair value through profit or loss	2,223	2,223
Other liabilities			42,602	43,409
Total liabilities*			**2,485,083**	**2,485,890**

*Tax liabilities and other liabilities presented in the table were included in the Total liabilities.

G15 Significant events after the review period

A positive profit warning

Oma Savings Bank Plc gave a positive profit warning on 22 January 2019, raising its profit guidance for 2018. According to the new guidance, the company's profit before tax excluding net income from financial assets and liabilities for 2018 will grow significantly compared to the previous year. Profit before tax excluding net income from financial assets and liabilities was EUR 19.6 million in 2017. The profit for the 2018 accounting period includes some EUR 1.8 million in expenses incurred from the IPO. During the 2017 accounting period, the net income from financial assets and liabilities was highlighted in the profit, the impact on the profit being EUR 10.8 million.

The improved earnings outlook is driven by speedy growth in business volumes, which affects the strong development of both net interest income and fee and commission income.

Renewal of the banking platform

On 23 January 2019, Oma Savings Bank announced that it will be implementing a new banking platform with Temenos technology with Cognizant and at the same time selling its ownership of Oy Samlink Ab to Cognizant. The bank is selling to Cognizant Technology Solutions Finland Oy its 15.45% holding in the current IT services provider Oy Samlink Ab together with the Savings Bank Group, Aktia Bank Plc, Handelsbanken, Posti Group Plc, POP Bank Group and other minority shareholders. The completion of the transaction still requires the approval of the regulators. The transaction will result in a capital gain of approximately EUR 4.3 million, which will have an impact on OmaSp's result for the financial year 2019.

At the same time, on 23 January 2019, the bank signed an agreement with Oy Samlink Ab to develop a new banking platform based on the Temenos T24 and Temenos Payment Hub software, and a 10-year service agreement for production and maintenance of basic banking services. The delivery of the banking platform will cost the bank about EUR 20 million.

As part of the banking platform renewal, the card system will also be renewed and Oma Savings Bank signed an agreement with Nets on 6.2.2019. The target time for the introduction of the new card system is early in year 2020.

G16 Comparable key figures and calculation of key figures

Oma Savings Bank Plc presents in its financial reporting historical financial performance, alternative indicators describing their position or cash flows (Alternative Performance Measures, APM). Alternative key figures are by the European Securities and Markets Authority (ESMA) guidelines. Alternative key figures are not in IFRS standards, capital adequacy regulations (CRD / CRR) or Solvency II (SII) or designated key figures. The bank presents alternative key figures as additional information prepared in accordance with IFRS in the consolidated income statement, consolidated balance sheets and the Group cash flow calculations. The bank's management believes alternative key figures give meaningful and useful information on the bank to investors, the securities market analysts and others from the company's performance, the financial position and cash flows. Management use these when evaluating performance and comparable results for different periods. Oma Savings Bank Plc presents a comparable result for the first time in the 2018 Q4 reporting since. Oma Savings Bank Plc Group reports new alternative key figures for comparison of which debilitating items have been omitted. Comparable items that are unrelated to the customer business have been omitted.

Alternative key figures used by Oma Savings Bank Plc:

- Operating income/loss
- Comparable profit before taxes
- Cost-income ratio
- Return on assets (ROA) %
- Return on equity (ROE) %
- Equity ratio
- Comparable cost-income ratio
- Comparable return on equity (ROE) %
- Comparable earnings per share (EPS)

Operating income/loss

Interest income, Fee and commission income, Net income on financial assets and liabilities, Other operating income

Operating income, total

Net interest income, Net fee and commission income and expenses, Net income on financial assets and liabilities, Other operating income

Total operating expenses

Personnel expenses, other operating expenses, depreciation, amortisation and impairment losses on tangible and intangible assets

Liquidity coverage ratio (LCR) %

Minimum liquidity buffer relative to net cash and collateral outflows in a 30-day stress scenario

Cost-income ratio, %

$$\frac{\text{Total operating expenses}}{\text{Total operating income}} \times 100$$

Comparable cost-income ratio, %

$$\frac{\text{Total operating expenses Without items effecting comparability}}{\text{Total operating income Without items effecting comparability}} \times 100$$

Comparable profit before taxes

Profit/loss before taxes without items effecting comparability

Return on equity, (ROE) %

$$\frac{\text{Profit/loss for the accounting period}}{\text{Equity (average of the beginning and the end of the year)}} \times 100$$

Comparable return on equity, (ROE) %

$$\frac{\text{Comparable Profit/loss}}{\text{Equity (average of the beginning and the end of the year)}} \times 100$$

Return on assets (ROA) %

$$\frac{\text{Profit/loss for the accounting period}}{\text{Average balance sheet total (average of the beginning and the end of the year)}} \times 100$$

Equity ratio, %

$$\frac{\text{Equity}}{\text{Balance sheet total}} \times 100$$

Solvency ratio (TC) %

$$\frac{\text{Own funds total (TC)}}{\text{Risk-weighted items total (RWA)}} \times 100$$

Core capital ratio, (CET1) %

$$\frac{\text{Core capital (CET1)}}{\text{Risk-weighted items total (RWA) x100}} \times 100$$

Tier 1 equity ratio, (T1) %

$$\frac{\text{Tier 1 capital (T1)}}{\text{Risk-weighted items total (RWA) x100}} \times 100$$

Earnings per share (EPS), EUR

$$\frac{\text{Profit/loss for the accounting period belonging to the parent company owners}}{\text{Average number of shares outstanding}}$$

Comparable earnings per share (EPS), EUR

$$\frac{\text{Comparable profit/loss - Share of non-controlling interests}}{\text{Average number of shares outstanding}}$$

omasp.fi

Oma Savings Bank Plc
Valtakatu 32, 53100 Lappeenranta
p. 020 764 0600, omasp@omasp.fi