



Q4/2020

Oma Savings Bank Group

Financial Statements Release

31 December 2020



Financial Statements Release 31 December 2020 is a translation of the original Finnish version "Tilinpäätöstiedote 31.12.2020". If discrepancies occur, the Finnish version is dominant.

Oma Savings Bank Group's financial statements release January-December 2020

- Net interest income increased 25.8% in October-December and 17.9% in January-December compared to the same period last year.
- The loan portfolio increased 4.8% in October-December and by 16.0% throughout the year.
- Deposit stocks grew during the final quarter by 6.4% while growth for the previous 12 months was 18.9%.
- Total operating income grew by 35.5% in the fourth quarter and came to a total of EUR 31.1 (22.9) million. During the financial year the total operating income grew by 20.0% to EUR 111.1 (92.6) million.
- Impairment losses on financial assets were 7.6 (3.6) in October-December. The increase was mainly affected by additional loss allowance based on management's judgement for the corona pandemic. Impairment losses on financial assets were EUR 21.6 (9.6) million for the whole of the year.
- The cost/income ratio in the fourth quarter was 41.3 (59.5)% and the cost/income ratio for the financial year 2020 was 46.6 (54.4)%. The comparable cost/income ratio improved for the year 2020 and was 51.2 (57.9)%.
- The fourth quarter profit before taxes was EUR 10.5 (5.6) million. Profit before taxes for the whole financial year was EUR 37.7 (32.7) million.
- The comparable profit before taxes for the fourth quarter increased compared with the comparative period and was EUR 6.9 (5.3) million. The comparative profit before taxes grew compared to the same period last year and was EUR 26.7 (26.2) million.

Outlook for 2021

The company estimates that profitable growth will continue to be strong despite overall economic uncertainty and the group's 2021 profit before taxes and comparable profit before taxes will grow compared to the previous


accounting period. More about the outlook in the financial statements release on page 24.

Board of Directors' proposal for the distribution of profit

The Board of Directors proposes that, based on the financial statements to be approved for 2020, a dividend of EUR 0.24 be paid from the parent company's distributable profits for each share entitling the shareholder to dividend for 2020. The Board's proposal complies with the company's dividend policy. In addition, the Board of Directors proposes to pay a dividend of EUR 0.06 on each share entitling to a dividend for 2020 in respect of dividends not paid for 2019 due to the authority's profit-sharing restrictions. Dividends will be paid upon completion of the authority's profit-sharing restrictions. All of shares outstanding on the dividend record date are entitled to a dividend for 2020. The dividend record and payment date shall be communicated separately. No

significant changes took place in the company's financial position after the end of the accounting period. The company's liquidity is good, and the proposed profit distribution does not compromise the company's liquidity according to the Board of Directors' insight.

The Group's key figures (1,000 euros)	1-12/2020	1-12/2019	Δ %	2020 Q4	2019 Q4	Δ %
Net interest income	67,819	57,522	18%	18,890	15,020	26%
Fee and commission income and expenses, net	29,257	25,414	15%	8,332	6,327	32%
Total operating expenses	-51,676	-50,309	3%	-12,758	-13,641	-6%
Impairment losses on financial assets, net	-21,587	-9,567	126%	-7,602	-3,644	109%
Profit before taxes	37,707	32,684	15%	10,541	5,646	87%
Cost/income ratio, %	46.6%	54.4%	-14%	41.3%	59.5%	-31%
Balance sheet total	4,381,999	3,416,530	28%	4,381,999	3,416,530	28%
Equity	353,493	319,865	11%	353,493	319,865	11%
Return on assets (ROA) %	0.8%	0.9%	-9%	0.9%	0.5%	73%
Return on equity (ROE) %	9.1%	9.0%	1%	10.4%	5.7%	82%
Earnings per share (EPS), EUR	1.04	0.93	12%	0.31	0.16	98%
Common Equity Tier 1 (CET1) capital ratio %	15.9%	16.8%	-5%	15.9%	16.8%	-5%
Comparable profit before taxes	26,729	26,228	2%	6,910	5,270	31%
Comparable cost/income ratio, %	51.2%	57.9%	-12%	46.5%	58.5%	-21%
Comparable return on equity (ROE) %	6.5%	6.9%	-6%	7.0%	5.3%	33%



Home mortgage
portfolio +19%

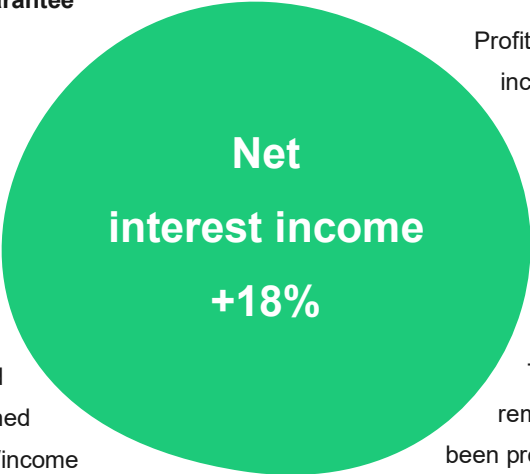
CEO's review

Rapid growth of the business continued and the profit rose to a new record level

The positive development of OmaSp's business continued to be excellent throughout the year, and new customer relationships were created at their best in well over a thousand a month. Despite exceptional times, we have been able to guarantee customers safe banking in their chosen service channel. Both main sources of income, net interest income and fee and commission income, continued strong growth.

During 2020, operating income increased by as much as 20% and at the same time expenses remained under control. In terms of the cost/income ratio, which describes the efficiency of banking operations, we achieved an excellent level of 46.6%. For the first time, the balance sheet total exceeded the EUR 4 billion

threshold, ending at EUR 4.4 billion. The balance sheet grew by a record EUR 965 million during the financial year. The profit before taxes for January-December increased by 15% to EUR 37.7 million.



Net
interest income
+18%

Profit before taxes for the fourth quarter increased by 87% over the comparative period and was EUR 10.5 million. The comparable profit before taxes was EUR 2 million better than in the comparative period.

The quality of the loan portfolio has remained at a good level. We have also been prepared for the possible effects of the corona pandemic and increased the loss allowance based on management's judgement in the fourth quarter to EUR 4.4 million. The allowance is fully available.

Personnel and customer satisfaction at record high

Our bank's competitiveness is based on excellent customer experience and the skills of our personnel. According to the results of the annual personnel survey, the overall satisfaction of our personnel has reached a record high level. The customer survey results highlighted first-class service experience and high levels of satisfaction with their own contact person, among other things.

**Fee and
commission
income +15%**

Eurajoen and Mietoinen Savings Banks, which started at the end of the year, are progressing as planned. The changing operating environment in the financial sector and evolving technology offer our bank many interesting opportunities.

We expect the profitability of the bank's core business to improve further and earnings growth to continue in 2021. Rapid responsiveness, as well as a strong financial position, will enable profitable growth also in the future.

Positive outlook for 2021

We will be able to start the new financial year again from an excellent starting point. Merger negotiations with

**Warm thanks to customers, personnel, owners
and partners for 2020!**

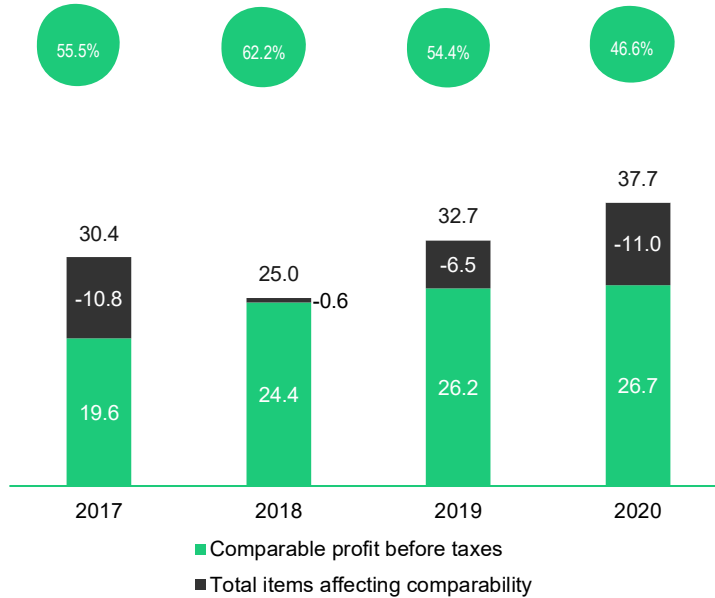


Pasi Sydänlammi
CEO

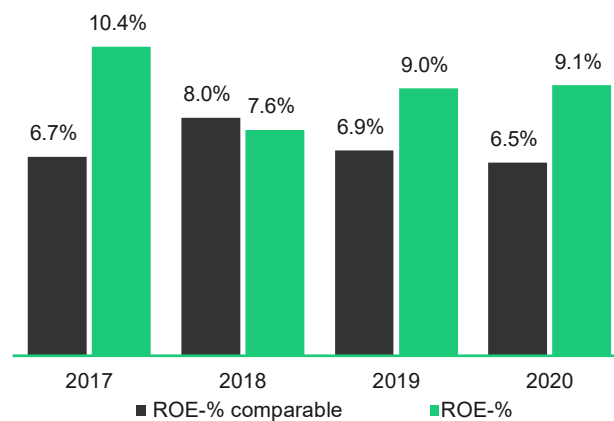
A profitably growing Finnish bank

Profit before taxes, EUR, mill.

Cost/income
ratio



Return on equity (ROE) %



Balance sheet total, EUR mill.

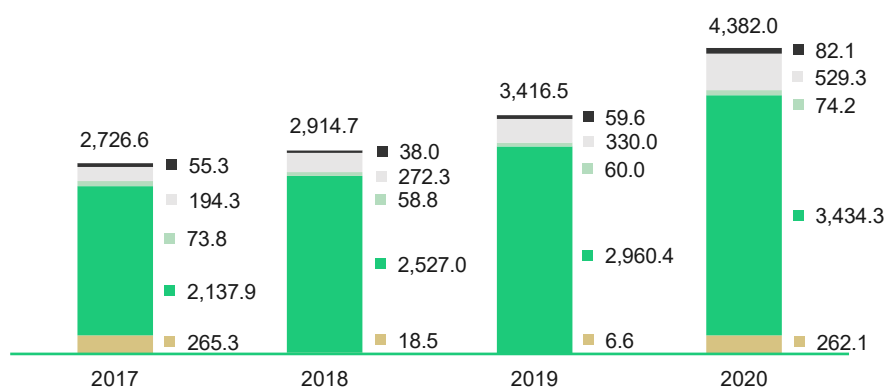
Growth

26.8%

6.9%

17.2%

28.3%



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

Total operating income, EUR mill.

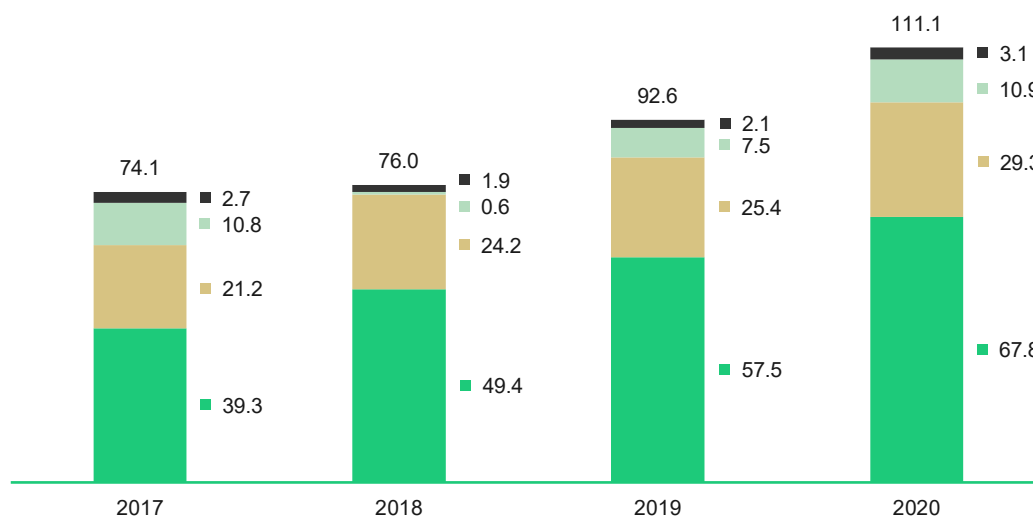
Growth

22.8%

2.5%

21.8%

20.0%



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

Significant events during year 2020

- In November, Oma Savings Bank Plc started negotiations to merge Eurajoen and Mietoinen Savings Banks as part of its business. The decisions to merge will be made in the Board of Directors of Oma Savings Bank and in the Board of Trustees of Eurajoen and Mietoinen Savings Banks in early 2021. Possible unification would take place in the second half of 2021, when Eurajoen and Mietoinen Savings Banks would transfer over their businesses to Oma Savings Bank and continue as regional Savings Bank Foundations to promote for thrifty and economical education. The unification would bring a continuation to Oma Savings Bank's growth story and further strengthen the company's profit-making ability. When completed, the business transfers would increase the balance sheet of Oma Savings Bank by approximately EUR 400 million and increase the number of private and corporate customers by about 20,000.
- In November, the company completed the transaction agreed with the Savings Bank Group earlier this year under which the company sold all its shares of Nooa Savings Bank Ltd, Sb Life Insurance Ltd, Sb-Fund Management Company Ltd, Säästöpankkien Holding Oy and Central Bank of Savings Banks Finland Plc to the Savings Bank Group. The deal included 73,414pc of Nooa Savings Bank Ltd shares, of which 4,840 shares are still subject to ECB approval. The transaction had a positive profit impact of approximately EUR 1.9 million on the company's result for the financial year 2020.
- In October, the company acquired 42.1% of City Kauppapaikat Oy's common stock. City Kauppapaikat Oy is a real estate investment company that in the group is treated as an associated company. In addition, the company acquired the entire share capital of Koy Sofiantupa located in Seinäjoki in October. This is an investment property that will be consolidated into the group as a subsidiary.
- The company issued three bonds during the year as part of its EUR 1.5 billion bond programme. In November, the company issued a EUR 250 million bond. The bond's maturity is 7 years. In April, the company issued a EUR 250 million bond and in June a EUR 55 million unsecured senior bond.
- In September, the company refined its previous 2020 outlook and earnings guidance, and issued a positive profit warning. According to the updated guidance, the company's 2020 profit before taxes was estimated to exceed the previous year's level. The improved earnings outlook was driven by strong continued growth in business volumes and earning and improved cost efficiency.
- In September, the composition of the Nomination Committee was confirmed by the company's Board of Directors. According to the shareholder list on 1 June 2020, representatives of the five largest shareholders have been appointed to the Nomination Committee: Raimo Härmä, appointed by Etelä-Karjalan Säästöpankkisäätiö, Ari Lamminmäki, appointed by Parkanon Säästöpankkisäätiö, Aino Lamminmäki, appointed by Töysän Säästöpankkisäätiö, Jukka Sysilampi, appointed by Kuortaneen Säästöpankkisäätiö and Jukka Kuivaniemi, appointed by Hauhon Säästöpankkisäätiö. The Chairman of the Board of Directors Jarmo Salmi attends the meetings of the Nomination Committee as an expert.
- The company updated its financial goals as part of its strategy process in line with the policy confirmed in connection with the listing on the stock exchange. The financial goals and target levels remained largely the same, but the company has updated its target level for the Common Equity Tier 1 (CET1) capital ratio. The target level is at least 14 per cent as of 1 October 2020.

- In line with its strategy, the company lightened its real estate portfolio in June and sold some of its real estate holdings to reduce the continuous cost burden related to the real estate and the administrative process resulting from ownership of the properties. The real estate transaction mainly concerned the company's investment properties and partly properties in its own use. The sale of the real estate does not impact the operating of the bank's branches, the company continues to serve its customers in familiar premises. As a result of the transaction, the company recognized EUR 2.3 million in sales losses. For own-occupied properties, as a lease debt of EUR 2.7 million and an equivalent fixed asset has been recorded on the balance sheet.
- Due to the corona pandemic, the company's Annual General Meeting was held on June 15, 2020 with an updated schedule and exceptional arrangements. The resolutions of the Annual General Meeting are readable in this financial statements release on page 22. Re-elected as Board members were Aila Hemminki, Aki Jaskari, Timo Kokkala, Heli Korpinen, Jyrki Mäkynen, Jarmo Salmi and Jaana Sandström. At the Board's organizing meeting on 25 June 2020 Jarmo Salmi was elected to continue as Chairman of the Board and Jyrki Mäkynen as Vice-Chairman. The Board of Directors decided to carry out the tasks of the Audit Committee. The Board of Directors appointed one permanent committee, the Remuneration Committee. The members of the Remuneration Committee are Jarmo Salmi, Jyrki Mäkynen and Heli Korpinen.
- In February 2020, the company's Board of Directors decided on an incentive scheme for its key personnel. The purpose of the scheme is to harmonise the owners' and key personnel's goals in order to raise the company's long-term value and to commit the key personnel to implementing the company's strategy, goals and long-term interests and to offer them a competitive remuneration system based on the earning and accrual of shares. The share remuneration scheme 2020–2021 consists of a single two-year-long earning period. The remuneration paid from the scheme corresponds to the value of no more than 420,000 Oma Savings Bank Plc shares, including the portion paid in cash. The possible remuneration of the scheme is based on a comparable cost-income ratio, an increase in operating income (by comparable figures), and customer and employee satisfaction. The reward is paid after the end of the earning period, within about three years in four instalments.

Oma Savings Bank Group's key figures

(1,000 euros)	1-12/2020	1-12/2019	Δ %	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4
Net interest income	67,819	57,522	18%	18,890	17,539	15,886	15,505	15,020
Total operating income	111,073	92,573	20%	31,084	26,386	23,625	29,978	22,937
Total operating expenses	-51,676	-50,309	3%	-12,758	-11,394	-13,291	-14,233	-13,641
¹⁾ Cost/income ratio, %	46.6%	54.4%	-14%	41.3 %	43.2%	56.2%	47.5%	59.5%
Impairment losses on financial assets, net	-21,587	-9,567	126%	-7,602	-1,531	-3,922	-8,531	-3,644
Profit before taxes	37,707	32,684	15%	10,541	13,488	6,457	7,222	5,646
Profit/loss for the accounting period	30,653	27,453	12%	9,027	10,523	5,244	5,860	4,527
Balance sheet total	4,381,999	3,416,530	28%	4,381,999	3,952,766	3,838,097	3,526,023	3,416,530
Equity	353,493	319,865	11%	353,493	343,208	329,789	317,519	319,865
¹⁾ Return on assets (ROA) %	0.8%	0.9%	-9%	0.9%	1.1%	0.6%	0.7%	0.5%
¹⁾ Return on equity (ROE) %	9.1%	9.0%	1%	10.4%	12.5%	6.5%	7.4%	5.7%
¹⁾ Earnings per share (EPS), EUR	1.04	0.93	12%	0.31	0.36	0.18	0.20	0.16
¹⁾ Equity ratio %	8.1%	9.4%	-14%	8.1%	8.7%	8.6%	9.0%	9.4%
¹⁾ Total capital (TC) ratio %	16.2%	17.3%	-6%	16.2%	16.8%	16.8%	17.1%	17.3%
¹⁾ Common Equity Tier 1 (CET1) capital ratio %	15.9%	16.8%	-5%	15.9%	16.5%	16.4%	16.6%	16.8%
¹⁾ Tier 1 (T1) capital ratio %	15.9%	16.8%	-5%	15.9%	16.5%	16.4%	16.6%	16.8%
¹⁾ Liquidity coverage ratio (LCR) %	184.9%	140.1%	32%	184.9%	134.0%	132.6%	79.7%	140.1%
Average number of employees	299	300	0%	300	306	308	273	288
Employees at the end of the period	298	279	7%	298	296	320	282	279
Alternative performance measures excluding items affecting								
¹⁾ Comparable profit before taxes	26,729	26,228	2%	6,910	10,853	7,277	1,690	5,270
¹⁾ Comparable cost/income ratio, %	51.2%	57.9%	-12%	46.5%	48.0%	52.8%	58.2%	58.5%
¹⁾ Comparable earnings per share (EPS), EUR	0.73	0.71	4%	0.20	0.28	0.20	0.05	0.14
¹⁾ Comparable return on equity (ROE) %	6.5%	6.9%	-6%	7.0%	10.0%	7.3%	1.8%	5.3%

1) The calculation principles of the key figures are presented in note 15 of the financial statements release. Comparable profit is presented in the income statement.

Operating environment

With the corona pandemic and the restriction measures taken, the global economy collapsed in the spring of 2020. Towards the end of the year, the global economy has strengthened since the collapse and positive news about vaccine developments has spurred the mood. Despite this, the recovery of the international operating environment will take time, and the economies of Finland's main trading partners threaten to weaken in the coming months as the consequences of the second wave of the corona virus. Finland's gross domestic product is projected to grow by 2.2% in 2021 and 2.5% in 2022 driven by private consumption. The forecast is accompanied by exceptionally high uncertainty and alternative scenarios suggest GDP growth in 2021 could reach a level of 3.2 per cent or may shrink by 4.7 per cent depending on how the epidemic situation in Finland progresses and how it is managed. ⁽¹⁾

Financial conditions in Finland, despite the pandemic, have remained topping and supported the growth of the economy even towards the end of the year. Average interest rates on new home loans and new corporate loans have remained at full-year moderate. ⁽¹⁾

According to Statistics Finland's labour survey, there were 74,000 fewer employed persons and 48,000 more unemployed in December than in the previous year's comparative period. In December 2020, the employment rate trend was 71.8% and the average unemployment rate was 7.8% (6.0%). ⁽²⁾

Consumer confidence in January 2021 was the strongest in more than two years. The consumer confidence indicator (CCI) was -0.9 (-4.6) in January 2021, while it still was -4.6 in December 2020. The confidence indicator consists of four factors, which are an estimate of the own economy now, expectations of their own economy and the Finnish economy in 12 months, and the intentions of spending on durable goods in the next 12 months. In December, all four components strengthened compared to the previous month. The biggest change was in expectations of Finland's economic development. ⁽³⁾

According to Statistics Finland's preliminary data, prices of old dwellings in housing companies rose by 4.7 per cent in December 2020 compared to December 2019 in Greater Helsinki and remained unchanged in the rest of the country. The number of deals made through real estate agents in December was more than a third more than in December 2019. ⁽⁴⁾ In the company's view, the Finnish business environment is stable in terms of household indebtedness and housing prices, but uncertainty has grown due to the prolongation of the corona pandemic.

In November 2020, total number of loans to households had increased by 3.1% over the previous 12 months, of which the mortgage loan portfolio growth was 3.0%. The volume of corporate loans increased 6.9% in the same period. The volume of households' deposits grew a total of 7.4% over a 12-month period. ⁽⁵⁾

The number of bankruptcies filed in January-December 2020 was 488 fewer than in the previous year, a decrease of 18.6% compared to the previous year. The number of personnel in the companies filing for bankruptcy came to 10,876, i.e. 13.3% less than in the corresponding period in 2019. ⁽⁶⁾ The number of new building permits granted decreased by 11.6% compared with the previous year and was 9.3 million cubic meters. ⁽⁷⁾ The decline in the number of granted building permits has not impacted the company's operations.

1) Bank of Finland, Finland's economy is recovering from a pandemic, but is growing slowly after that. Euro & Economy 6/2020. Published on 15 December 2020.

2) Statistics Finland, Employment deteriorated markedly in December. Published on 28 January 2021.

3) Statistics Finland, Consumer confidence in January is the strongest in more than two years. Published on 27 January 2021.

4) Statistics Finland, Helsinki, Tampere and Turku continued to differentiate between other major cities at the end of the year. Published on 28 January 2021.

5) Bank of Finland, MFI balance sheet (loans and deposits) and interest rates. Housing communities loan stock growth slowest in more than a decade. Published on 7 January 2021.

6) Statistics Finland, The number of bankruptcies decreased by 18.6% in 2020 compared to the previous year. Published on 27 January 2021.

7) Statistics Finland, Cubic volume of granted building permits issued decrease from year-on-year. Published on 26 January 2021.

Impacts of the corona pandemic on business

The company has closely monitored the development of the coronavirus situation and made the necessary changes to its operating models. The guidelines and recommendations of the government and other authorities have been applied to customer service and to the personnel's work. The precautionary measures undertaken are intended to secure the personnel's and customer's well-being and guarantee safe banking. In customer service, remote banking opportunities and guidance for customers were increased. Customers have been encouraged to do their banking using remote channels, if possible.

Due to the corona pandemic, customer requests for grace periods grew significantly in March, but by June demand for grace periods had returned to pre-corona pandemic level. The main part of the grace periods granted in the spring has already expired as customers continue to service loans under normal shortening plans.

In March, the company made a EUR 1.4 million credit loss allowance based on the management's judgement, which predicted growth in credit risk in specific sectors. The sectors were selected based on both their significance and the estimated size of the pandemic's impact. The economic outlook remains uncertain and uncertainty may increase on the financial markets if the corona pandemic takes a turn for the worse in Finland and elsewhere in the world. Due to the still ongoing uncertainty surrounding the corona pandemic, the company increased its loss allowance based on management's judgement by EUR 3 million in December. The loss allowance anticipates the effects of the second wave of the corona pandemic on Oma Savings Bank's credit portfolio and to cover potential credit losses to the extent that the model for calculating expected credit losses is not recognized. The company continues monitoring the situation monthly.

The impacts of the corona pandemic are described in more detail in note 1.

Credit rating and liquidity

Standard & Poor's has confirmed a credit rating of BBB+ for Oma Savings Bank's long-term borrowing in September 2020, as well as a rating of A-2 for short-term borrowing. In May 2020, Standard & Poor's changed the outlook for Oma Savings Bank's long-term credit rating from stable to negative with the change in the BICRA (Banking Industry Country Risk Assessment) rating, which describes the state of the Finnish banking system. In January 2021, Standard & Poor's changed its BICRA rating, and at the same time Oma Savings Bank's credit rating outlook back to stable.

	31 Dec 2020	31 Dec 2019
LCR	184.9%	140.1%
NSFR*	134.6%	124.3%

*As of 30 September 2020, the requirements in accordance with CRR2 regulation have been taken into account for the calculation of the NSFR key figures. The figure for the comparative period has been changed retroactively and corrected on the calculation principles at the same time.

The Group's liquidity coverage ratio (LCR) remained at a good level at 184.9% (140.1%). The bank's LCR was below 100% at March 31, 2020 due to market uncertainty caused by the corona pandemic. The decrease in the LCR level was due to the deferred nature of LCR, but the company's cash reserves did not fall to alarming levels at any point. The ratio returned above the limit as soon as early April and has been stable ever since. The minimum level of LCR is 100%. During March-April, obtaining marked-based financing posed its own challenges, but liquidity

was available all along through the central bank's facilities. Since the summer, markets have recovered closer to pre-corona pandemic levels, although more uncertainty has been observed than previously. The market for certificates of deposit has also partially recovered from the initial uncertainty of the corona pandemic but continues to perform weekly due to the current situation. As a whole, the deposit stock has grown steadily over the course of 2020, keeping the loan-deposit ratio stable.

In September, the company decided to close most of the derivative contracts in the hedge accounting that had protected interest rate risk on fixed-rate liabilities. At the same time, the non-retroactive application of these fair value hedging accounting was discontinued. The impact of the profit related to the closing of derivatives and other items related to the wind-up of derivatives on the result for the period was EUR 1.7 million. The change in the accrued fair value of the hedging item on the balance sheet, EUR 8.4 million, will be recognized in profit or loss as interest income within the original running period of closed derivatives from 2020 to 2024. Derivative contracts terminated during September have contributed to the company's interest rate risk position, so that after derecognition, interest rate sensitivities have increased in both positive and negative shocks. The company constantly monitors interest rate sensitivities and, if necessary, the company is ready to open new hedging positions.

Related party disclosures

Related party is defined as key persons in a leading position at Oma Savings Bank Plc and their family members, subsidiaries, associated companies and joint ventures, joint operations and companies in which a key person in a leading position has control or significant influence, and organisations that have significant influence in Oma Savings Bank Plc. Key persons are members of the Board of Directors, the CEO and deputy to the CEO and the rest of the management team.

Loans and guarantees have been granted with conditions that are applied to similar loans and guarantees granted to customers. More detailed information on related parties is given in note G32 of the 2019 financial statements. No significant changes have occurred in related party transactions after 31 December 2019. More detailed information on the share-based remuneration scheme for the management is given in the accounting principles for the financial statements release.

Financial statements

The corresponding period last year has been used as the year under comparison in income statement items, and the date 31 December 2019 as the comparative period for the balance sheet and capital adequacy. The figures in the financial statements release are unaudited.

Result 10–12 / 2020

The Group's profit before taxes for the fourth quarter was EUR 10.5 (5.6) million and the profit for the period was EUR 9.0 (4.5) million. The cost/income ratio was 41.3 (59.5)%.

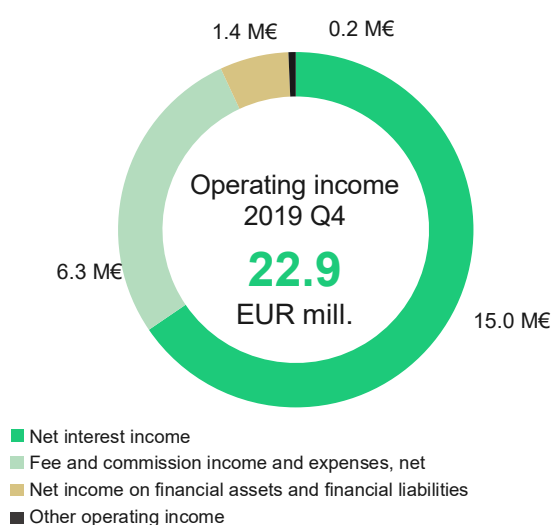
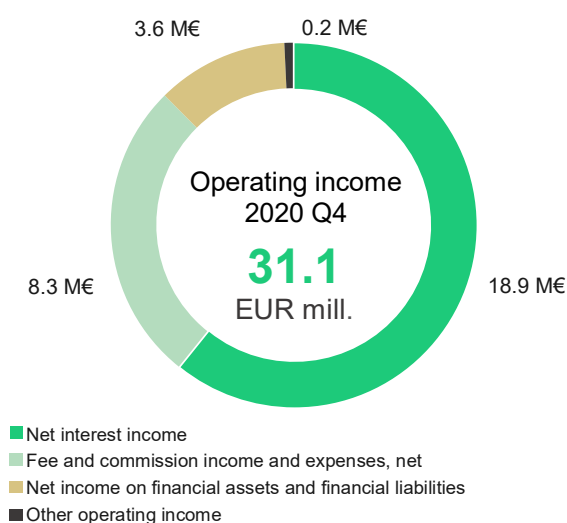
Comparable profit before taxes in the fourth quarter amounted to EUR 6.9 (5.3) million and the comparable cost/income ratio was 46.5 (58.5)%. The comparable profit has been adjusted for the net income on financial assets and liabilities.

Income

Total operating income was EUR 31.1 (22.9) million. Total operating income grew 35.5% year-on-year. Net interest income grew EUR 25.8%, totalling EUR 18.9 (15.0) million. During the review period, interest income grew 22.6%, totalling EUR 20.1 (16.4) million. The growth in interest income can be partly explained by the increase in the loan stock of EUR 488.2 million as of 31 December 2019. During the year, the average margin of the company's loan stock has remained almost unchanged, falling 0.03 percentage.

Interest expenses decreased by 11.8% year-on-year and were EUR 1.2 (1.4) million in the fourth quarter. The change in the interest terms for customer deposits made during March decreased interest expenses. The average interest on deposits paid to the company's customers was 0.01% (0.08%) at the end of the review period.

Fee and commission income and expenses (net) grew by 31.7% to EUR 8.3 (6.3) million. The total amount of fee and commission income was EUR 9.7 (7.6) million.



The commissions from card payments and payment transactions increased 30.2%. The increase is the result of higher customer volumes and the change in the actuarial processing of payment card business fee and commission income. The change in the actuarial processing of payment card business fee and commission income increased fee and commission income and expenses equally, and as a result of the change, the fee and commission income and expenses of the payment card business are at a higher level than before. Fee and commission expenses on cards and payment transactions grew 9.3% on the comparative period. The amount of commission income on lending was EUR 4.4 (3.4) million.

The net income on financial assets and liabilities was EUR 3.6 (1.4) million during the period. The item included valuation gains (net) of EUR 2.1 (0.8) million. The sales profit of shares includes EUR 1.9 million sales profits on the selling of Sb-product and service companies.

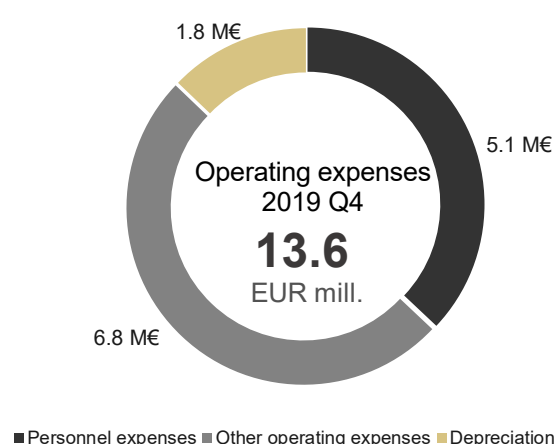
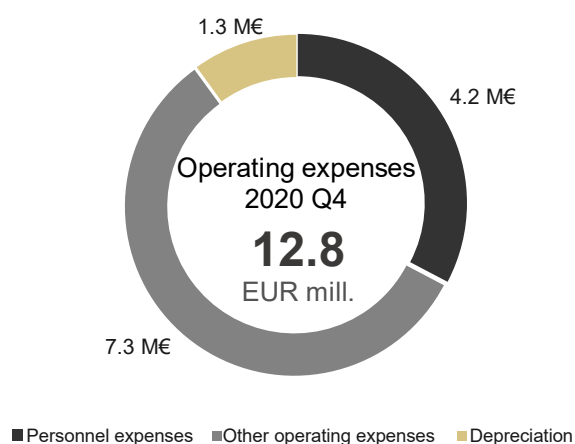
Expenses

Operating expenses decreased 6.5% compared to the previous year's corresponding period. Operating expenses came to a total of EUR 12.8 (13.6) million.

Personnel expenses decreased 17.4%, totalling EUR 4.2 (5.1) million. The figure for the comparison period includes one-off compensation agreed in connection with co-operation negotiations. In the review period, the average number of employees was 300 (289). The number of employees at the end of the period was 298 (279), of which 39 (36) were fixed-term.

Other operating expenses grew 6.9%, to EUR 7.3 (6.8) million. The item includes office, IT, PR and marketing costs and those stemming from the business premises in own use.

Depreciation, amortisation and impairments on tangible and intangible assets were EUR 1.3 (1.8) million.



Impairment losses on financial assets

During the fourth quarter, impairment losses on financial assets (net) were EUR 7.6 (3.6) million.

The net impact of final credit losses during October-December was EUR 4.7 (1.4) million. Credit losses recorded during the period are mostly targeted at corporate customers.

During the fourth quarter, the provision for expected credit losses increased by EUR 2.9 (2.2) million. The amount of expected credit losses was increased by an additional loss allowance based on management's judgement and decreased by realized credit losses.

As a result of the continuation of the corona pandemic and the new spread phase, the company's management has decided to increase the additional loss allowance from EUR 1.4 million to EUR 4.4 million. The effects of the second wave of the pandemic on the economy are difficult to predict and, based on the current situation, there is a delay in getting vaccinations. A total of EUR 2.5 million of the additional loss allowance has been allocated to corporate customers and EUR 1.9 million to private customers. Additional allowances made are targeted to stage 2.

A new definition of insolvency will come into force on 1 January 2021. The purpose of the new definition process is to identify insolvencies more sensitively, among other things, by clarifying the requirements for late payment for those with a delay of more than 90 days and by extending the insolvency to all liabilities of the debtor. The company has estimated that the reform will have an impact on the amount of expected losses during the commissioning phase and the management has decided to record an additional loss allowance of EUR 1.4 million on the total amount of expected credit losses. This additional allowance applies to the liabilities of private customers in stage 3.

Result 1–12 / 2020

The Group's full-year profit before taxes was EUR 37.7 (32.7) million and the profit for the accounting period was EUR 30.7 (27.5) million. The cost/income ratio was 46.6 (54.4)%.

Comparable profit before taxes for the whole year was EUR 26.7 (26.2) million and the comparable cost/income ratio was 51.2 (57.9)%. The comparable profit has been adjusted for the net income on financial assets and liabilities, the sales losses resulting from the sale of real estates in the second quarter, and as well as the one-time income effects from closing of interest rate derivatives.

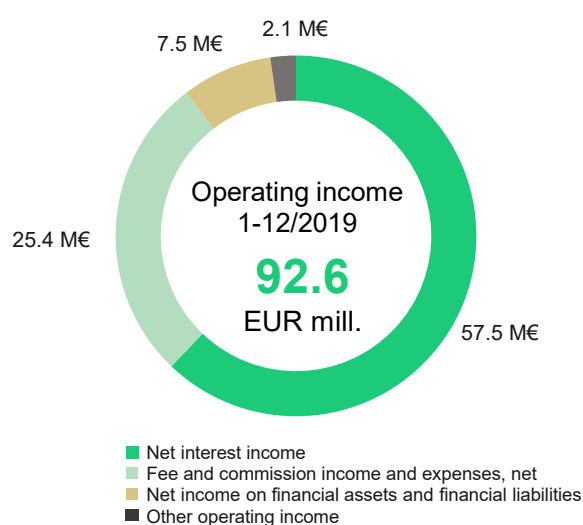
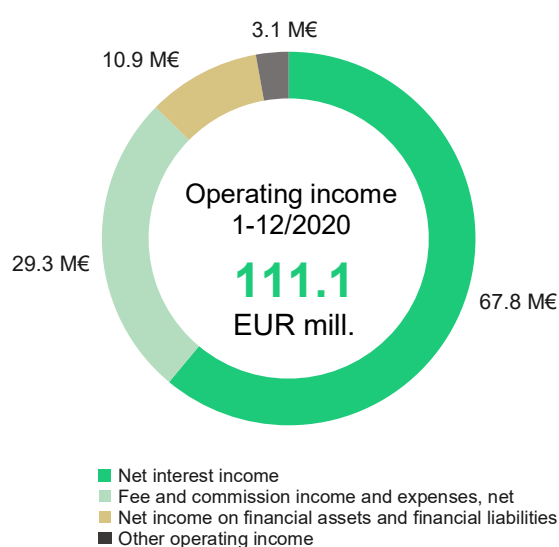
Income

Total operating income was EUR 111.1 (92.6) million, growing by 20.0% year-on-year.

Net interest income grew 17.9%, totalling EUR 67.8 (57.5) million. Interest income grew 14.9%, totalling EUR 72.8 (63.4) million. The growth in interest income can be largely attributed to a growth in loan stock of EUR 488.2 million as of 31 December 2019. During the same period, the average margin of the company's loan stock has remained almost unchanged, falling 0.03 percentage points. In addition, interest income has been recognized from closing of interest rate derivatives.

Interest expenses decreased by 14.3% year-on-year, and were EUR 5.0 (5.8) million. The change in the interest terms for customer deposit made during March 2020 impacted interest expenses full as of the second quarter. The average interest on the deposits paid to the company's customers was 0.01% (0.08%) at the end of the review period.

Fee and commission income and expenses (net) grew by 15.1% to EUR 29.3 (25.4) million. The total amount of fee and commission income was EUR 34.2 (30.0) million.



The commissions from card payments and payment transactions increased 23.1%. The increase is the result of higher customer volumes and the change in the actuarial processing of payment card business fee and commission income. The change in the actuarial processing of payment card business fee and commission income increased fee and commission income and expenses equally, and as a result of the change, the fee and commission and expenses of the payment card business are at a higher level than before. Fee and commission expenses on cards and payment transactions grew 17.5% on the comparative period.

The net income on financial assets and liabilities was EUR 10.9 (7.5) million during the period. Net valuation gains and losses on shares and other equity instruments came to EUR 4,5 (8,6) million. The result in the comparative period is explained by the sales profit and extra dividend on Samlink's shares. The reporting period item includes gains on sales of Sb-product and service companies of EUR 1.9 million. Financial assets valued at fair value through other comprehensive income came to EUR 8.0 (0.0) million. The item consists of sales of bonds belonging to the company's investment portfolio. In February 2020, the company sold some EUR 150 million in investments to reduce the risks of the investment portfolio.

Net income on real estate was EUR -2.4 (-0.8) million. The sales losses included in the item, EUR 1.5 million, are the result of the real estate transactions carried in the second quarter.

Other operating income was EUR 3.1 (2.1) million. The item includes an old over-time recognition for 2020 and a bank tax refund of EUR 1.9 (1.6) million. The refund from the old Deposit Guarantee Fund and bank tax is used to annually offset the contributions to the new Deposit Guarantee Fund and Resolution Fund, so the items have no effect on the result.

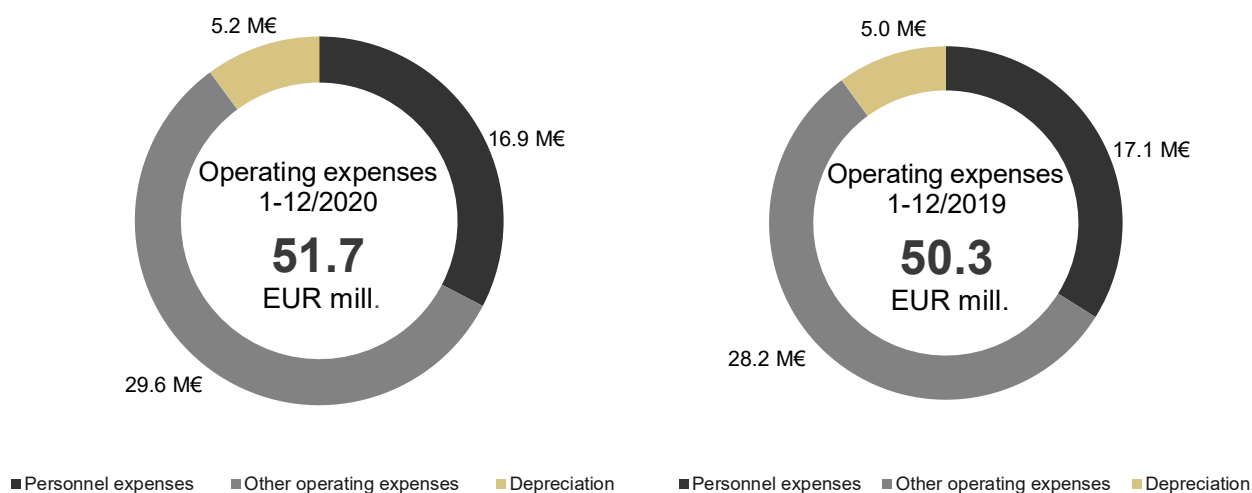
Expenses

Operating expenses grew 2.7% compared to the previous year. Operating expenses came to a total of EUR 51.7 (50.3) million.

Personnel expenses decreased -1.25%, totalling EUR 16.9 (17.1) million. In the review period, the average number of employees was 299 (300).

Other operating expenses grew 4.8%, to EUR 29.6 (28.2) million. The item includes office, IT, PR and marketing costs and those stemming from the business premises in the bank's own use, as well the contributions to the Deposit Guarantee Fund and the Resolution Fund. The item includes sales losses of EUR 0.6 (0.0) million on the sale of premises in own use during the second quarter. ICT costs increased by 9.7% to EUR 13.7 (12,4) million.

Depreciation, amortisation and impairment on tangible and intangible assets were EUR 5.2 (5.0) million.



Impairment losses on financial assets

Impairment losses on financial assets amounted to EUR 21.6 (9.6) million during the year.

Final credit losses during the period amounted to EUR 13.7 (2.8) million. Credit losses recorded during the year are mostly targeted at corporate customers.

The provision for expected credit losses increased by EUR 7.8 (6.8) million. The change in expected credit losses was due in part to the new credit granting during the period, repayments and maturities of existing loans, realized credit losses, changes in credit risk and adjustments based on management's judgement.

During the year, the company has developed the calculation of expected credit losses by taking into account the macro variable in the model. Using a macro variable, the calculation of expected credit losses is better taken into account by forward-looking information. In addition, the company has developed a model for calculating expected credit losses through refinements for collateral calculation and PD coefficients. The impact of the changes to the calculation model amounted to EUR 0.2 million in total.

As a result of the increased uncertainty of the corona pandemic, the company's management has decided to increase the additional loss allowance to EUR 4.4 million. A total of EUR 2.5 million of the additional loss allowance has been allocated to corporate customers and EUR 1.9 million to private customers. Additional allowances made are targeted to stage 2.

A new definition of insolvency will come into force on 1 January 2021. In the future, loans that have had continuous payment delays of 90 days or more will also be classified as non-performing loans. The management of the company has decided to record an additional allowance of EUR 1.4 million in the total amount of expected credit losses. The additional allowance applies to the liabilities of private customers in stage 3.

Balance sheet

The Group's balance sheet total grew during January-December 2020 by 28.3% to EUR 4,382.0 (3,416.5) million.

Loans and other receivables

In total, loans and other receivables grew 16.2% to EUR 3,508.5 (3,020.4) million in January-December. Due to the corona pandemic's impacts, the lending slowed at the start of the second quarter but has moved on from there through the second half of the year strong.

The average size of loans issued over the past 12 months has been approximately EUR 109 thousand.

Loan portfolio by customer group, before the expected credit losses

Credit balance (1,000 euros)	31 Dec 2020	31 Dec 2019
Private customers	2,074,984	1,780,900
Business customers	742,629	641,470
Housing associations	321,913	264,829
Agriculture, forestry, fishing industry	268,141	255,906
Other	52,507	35,457
Total	3,460,174	2,978,562

Derivatives

Hedging interest rate derivatives were offloaded in September and the amount of derivatives on the balance sheet decreased to EUR 0.8 million from EUR 5.6 million in the accounts.

Investment assets

The Group's investment assets grew 60.4% during the period, totalling EUR 529.3 (330.0) million. The growth was made up of investments made in the liquidity portfolio. The primary purpose of managing investment assets is securing the company's liquidity position.

In the fourth quartal, the company sold share holdings of products and services companies belonging to the Sb-group for a total of EUR 17.1 million.

Towards the end of the year, the company invested in City Kauppapaikat Oy, of which the company has 42.1% ownership and Koy Sofiantupa, of which the company has 100% ownership. The total value of the investments is EUR 21.7 million.

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 period by 24.2% to EUR 2,600.3 (2,093.6) million.

The item consists mostly of deposits received from the public, which came to EUR 2,376.7 (1,999.4) million at the end of December. Liabilities to the credit institutions grew during the period, from EUR 88.0 million to EUR 223.5 million. The company took part in the European Central Bank's TLTRO operation in June. The size of the loan is EUR 150 million.

Debt securities issued to the public

Total debt securities issued to the public grew during the period by 43.5% to EUR 1,346.8 (938.3) million. The company has issued three bonds during 2020. In April and November, EUR 250 million bonds were issued and a EUR 55 million unsecured senior bond in June. All issues took place under the EUR 1.5 billion bond programme. The debt securities issued to the public are shown in more detail in note 8.

Covered bonds are secured by loans to the value of EUR 1,500.1 (875.0) million.

Equity

Group equity grew in January-December by 10.5% to EUR 353.5 (319.9) million. The growth mainly results from the profit for the accounting period.

The fair value reserve increased by EUR 2.3 million.

Own shares

On 31 December 2020 the number of own shares held by Oma Savings Bank was 11,700. All of the purchase took place during 2018 and concerned shares subscribed in connection with the 2017 personnel offering. The redemptions took place in connection with the ending of employment contracts.

Share capital	31 Dec 2020	31 Dec 2019
Average number of shares (excluding own shares)	29,585,000	29,585,000
Number of shares at the end of the year (excluding own shares)	29,585,000	29,585,000
Number of own shares	11,700	11,700
Share capital (1,000 euros)	24,000	24,000

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 26.1 (22.0) million, were mostly made up of bank guarantees and other guarantees. Irrevocable commitments given to a customer, which totalled EUR 263.7 (190.5) million at the end of December, consisted mainly of undrawn credit facilities.

Resolutions of the Annual

Oma Savings Bank Plc's Annual General Meeting was held on 15 June 2020. The Annual General Meeting approved the company's 2019 financial statements, which include the consolidated financial statements, and discharged the members of the company's Board of Directors and the CEO from liability for the 2019 financial period.

In accordance with the Board's proposal, the AGM decided to authorize the Board to decide on the payment of a dividend of up to 0.19 EURO per share for the financial year 2019 in one or more instalments no earlier than 1 October 2020. The authorization granted is valid until the annual general meeting of 2021. In addition, the Board of Directors was authorized to decide the record date and date of payment for possible dividend, which the company will inform separately.

In accordance with the proposal of the Nomination Committee, the AGM decided that the members of the Board shall be paid the following annual remuneration for the period ending at the AGM in 2021: EUR 50,000 per year to the Chairman, EUR 37,500 per year to the Vice Chairman and for other members EUR 25,000 per year. In addition, the meeting fees of EUR 1,000 for each board meeting and EUR 500 for each committee meeting will be paid. A meeting fee of EUR 500 will be paid for the remote meeting.

A condition for obtaining and paying a fixed annual fee is that the Board Member commits to purchase Oma Savings Bank Plc shares amounting to 40% of the fixed annual remuneration on the regulated market (Nasdaq Helsinki Ltd) at a price determined by trading. A member of the Board of Directors shall not transfer the shares awarded as annual remuneration until the membership in the Board has expired.

The number of members of the Board of Directors was confirmed to be seven. Aila Hemminki, Aki Jaskari, Timo Kokkala, Heli Korpinen, Jyrki Mäkynen, Jarmo Salmi and Jaana Sandström were re-elected as members of the Board for a term ending at the end of the 2021 AGM.

KPMG Oy Ab, a firm of authorized public accountants, was re-elected as auditor and M.Sc (Econ.), APA Fredrik Westerholm as responsible auditor for a term ending at the 2021 AGM. The auditor's remuneration is paid against an invoice approved by the company.

The AGM decided, in accordance with the Board of Directors' proposal, to authorize the Board of Directors to resolve on the issuance of shares or transfer of the company's shares and the issuance of special rights entitled to shares as referred to in Chapter 10 (1) of the Companies Act, subject to the following conditions:

- Shares and special rights may be given or disposed of in one or more instalments, either for a fee or free of charge.
- The total number of shares to be issued under the authorization, including shares acquired on the basis of special rights, cannot exceed 5,000,000 shares, which corresponds to approximately 17 per cent of the company's total shares on the day of the AGM.
- The Board of Directors decides on all terms and conditions related to the issuance of shares. The authorization concerns both the issuance of new shares and the transfer of own shares.
- The authorization is valid until the end of the next AGM, but not later than June 30, 2021. The authorization revokes previous authorizations given by the AGM to decide on a share issue, as well as the option rights and the issuance of special rights entitling to shares.

The AGM decided, in accordance with the Board of Directors' proposal, to authorize the Board of Directors to decide on the repurchase of the company's own shares with funds belonging to the company's free equity under the following conditions: Maximum number of 500,000 own shares may be repurchased, which corresponds to approximately 1.7% of the company's total shares, depending on the situation on the date of the notice of the meeting, but the number of own shares held in the company does not exceed 10% of the total shares of the company at any time. This amount includes the own shares held by the company itself and its subsidiaries within the meaning of Chapter 15, Section 11 (1) of the

Finnish Limited Liability Companies Act. The Board of Directors is authorized to decide how to acquire own shares. The authorization is valid until the closing of the next AGM, but not later than June 30, 2021.

Progress of the core banking platform project and other key IT projects

In early 2019, Oma Savings Bank started up a modernization project involving the core banking platform. The new core banking platform is based on Temenos technology and is supplied by Oy Samlink Ab. The project is proceeding according to plan. The delivery of the core banking platform will cost Oma Savings Bank about EUR 20 million and at the end of December, the capitalized investment cost for the project came to altogether EUR 4.1 million. The company is still expecting the project schedule to be specified in the early year.

Alongside the renewal of the core banking platform, the company launched a project to develop functions to prevent money laundering and terrorist financing. In addition, the company launched a development project related to developing a data warehouse and data analytics solutions.

Significant events after the period

In accordance with the meeting held on 28 January 2021, the Shareholders' Nomination Committee proposes to the AGM on 30 March 2021, that the number of members of the Board of Directors is proposed to be further confirmed at seven. The Shareholders' Nomination Committee proposes that the current Board members Aila Hemminki, Aki Jaskari, Timo Kokkala, Jyrki Mäkynen, Jarmo Salmi and Jaana Sandström to be re-elected as members of the Board of Directors and as a new member Jarmo Partanen.

On January 28, 2021, the company's Board of Directors decided to distribute the dividend for the financial year 2019. The Board of Directors has taken into account the

recommendations of the FIN-FSA Financial Supervisory Authority and decided to distribute a dividend of EUR 0.13 per share entitling to dividend for the financial year from January 1 to December 31, 2019, amounting to EUR 3.8 million. In its decision, the Board of Directors has estimated that company's capital adequacy position is stable, and the company has been prepared for an exceptionally uncertain financial situation with an additional loss allowance, among other things. The dividend payment does not jeopardize the company's financial position or any other of its risk position. The record date for the dividend payable is February 1, 2021, and the payment date is February 8, 2021.

In January 2021, Standard & Poor's changed the outlook for Oma Savings Bank's long-term credit rating from negative to stable with the update of the BICRA (Banking Industry Country Risk Assessment), which describes the state of the Finnish banking system.

In year 2020, the company agreed with the Savings Bank Group on a share transaction in which the company sold all its shares of Nooa Savings Bank Ltd, Sb Life Insurance Ltd, Sb-Fund Management Company Ltd, Säästöpankkien Holding Oy and Central Bank of Savings Banks Finland Plc to Savings Bank Group. The deal included 73,414pc of Nooa Savings Bank Ltd shares, of which 4,840 shares are still subject to ECB approval. Regulatory approval was obtained, and the transaction was completed in January 2021.

Other events following the end of the reporting period that would require the presentation of additional information or that would materially affect the company's financial position are unknown.

Financial goals

Oma Savings Bank's Board of Directors has approved the following financial goals:

Growth: 10–15% annual growth in total operating income under the current market conditions

Profitability: Cost/income ratio less than 55%

Return on equity (ROE): Long-term return on equity (ROE) over 10%

Capital adequacy: Common Equity Tier 1 (CET1) capital ratio at least 14%.

Financial Reporting in 2021

The company will publish financial information in 2021 as follows:

3 May 2021 Interim Report January-March 2021

2 August 2021 Interim Report January-June 2021

1 November 2021 Interim Report January-September 2021

Annual Report 2020 including the Financial Statements and the Report of Board of Directors, and the Capital and Risk Management Report will be published in Week 10. The Corporate Governance Statement, the Remuneration Report and the Corporate Responsibility Report for 2020 will also be published in Week 10.

The Annual General Meeting

The Annual General Meeting of Oma Savings Bank Plc is planned to be held on Tuesday 30 March in 2021. The Board of Directors will convene the Annual General Meeting separately.

Outlook for the 2021 accounting period

The company's business volumes will continue strong growth FY2021 despite exceptionally uncertain economic environment. 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 opening of new units.

Oma Savings Bank provides earnings guidance on the profit before taxes as well as comparable profit before taxes. A verbal description is used to make a comparison with the comparative 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.

The company estimates that profitable growth will continue to be strong despite overall economic uncertainty and the group's 2021 profit before taxes and comparable profit before taxes will grow compared to the previous accounting period.

Board of Directors' proposal for the distribution of profit

The Board of Directors proposes that, based on the financial statements to be approved for 2020, a dividend of EUR 0.24 be paid from the parent company's distributable profits for each share entitling the shareholder to dividend for 2020. The Board's proposal complies with the company's dividend policy. In addition, the Board of Directors proposes to pay a dividend of EUR 0.06 on each share entitling to a dividend for 2020 in respect of dividends not paid for 2019 due to the authority's profit-sharing restrictions. Dividends will be paid upon completion of the authority's profit-sharing restrictions. All of shares outstanding on the dividend record date are entitled to a dividend for 2020. The dividend record and payment date shall be communicated separately. No significant changes took place in the company's financial position after the end of the accounting period. The company's liquidity is good, and the proposed profit distribution does not compromise the company's liquidity according to the Board of Directors' insight.

Capital adequacy

The total capital ratio (TC) ratio of the Oma Savings Bank Group remained strong and was 16.2 (17.3)% at the end of the period. The Common Equity Tier 1 capital (CET1) ratio was 15.9 (16.8)% exceeding the minimum level for the financial goals approved by the Board of Directors (14%). Risk-weighted assets grew 14.2% to EUR 2,037.4 (1,783.6) million. Risk-weighted assets grew most significantly due to the growth in the loan portfolio for private and corporate customers. The selling of reserve investments in the first quarter and the share transaction with the Savings Bank Group diminished risk-weighted assets in the fourth quarter. The capital requirement for credit risk is calculated using standardized approach and for operational risk using the basic indicator approach. The basic method is applied when calculating the capital requirement for market risk for the foreign exchange position.

At the end of the review period, the capital structure of Oma Savings Bank Group was strong, consisting mostly of Common Equity Tier 1 capital (CET1). The Group's own funds (TC) increased by EUR 21.6 to 330.3 (308.6) million when the capital requirement for the bank's own funds was EUR 244.6 (205.3) million. The increase in own funds was most significantly the result of the profit for the accounting period. The retained earnings for the 2020 accounting period are included in the Common Equity Tier 1 capital on the basis of permission granted by the Finnish Financial Supervisory Authority (FIN-FSA). Tier 1 capital (T1) was EUR 324.0 (299.4) million, consisting entirely of Common Equity Tier 1 capital (CET1). Tier 2 capital (T2) was EUR 6.3 (9.3) million, consisting of debenture loans. The leverage ratio was 7.3 (8.6)% at the end of the period.

The main items in the capital adequacy calculation (1,000 euros)	31 Dec 2020	31 Dec 2019
Common Equity Tier 1 capital before regulatory adjustments	336,252	309,553
Regulatory adjustments on Common Equity Tier 1	-12,243	-10,184
Common Equity Tier 1 (CET1) capital, total	324,009	299,369
Additional Tier 1 capital before regulatory adjustments	-	-
Regulatory adjustments on additional Tier 1 capital	-	-
Additional Tier 1 (AT1) capital, total	-	-
Tier 1 capital (T1 = CET1 + AT1), total	324,009	299,369
Tier 2 capital before regulatory adjustments	6,260	9,266
Regulatory adjustments on Tier 2 capital	-	-
Tier 2 (T2) capital, total	6,260	9,266
Total capital (TC = T1 + T2) / Total own funds	330,268	308,635
Risk-weighted assets		
Credit and counterparty risk, standardised approach	1,854,561	1,620,817
Credit valuation adjustment risk (CVA)	2,329	8,913
Market risk (foreign exchange risk)	7,986	6,598
Operational risk, basic indicator approach	172,536	147,320
Risk-weighted assets, total	2,037,412	1,783,648
Common Equity Tier 1 (CET1) capital ratio, %	15.90%	16.78%
Tier 1 (T1) capital ratio, %	15.90%	16.78%
Total capital (TC) ratio, %	16.21%	17.30%
Leverage ratio (1,000 euros)	31 Dec 2020	31 Dec 2019
Tier 1 capital	324,009	299,369
Total amount of exposures	4,466,075	3,482,083
Leverage ratio	7.25%	8.60%

The total capital requirement for banks' own funds consists of the Pillar I minimum capital requirement (8.0%) and various buffer requirements. Buffer requirements include, inter alia, the capital conservation buffer set by the Credit Institution Act (2.5%), the discretionary SREP requirement according to Pillar II, the countercyclical buffer requirement, and the systematic risk buffer.

In December 2019, the Finnish Financial Supervisory Authority (FIN-FSA) imposed on Oma Savings Bank Plc the first supervisory review and evaluation process (SREP) requirement of 1.5% based on the supervisory authority's assessment. The requirement entered into

force starting on 30 June 2020 and is valid until further notice, however not later than 30 June 2023. The requirement shall be covered by the Common Equity tier 1 capital. FIN-FSA decides on the countercyclical buffer requirement quarterly, and a countercyclical buffer requirement has thus far not been imposed on Finnish credit institutions. As the corona pandemic significantly weakens the global economic cyclical outlook and the operating conditions of the financial sector, FIN-FSA decided on 6 April 2020 on the removal of the systematic risk buffer requirement for all credit institutions. The decision became effective immediately.

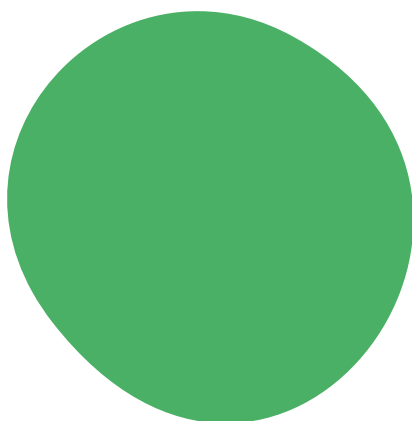
Group's total capital requirement
31 Dec 2020
(1,000 euros)

Buffer requirements

Capital	Pillar I minimum capital requirement*	Pillar II (SREP) capital requirement	Capital conservation buffer	Countercyclical buffer**	O-SII	Systemic risk buffer	Total capital requirement	
CET1	4.50%	1.50%	2.50%	0.00%	0.00%	0.00%	8.50%	173,242
AT1	1.50%						1.50%	30,561
T2	2.00%						2.00%	40,748
Total	8.00%	1.50%	2.50%	0.00%	0.00%	0.00%	12.00%	244,551

* AT1 and T2 capital requirements are possible to fill with CET1 capital

**Taking into account the geographical distribution of the Group's exposures.



The Group will publish information on capital adequacy and risk management compliant with Pillar III in its Capital and Risk Management Report. The document will be released as a separate report in connection with the Annual Report and it provides a more detailed description of Oma Savings Bank Group's capital adequacy and risk position. The substantial information in accordance with Pillar II will be published as a separate report alongside the Half-Year Financial Report.

Tables and notes to the financial statements

Consolidated condensed income statement

Note (1,000 euros)	1-12/2020	1-12/2019	2020 Q4	2019 Q4
Interest income	72,813	63,351	20,109	16,401
Interest expenses	-4,993	-5,828	-1,219	-1,381
9 Net interest income	67,819	57,522	18,890	15,020
Fee and commission income	34,248	29,981	9,684	7,590
Fee and commission expenses	-4,991	-4,567	-1,352	-1,262
10 Fee and commission income and expenses, net	29,257	25,414	8,332	6,327
11 Net income on financial assets and financial liabilities	10,866	7,518	3,631	1,438
Other operating income	3,130	2,118	231	152
Total operating income	111,073	92,573	31,084	22,937
Personnel expenses	-16,866	-17,070	-4,172	-5,051
Other operating expenses	-29,598	-28,191	-7,308	-6,838
Depreciation, amortisations and impairment losses on tangible and intangible assets	-5,213	-5,048	-1,278	-1,752
Total operating expenses	-51,676	-50,309	-12,758	-13,641
12 Impairment losses on financial assets, net	-21,587	-9,567	-7,602	-3,644
Share of profit of equity accounted entities	-103	-13	-183	-6
Profit before taxes	37,707	32,684	10,541	5,646
Income taxes	-7,054	-5,231	-1,515	-1,119
Profit for the accounting period	30,653	27,453	9,027	4,527
Of which:				
Shareholders of Oma Savings Bank Plc	30,824	27,579	9,125	4,616
Non-controlling interest	-171	-126	-99	-90
Total	30,653	27,453	9,027	4,527
Earnings per share (EPS), EUR	1.04	0.93	0.31	0.16
Earnings per share (EPS) after dilution, EUR *	1.04	-	0.31	-

* Calculated as of 1 January 2020

Profit before taxes excluding items affecting comparability

(1,000 euros)	1-12/2020	1-12/2019	2020 Q4	2019 Q4
Profit before taxes	37,707	32,684	10,541	5,646
Operating income:				
Net income on financial assets and liabilities	-10,866	-7,518	-3,631	-1,438
One-time income related to closing of derivatives	-912	-	-	-
Operating expenses				
Sales loss of commercial premises in own use	800	-	-	-
Expenses from the co-operation negotiations	-	1,062	-	1,062
Comparable profit before taxes	26,729	26,228	6,910	5,270
Income taxes in income statement	-7,054	-5,231	-1,515	-1,119
Change of deferred taxes	2,196	1,291	726	75
Comparable profit/loss for the accounting period	21,871	22,288	6,122	4,226

*Net income from financial assets and liabilities includes impact of closing of derivatives EUR 0.8 million.

Consolidated condensed statement of comprehensive income

(1,000 euros)	1-12/2020	1-12/2019	2020 Q4	2019 Q4
Profit for the accounting period	30,653	27,453	9,027	4,527
Other comprehensive income before taxes				
Items that will not be reclassified through profit or loss				
Gains and losses on remeasurements from defined benefit pension plans	-	-53	-	15
Items that may later be reclassified through profit or loss				
Measured at fair value	10,862	7,778	1,392	-3,458
Transferred to Income Statement as a reclassification change	-8,005	120	-	-
Other comprehensive income before taxes	2,857	7,844	1,392	-3,444
Income taxes				
For items that will not be reclassified to profit or loss				
Gains and losses on remeasurements from defined benefit pension plans	-	11	-	-3
Items that may later be reclassified to profit or loss				
Measured at fair value	-571	-1,580	-278	692
Income taxes	-571	-1,569	-278	689
Other comprehensive income for the accounting period after	2,286	6,276	1,114	-2,755
Comprehensive income for the accounting period	32,939	33,729	10,140	1,772
Attributable to:				
Shareholders of Oma Savings Bank Plc	33,110	33,855	10,239	1,862
Non-controlling interest	-171	-126	-99	-90
Total	32,939	33,729	10,140	1,772

Consolidated condensed balance sheet

Note	Assets (1,000 euros)	31 Dec 2020	31 Dec 2019
	Cash and cash equivalents	262,087	6,626
4	Loans and advances to credit institutions	74,206	60,005
4	Loans and advances to the public and public sector entities	3,434,315	2,960,356
5	Financial derivatives	796	5,634
6	Investment assets	529,305	329,977
	Equity accounted entities	23,787	5,666
	Intangible assets	11,180	9,259
	Tangible assets	29,698	25,325
	Other assets	12,749	11,827
	Deferred tax assets	3,875	1,814
	Current income tax assets	-	41
	Total assets	4,381,999	3,416,530

Note	Liabilities (1,000 euros)	31 Dec 2020	31 Dec 2019
7	Liabilities to credit institutions	223,510	88,045
7	Liabilities to the public and public sector entities	2,376,743	2,005,573
8	Debt securities issued to the public	1,346,815	938,348
	Subordinated liabilities	15,500	15,500
	Provisions and other liabilities	34,188	24,622
	Deferred tax liabilities	27,948	24,578
	Current income tax liabilities	3,803	-
	Total liabilities	4,028,506	3,096,665

Equity	31 Dec 2020	31 Dec 2019
Share capital	24,000	24,000
Reserves	148,348	145,934
Retained earnings	180,717	149,332
Shareholders of Oma Savings Bank Plc	353,066	319,266
Shareholders of Oma Savings Bank Plc	353,066	319,266
Non-controlling interest	427	598
Equity, total	353,493	319,865
Total liabilities and equity	4,381,999	3,416,530

Group's off-balance sheet commitments (1,000 euros)	31 Dec 2020	31 Dec 2019
Off-balance sheet commitments		
Guarantees and pledges	25,976	21,781
Other commitments given to a third party	154	266
Commitments given to a third party on behalf of a customer	26,130	22,047
Undrawn credit facilities	263,736	190,478
Irrevocable commitments given in favour of a customer	263,736	190,478
Group's off-balance sheet commitments, total	289,867	212,525

Consolidated statement of changes in equity

(1,000 euros)

						Shareholders of Oma Savings Bank Plc	Non- controlling interest	
31 Dec 2020	Share capital	Fair value reserve	Other reserves	Reserves, total	Retained earnings			Equity, total
Equity, January 1	24,000	8,538	137,396	145,934	149,332	319,266	598	319,865
Comprehensive income								
Profit for the accounting	-	-	-	-	30,824	30,824	-171	30,653
Other comprehensive income	-	2,286	-	2,286	-	2,286	-	2,286
Total comprehensive income	-	2,286	-	2,286	30,824	33,110	-171	32,939
Transactions with owners								
Distribution of dividends	-	-	-	-	-	-	-	-
Share-based incentive scheme	-	-	-	-	555	555	-	555
Other changes	-	-	134	134	-	134	-	134
Transactions with owners, total	-	-	134	134	555	689	-	689
Equity total, December 31	24,000	10,824	137,530	148,354	180,712	353,066	427	353,493

						Shareholders of Oma Savings Bank Plc	Non- controlling interest	
31 Dec 2019	Share capital	Fair value reserve	Other reserves	Reserves, total	Retained earnings			Equity, total
Equity, 1 January	24,000	2,220	137,396	139,616	125,964	289,580	750	290,330
Comprehensive income								
Profit for the accounting	-	-	-	-	27,579	27,579	-126	27,453
Other comprehensive income	-	6,318	-	6,318	-43	6,276	-	6,276
Total comprehensive income	-	6,318	-	6,318	27,537	33,855	-126	33,729
Transactions with owners								
Distribution of dividends	-	-	-	-	-4,168	-4,168	-26	-4,194
Other changes	-	-	-	-	-	-	-	-
Transactions with owners, total	-	-	-	-	-4,168	-4,168	-26	-4,194
Equity total, December 31	24,000	8,538	137,396	145,934	149,332	319,266	598	319,865

Consolidated condensed cash flow statement

(1,000 euros)

1-12/2020 1-12/2019

Cash flow from operating activities		
Profit/loss for the accounting period	30,653	27,453
Changes in fair value	-114	59
Share of profit of equity accounted entities	103	13
Depreciation and impairment losses on investment properties	711	560
Depreciation, amortisation and impairment losses on tangible and intangible assets	5,213	5,047
Gains and losses on sales of tangible and intangible assets	2,061	80
Impairment and expected credit losses	21,587	9,567
Income taxes	7,054	5,231
Other adjustments	548	-4,011
Adjustments to the profit/loss of the accounting period	37,163	16,548
Cash flow from operations before changes in receivables and	67,817	44,001
Increase (-) or decrease (+) in operating assets		
Debt securities	-228,013	-32,089
Loans and advances to credit institutions	-8,556	3,205
Loans and advances to customers	-503,352	-444,559
Derivatives and hedge accounting	-13	100
Investment assets	26,513	-17,883
Other assets	-1,008	449
Total	-714,429	-490,777
Increase (+) or decrease (-) in operating liabilities		
Liabilities to credit institutions	135,465	-1,749
Deposits	376,881	243,143
Provisions and other liabilities	7,109	4,004
Total	519,455	245,399
Paid income taxes	-2,473	-2,543
Total cash flow from operating activities	-129,630	-203,921
Cash flow from investments		
Investments in tangible and intangible assets	-12,064	-12,769
Proceeds from sales of tangible and intangible assets	5,468	470
Acquisition of associated companies and joint ventures	-18,303	-
Changes in other investments	9,752	1,217
Total cash flow from investments	-15,147	-11,082
Cash flows from financing activities		
Other cash increases in equity items	123	-
Subordinated liabilities, changes	-	-9,700
Debt securities issued to the public	407,419	222,600
Payments of lease liabilities	-1,659	-1,220
Dividends paid	-	-4,194
Total cash flows from financing activities	405,882	207,486
Net change in cash and cash equivalents	261,106	-7,517
Cash and cash equivalents at the beginning of the accounting	51,888	59,405
Cash and cash equivalents at the end of the accounting period	312,994	51,888
Cash and cash equivalents are formed by the following items		
Cash and cash equivalents	262,087	6,626
Receivables from credit institutions repayable on demand	50,907	45,262
Total	312,994	51,888
Received interest	81,646	64,550
Paid interest	-5,357	-5,724
Dividends received	199	1,393

Consolidated condensed income statement, quarterly trend

Note	(1 000 euros)	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4
	Interest income	20,109	18,729	17,127	16,848	16,401
	Interest expenses	-1,219	-1,190	-1,242	-1,343	-1,381
9	Net interest income	18,890	17,539	15,886	15,505	15,020
	Fee and commission income	9,684	8,314	8,687	7,562	7,590
	Fee and commission expenses	-1,352	-1,431	-1,360	-848	-1,262
10	Fee and commission income and expenses, net	8,332	6,883	7,328	6,714	6,327
11	Net income on financial assets and financial liabilities	3,631	1,723	-20	5,532	1,438
	Other operating income	231	241	431	2,227	152
	Total operating income	31,084	26,386	23,625	29,978	22,937
	Personnel expenses	-4,172	-4,140	-4,677	-3,876	-5,051
	Other operating expenses	-7,308	-5,903	-7,129	-9,258	-6,838
	Depreciation, amortisations and impairment losses on tangible and intangible assets	-1,278	-1,351	-1,485	-1,099	-1,752
	Total operating expenses	-12,758	-11,394	-13,291	-14,233	-13,641
12	Impairment losses on financial assets, net	-7,602	-1,531	-3,922	-8,531	-3,644
	Share of profit from joint ventures and associated companies	-183	27	45	7	-6
	Profit before taxes	10,541	13,488	6,457	7,222	5,646
	Income taxes	-1,515	-2,965	-1,213	-1,362	-1,119
	Profit for the accounting period	9,027	10,523	5,244	5,860	4,527
	Of which:					
	Shareholders of Oma Savings Bank Plc	9,125	10,530	5,272	5,897	4,616
	Non-controlling interest	-99	-7	-28	-37	-90
	Total	9,027	10,523	5,244	5,860	4,527
	Earnings per share (EPS), EUR	0.31	0.36	0.18	0.20	0.16
	Earnings per share (EPS) after dilution, EUR *	0.31	0.36	0.18	0.20	-

* Calculated as of 1 January 2020.

Profit before taxes excluding items affecting comparability:	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4
Profit before taxes	10,541	13,488	6,457	7,222	5,646
Operating income:					
Net income on financial assets and liabilities	-3,631	-1,723	20	-5,532	-1,438
One-time income related to closing of derivatives	-	-912	-	-	-
Operating expenses					
Sales loss of commercial premises in own use	-	-	800	-	-
Expenses from the co-operation negotiations	-	-	-	-	1,062
Comparable profit before taxes	6,910	10,853	7,276	1,690	5,270
Income taxes in income statement	-1,515	-2,965	-1,213	-1,362	-1,119
Change of deferred taxes	726	527	-164	1,106	75
Comparable profit/loss for the accounting period	6,122	8,415	5,899	1,435	4,226

Note 1 Impacts of the corona pandemic on the risk position

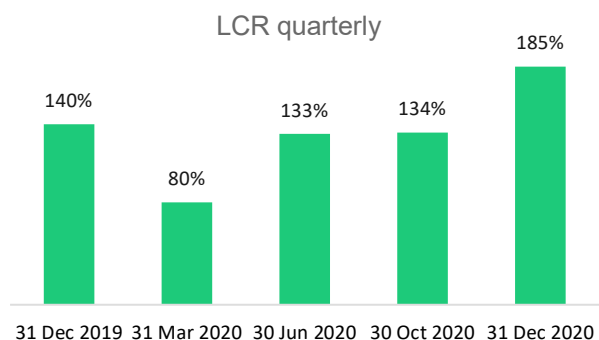
Liquidity risk

At the start of the pandemic, the company's liquidity was stable. During the corona pandemic, the company has closely monitored the changes occurring in liquidity risk. At the end of March, the company was unable to renew its financing as planned, as a result of which the LCR (Liquidity Coverage Ratio) fell below the 100% requirement level. However, the company was able to issue the bond as early as the beginning of April as the market stabilized and as a result, the company's liquidity rose again to a strong level. The decline in the LCR level is due to the imputed nature of LCR, but the company's cash and cash equivalents did not fall to an alarming level at any point. During March-April, obtaining market-based funding posed its own challenges, but liquidity was constantly available through central bank facilities. Since the summer, the market has recovered closer to pre-pandemic levels, although uncertainty is more pronounced. The market for certificates of deposits has also partially recovered from the initial uncertainty of the corona pandemic but continues to perform weakly due to the current situation. In November, the company issued a new covered bond at a longer maturity than previous issues, as well as a lower price. Despite the tighter terms, demand for the loan was higher than in any previous issue.

The management of Oma Savings Bank's liquidity risk is based on the company's ability to procure sufficient cash that is competitive in price in both the short and long term. A key component of liquidity risk management is the planning of the liquidity position in both the short and long term. Additionally, by planning the liquidity reserve, the bank can prepare for weakening economic trends on the markets and for any changes to legislation. The goal of the company's liquidity reserve is to cover one month's outflows. Liquidity risk management is supported by active risk management, monitoring of the balance sheet and cash flows and internal calculation models. The company's liquidity is monitored daily by the company's Treasury unit. The main objective of the Treasury unit is to

ensure that the liquidity position always remains above the regulated and internally set threshold values. The unit monitors and measures the amount of incoming and outgoing cash flows and assesses the possible occurrence of liquidity shortfalls over the course of the day.

The Group's liquidity ratio (LCR), which describes short-term liquidity, was 184.9% on 31 December 2020. The company's liquidity strengthened with the issuance of spring and autumn bonds and the company's participation in the European Central Bank's TLTRO operation in June. In addition, the company's deposit portfolio grew steadily during 2020, keeping the credit-deposit ratio stable. New lending slowed at the beginning of the second quarter but has gone on from there strong. No bonds are maturing in year 2021.



1. Credit risk

Credit risk refers to the possibility that a counterparty fails to meet its obligations in accordance with agreed terms and conditions. Oma Savings Bank's credit risk primarily consists of exposures secured by immovable property, retail exposures and corporate loans. The goal of credit risk management is to limit the profit and loss and capital adequacy effects of risks resulting from customer exposures to an acceptable level. Credit risk management and procedures have been described in note G1 of the 2019 financial statements.

2.1 Loan relief granted by the bank

Due to the corona pandemic, requests by customers for grace periods grew significantly between March and April. By mid-June the demand for grace periods had returned to the pre-pandemic level. The number of grace periods granted during the third quarter was normal level. Most of the shortening leave granted in the spring has already expired as customers continue to service loans under normal shortening plans. At the end of the financial year, the total grace periods of the loans from the entire loan stock amounted to EUR 346.5 million. All grace periods in force at the end of the financial year, regardless of the reason or start date, have been included in the capital.

2.2 Allowances based on the management's judgement

The company's loan portfolio has grown strongly during the third quarter and, despite the corona pandemic, the quality of its loan portfolio has improved. However, the pandemic is in a re-acceleration phase that could weaken the quality of the loan portfolio in the future.

The company recognised a EUR 1.4 million credit loss allowance based on the management's judgement during Q1, which predicted growth in credit risk in specific sectors. The sectors were selected based on both their significance and the estimated size of the pandemic's impact. The situation of customers in those selected sectors has not weakened during the quarter. The company has intensified its monitoring of the credit risk situation and its development based on credit risk management methods during the coronavirus pandemic. Customers, especially the problematic accounts, have

been monitored intensively during the pandemic. The economic outlook is still uncertain, and uncertainty may increase on the financial markets if the corona pandemic takes a turn for the worse in Finland and elsewhere in the world. Due to the still ongoing uncertainty surrounding the corona pandemic, the company increased its loss allowance based on management judgement by EUR 3 million in December. The loss allowance anticipates the effects of the second wave of the corona pandemic on Oma Savings Bank's credit base and to cover potential bad debts to the extent that the model for calculating expected bad loans is not recognized. The company continues to evaluate the situation on a monthly basis.

2.3 Distribution by risk class

The bank classifies its customers into risk classes based on information available on the counterparty. External credit rating data or an internal assessment is used for credit rating. Monitoring is continuous and can lead to a transfer from one risk class to another.

In lending, a risk concentration is born or can be born, for example when the loan portfolio includes large amounts of loans and other liabilities

- to a single counterparty
- to groups that are made up of individual counterparties or entities tied to them
- to specific sectors
- against specific collateral
- whose maturity is the same or
- whose product/instrument is the same

Distribution of financial assets by risk class and credit risk concentrations

Risk rating 1: Customers with an A level rating in the bank's internal credit rating system and external credit ratings of AAA–Baa3 are considered to be low risk items.

Risk rating 2: Customers with a B level rating in the bank's internal credit rating system and external credit ratings of Ba1–Ba3 are considered to be medium risk items.

Risk rating 3: Customers with a C level rating in the bank's internal credit rating system and external credit ratings of B1–Caa3 are considered to be higher risk items.

Risk rating 4: Customers with a D level rating in the bank's internal credit rating system and external credit ratings of Ca–bankruptcy are considered to be higher risk items.

The 'No rating' item includes loans and debt securities for which the bank has not defined credit ratings or for which there are no external credit ratings available. The loans belonging to the group are mainly card or consumer credits.

Loans and receivables and off-balance sheet commitments	Stage 1	Stage 2	Stage 3	31 Dec 2020	31 Dec 2019
Risk rating 1	2,109,195	125,131	7,533	2,241,860	1,879,946
Risk rating 2	906,125	130,978	6,069	1,043,172	821,713
Risk rating 3	160,320	62,563	4,820	227,703	242,586
Risk rating 4	13,480	58,727	34,376	106,583	100,569
No rating	11,437	4,718	12,131	28,286	49,862
Capital items by risk category, total	3,200,558	382,117	64,929	3,647,604	3,094,677
Loss allowance	2,067	8,322	16,442	26,832	18,820
Total	3,198,491	373,795	48,487	3,620,772	3,075,857

Debt securities	Stage 1	Stage 2	Stage 3	31 Dec 2020	31 Dec 2019
Risk rating 1	385,906	-	-	385,906	246,244
Risk rating 2	11,430	-	-	11,430	-
Risk rating 3	-	-	-	-	-
Risk rating 4	-	-	-	-	-
No rating	85,727	15,092	-	100,819	22,687
Capital items by risk category, total	483,063	15,092	-	498,155	268,931
Loss allowance	-1,029	-217	-	-1,246	660
Total	484,092	15,309	-	499,401	268,271

Loans and receivables and off-balance sheet commitments by industry	Risk rating 1	Risk rating 2	Risk rating 3	Risk rating 4	No rating	31 Dec 2020	31 Dec 2019
Enterprises	887,312	162,200	38,725	50,231	6,271	1,144,739	918,719
Agriculture	28,765	1,772	1,404	805	10	32,757	25,670
Real estate	525,300	85,316	9,110	25,234	1,995	646,954	478,106
Construction	54,324	16,239	3,233	3,038	1,397	78,231	73,237
Wholesale and retail	60,464	15,580	6,208	2,900	1,026	86,178	88,010
Industry	39,575	8,420	2,875	6,855	333	58,058	49,572
Transportation and storage	23,314	3,666	712	1,492	398	29,582	21,004
Other	155,568	31,207	15,183	9,908	1,113	212,978	183,120
General government	3,089	-	-	-	150	3,239	3,180
Non-profit communities	12,542	3,214	30	1,004	596	17,385	13,919
Financial and insurance institutions	36,659	1,154	2	-	122	37,936	23,282
Households	1,284,759	876,605	188,945	55,348	38,648	2,444,305	2,135,577
Total	2,224,360	1,043,172	227,703	106,583	45,786	3,647,604	3,094,677

3. Measures to mitigate the risks caused by the corona pandemic

The bank's customer service has stayed operational throughout the exceptional circumstances caused by the pandemic to guarantee that customers receive the necessary basic banking services. The company has continuously monitored the development of the corona virus situation and our personnel has been notified concerning health-related matters, in accordance with the policies and guidelines of the Finnish government. Internal

operating models have been adapted to the situation. Personnel have been advised to avoid unnecessary travelling.

In terms of credit risk, preventive measures have included the above-mentioned grace periods granted to customers, increased monitoring of problem customers and loans in arrears and the careful assessment and, if required, reassessment, of collateral values. Additionally, when granting new loans, the applicant's repayment capacity and the value of collateral are monitored bearing in mind the economic uncertainty caused by the pandemic.

Note 2 Accounting principles for the financial statements release report

2. About the accounting principles

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

Oma Savings Bank Group is formed as follows:

Subsidiaries

- Real estate company Lappeenrannan Säästökeskus holding 100%
- Real estate company Sofiantupa holding 100%
- SAV-Rahoitus Oyj holding 50.7%

Associated companies

- GT Invest Oy holding 48.7%
- City Kauppapaikat Oy holding 42.1%

Joint ventures and joint operations

- Figure Taloushallinto Oy holding 25%
- Deleway Projects Oy holding 49%
- Housing company Seinäjoen Oma Savings Bank house holding 25.5%

The interim report is drawn up in accordance with the IAS 34 Interim Financial Reporting. The accounting principles for the interim report are the same as for the 2019 financial statements except for the IFRS 2 Share-Based Payments applied with the introduction of the share remuneration scheme, which Oma Savings Bank Group has applied to the Group's share-based incentive scheme.

The interim report figures are presented in thousands of euros unless otherwise specified. The figures in the notes are rounded off, so the combined sum of single figures may deviate from the grand total presented in a table or a calculation. The accounting and functional currency of the Group and its companies is the euro.

The Board of Directors has approved the interim report for 1 January–31 December 2020 in its meeting on 8 February 2021.

3. Changes to the accounting principles

The standard changes that took effect at the beginning of the financial year have had no impact on the Group's financial statements. Nor are future new standards or changes in standards published by IASB expected to have a material impact on the consolidated financial statements.

2.1 Application of IFRS 2 Share-Based Payments

On 17 February 2020, the Board of Directors of the Oma Savings Bank decided to establish a share-based incentive scheme for the Group's Management Team to which the Group has applied the IFRS 2 Share-Based Payments requirements for the financial year.

The possible remuneration of the scheme is based on a comparable cost/income ratio, an increase in operating income (by comparable figures), and customer and employee satisfaction. The reward is paid after the end of the vesting period 2020–2021 within about three years in four instalments. The remuneration is paid partly in company shares and partly in cash. The cash contribution aims to cover taxes and tax payments incurred by a key person from the remuneration.

Benefits granted under the scheme have been valued at fair value at grant date and are recognised as expenses in the income statement during the entitlement period. The amount to be recognised as an expense is based on an estimate of the number of shares to which an entitlement is expected. Remunerations are recognized in full as a share-based arrangement payable in equity and the expense is amortized over the entire entitlement period and the expense effect is presented in the income statement in personnel expenses. The Group revises the expected number of shares that are expected to be ultimately exercised at each financial statement date.

Changes in estimates are recorded in the income statement.

The fees payable under the scheme correspond to the value of up to 420,000 Oma Savings Bank Plc shares. The company's homepage provides more details about the incentive scheme.

3. Accounting principles and uncertainties related to estimates requiring management's judgement

The preparation of this interim report in accordance with IFRS has required certain estimates and assumptions from the Group's management that affect the number of items presented in the interim report and the information provided in the notes. The management's key estimates concern the future and key uncertainties about the reporting date. They relate to, among other things, fair value assessment, impairment of financial assets, loans and other assets, investment assets and tangible and intangible assets. Although the estimates are based on the management's current best view, it is possible that the realizations differ from the estimates used in the interim report.

Changes have occurred in the accounting principles and uncertainties related to estimates requiring the management's judgement, which are described in the 2019 financial statements, as result of the corona pandemic. The application of the impairment losses on financial assets model under IFRS 9 requires the management to make estimates and assumptions about whether the credit risk associated with the financial instrument has increased significantly since the initial recognition and requires forward-looking information to be taken into account in the recognition of on-demand credit losses. The company's management has assessed the effects of the ongoing corona pandemic on an industry-by-industry basis and made a group-specific additional loss allowance to the corporate loan portfolio. Due to the corona pandemic, the company has offered its customers loan grace periods or other arrangements in accordance with its normal credit policy especially in the early stages of corona pandemic. Uncertainty caused by the corona pandemic and the weak outlook for the economy is further undermining the credit risk outlook. Further details of the impact of the corona pandemic on the company's risk position are provided in note 1.

Note 3 Classification of financial assets and liabilities

Assets (1,000 euros)

31 Dec 2020	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Hedging derivatives	Carrying value, total	Fair value
Cash and cash equivalents	262,087	-	-	-	262,087	262,087
Loans and advances to credit institutions	74,206	-	-	-	74,206	74,206
Loans and advances to customers	3,434,315	-	-	-	3,434,315	3,434,315
Derivatives, hedge accounting	-	-	-	796	796	796
Debt instruments	-	499,401	171	-	499,572	499,572
Equity instruments	-	-	22,463	-	22,463	22,463
Financial assets total	3,770,608	499,401	22,634	796	4,293,439	4,293,439
Investments in associated companies					23,787	23,787
Investment properties					7,270	7,307
Non-financial assets					57,503	57,503
Assets total	3,770,608	499,401	22,634	796	4,381,999	4,382,036

Liabilities (1,000 euros)

31 Dec 2020	Other liabilities	Hedging derivatives	Carrying value, total	Fair value
Liabilities to credit institutions	223,510	-	223,510	223,510
Liabilities to customers	2,376,743	-	2,376,743	2,376,743
Debt securities issued to the public	1,346,815	-	1,346,815	1,346,815
Subordinated liabilities	15,500	-	15,500	15,500
Total financial liabilities	3,962,567	-	3,962,567	3,962,567
Non-financial liabilities			65,938	65,938
Liabilities total	3,962,567	-	4,028,506	4,028,506

Assets (1,000 euros)

31 Dec 2019	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Hedging derivatives	Carrying value, total	Fair value
Cash and cash equivalents	6,626	-	-	-	6,626	6,626
Loans and advances to credit institutions	60,005	-	-	-	60,005	60,005
Loans and advances to customers	2,960,356	-	-	-	2,960,356	2,960,356
Derivatives, hedge accounting	-	-	-	5,634	5,634	5,634
Debt instruments	-	268,271	263	-	268,534	268,534
Equity instruments	-	-	54,615	-	54,615	54,615
Total financial assets	3,026,987	268,271	54,878	5,634	3,355,770	3,355,770
Investments in associated companies					5,666	5,666
Investment properties					6,828	8,180
Non-financial assets					48,266	48,266
Assets December 31, 2019	3,026,987	268,271	54,878	5,634	3,416,530	3,417,882

Liabilities (1,000 euros)

31 Dec 2019	Other liabilities	Hedging derivatives	Carrying value, total	Fair value
Liabilities to credit institutions	88,045	-	88,045	88,045
Liabilities to customers	2,005,573	-	2,005,573	2,005,573
Debt securities issued to the public	938,348	-	938,348	938,348
Subordinated liabilities	15,500	-	15,500	15,500
Total financial liabilities	3,047,465	-	3,047,465	3,047,465
Non-financial liabilities			49,200	49,200
Liabilities December 31, 2019	3,047,465	-	3,096,665	3,096,665

Note 4 Loans and other receivables

(1,000 euros)	31 Dec 2020	31 Dec 2019
Loans and advances to credit institutions		
Deposits	50,907	45,262
Other	23,299	14,743
Loans and advances to credit institutions, total	74,206	60,005
Loans and advances to the public and public sector entities		
Loans	3,332,952	2,860,451
Utilised overdraft facilities	72,894	72,429
Loans intermediated through the State's assets	66	100
Credit cards	28,064	27,349
Bank guarantee receivables	339	27
Loans and advances to the public and public sector entities, total	3,434,315	2,960,356
Loans and advances, total	3,508,521	3,020,361

Reconciliations from the opening and the closing balances of the expected credit losses are presented in note 12 Impairment losses on financial assets.

Note 5 Financial derivatives

Assets (1,000 euros)	31 Dec 2020	31 Dec
Fair value hedge		
Interest rate derivatives	-	5,337
Other hedging derivatives		
Share and share index derivatives	796	297
Total derivative assets	796	5,634

Liabilities (1,000 euros)	31 Dec 2020	31 Dec
Fair value hedge		
Interest rate derivatives	-	-
Share and share index derivatives	-	-
Total derivative liabilities	-	-

Change in the value of hedged object / Fair value hedge	-	-6,131
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Change in the value of hedged object / Other hedging derivatives	-253	164
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In September, the company decided to close most of the derivative contracts in the hedge accounting that had protected interest rate risk on fixed-rate liabilities. At the same time, the non-retroactive application of these fair value hedging calculations was discontinued. The impact of the profit related to the closing of derivatives and other items related to the wind-up of derivatives on the earnings for the year was EUR 1.7 million. The change in the accrued fair value of the hedging item on the balance sheet, EUR 8.4 million, will be recognized in profit or loss as interest income within the original running period of closed derivatives from 2020 to 2024.

Nominal values of underlying items and fair values of derivatives (1,000 euros)

31 Dec 2020	Remaining maturity			Fair values		
	Less than 1 year	1-5 years	Over 5	Total	Assets	Liabilities
Fair value hedge	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Cva and Dva adjustments	-	-	-	-	-	-
Other hedging derivatives	32,948	48,274	-	81,222	796	-
Share and share index derivatives	32,948	48,274	-	81,222	853	-
Cva and Dva adjustments	-	-	-	-	-57	-
Derivatives total	32,948	48,274	-	81,222	796	-

Nominal values of underlying items and fair values of derivatives (1,000 euros)

31 Dec 2019	Remaining maturity			Fair values		
	Less than 1 year	1-5 years	Over 5	Total	Assets	Liabilities
Fair value hedge	15,000	650,000	-	665,000	5,337	-
Interest rate swaps	15,000	650,000	-	665,000	5,897	-
Cva and Dva adjustments	-	-	-	-	-561	-
Other hedging derivatives	25,791	49,644	-	75,436	297	-
Share and share index derivatives	25,791	49,644	-	75,436	423	-
Cva and Dva adjustments	-	-	-	-	-125	-
Derivatives total	40,791	699,644	-	740,436	5,634	-

Note 6 Investment assets

Investment assets (1,000 euros)	31 Dec 2020	31 Dec 2019
Measured at fair value through profit or loss		
Debt securities	171	263
Shares and other equity instruments	22,463	54,615
Assets measured at fair value through profit or loss, total	22,634	54,878
Measured at fair value through other comprehensive income		
Debt securities	499,401	268,271
Shares and other equity instruments	-	-
Measured at fair value through other comprehensive income, total	499,401	268,271
Investment properties	7,270	6,828
Total investment assets	529,305	329,977

Reconciliations from the opening and the closing balances of the expected credit losses are presented in note 12
Impairment losses on financial assets.

Changes in investment properties (1,000 euros)	31 Dec 2020	31 Dec 2019
Cost January 1	12,634	12,635
+ Increases	5,650	274
- Decreases	-7,380	-274
+/- Transfers	-414	-
Cost at the end of the period	10,491	12,634
Accumulated depreciation and impairment losses	-5,806	-5,458
+/- Accumulated depreciation of decreases and transfers	1,987	143
- Depreciation	-201	-317
+/- Impairment loss and their return	800	-174
Accumulated depreciation and impairment at the end of the period	-3,221	-5,806
Opening balance	6,828	7,176
Closing balance	7,270	6,828

31 Dec 2020 Measured at fair value through profit or loss and measured at fair value through other comprehensive income (1,000 euros)	Equity instruments				Debt-based				All total
	Fair value through other comprehensive income	Fair value through profit or loss	At amortised cost	Total	Fair value through other comprehensive income	Fair value through profit or loss	At amortised cost	Total	
Quoted									
Public sector entities	-	-	-	-	170,628	-	-	170,628	170,628
From others	-	13,837	-	13,837	328,560	-	-	328,560	342,397
Non-quoted									
From others	-	8,626	-	8,626	212	171	-	383	9,009
Total	-	22,463	-	22,463	499,401	171	-	499,572	522,035

31 Dec 2019 Measured at fair value through profit or loss and measured at fair value through other comprehensive income (1,000 euros)	Equity instruments				Debt-based				All total
	Fair value through other comprehensive income	Fair value through profit or loss	At amortised cost	Total	Fair value through other comprehensive income	Fair value through profit or loss	At amortised cost	Total	
Quoted									
Public sector entities	-	-	-	-	115,011	-	-	115,011	115,011
From others	-	29,305	-	29,305	151,709	-	-	151,709	181,014
Non-quoted									
From others	-	25,309	-	25,309	1,551	263	-	1,814	27,123
Total	-	54,615	-	54,615	268,271	263	-	268,534	323,149

Note 7 Liabilities to the public and public sector entities and liabilities to credit institutions

(1,000 euros)	31 Dec 2020	31 Dec 2019
Liabilities to credit institutions		
Liabilities to Central Banks	150,000	-
Repayable on demand	10,768	16,052
Other than repayable on demand	62,742	71,992
Total liabilities to credit institutions	223,510	88,045
Liabilities to the public and public sector entities		
Deposits	2,376,687	1,999,362
Repayable on demand	2,187,809	1,691,021
Other	188,878	308,341
Other financial liabilities	56	81
Other than repayable on demand	56	81
Changes in fair value in terms of borrowing	-	6,131
Liabilities to the public and public sector entities, total	2,376,743	2,005,573
Liabilities to the public and public sector entities and liabilities to credit institutions, total	2,600,253	2,093,618

The liabilities to Central Banks item is a TLTRO secured credit withdrawn on June 2020. The loan matures 30 June, 2023, but repayment of it is possible as of 29 September, 2021. The determination of the interest rate is influenced by the average of the European Central Bank's deposit rate over the course of the loan, as well as the increase in the OmaSp's credit portfolio approved for monitoring. The interest rate on the loan will be reviewed after the loan matures.

Note 8 Debt securities issued to the public

(1,000 euros)	31 Dec 2020	31 Dec 2019
Bonds	1,206,522	772,074
Certificates of deposit	140,293	166,274
Total debt securities issued to the public	1,346,815	938,348

					Closing balance	
Maturity of bonds	Nominal value	Interest	Year of issue	Due date	31 Dec 2020	31 Dec 2019
OmaSp Plc 3.4.2020	125,000	margin 0,880% /variable	2017	4/3/2020	-	124,984
OmaSp Plc 12.12.2022, covered bond	350,000	0,125 %/fixed	2017-2018	12/12/2022	349,015	348,512
OmaSp Plc 3.4.2024, covered bond	300,000	0,125 %/fixed	2019	4/3/2024	298,912	298,578
OmaSp plc 6.4.2023, covered bond	250,000	0,125 %/fixed	2020	4/6/2023	248,998	-
OmaSp Plc 17.1.2024	55,000	margin 1 % / variable	2020	17.1.2024	54,996	-
OmaSp Plc 25.11.2027, covered bond	250,000	0,01%/fixed	2020	11/25/2027	254,601	-
					1,206,522	772,074
Maturity of deposit certificates	less than 3 months	3-6 months	6-9 months	9-12 months	Closing balance, total	
31 Dec 2020	70,991	53,320	-	15,981	140,293	
31 Dec 2019	47,489	45,979	46,433	26,373	166,274	

Note 9 Net interest income

(1,000 euros)	1-12/2020	1-12/2019	2020 Q4	2019 Q4
Interest income				
Loans and advances to the public and public sector entities	66,058	58,312	18,408	15,282
Debt securities	2,031	2,148	608	541
Derivatives	3,785	2,359	826	501
Other interest income	939	531	267	77
Total interest income	72,813	63,351	20,109	16,401
Interest expenses				
Liabilities to credit institutions	-335	-402	-121	-86
Liabilities to the public and public sector entities	-820	-1,798	-111	-389
Debt securities issued to the public	-2,752	-2,761	-692	-645
Subordinated liabilities	-187	-289	-47	-47
Other interest expenses	-900	-577	-247	-214
Total interest expenses	-4,993	-5,828	-1,219	-1,381
Net interest income	67,819	57,522	18,890	15,020

Note 10 Fee and commission income and

(1,000 euros)	1-12/2020	1-12/2019	2020 Q4	2019 Q4
Fee and commission income				
Lending	11,124	10,355	3,521	2,569
Deposits	62	73	15	13
Card and payment transactions	16,472	13,386	4,414	3,390
Intermediated securities	158	98	47	26
Funds	2,825	2,460	755	659
Legal services	504	681	146	162
Brokered products	1,485	1,328	359	347
Granting of guarantees	923	884	250	238
Other fee and commission income	695	715	178	187
Total fee and commission income	34,248	29,981	9,684	7,590
Fee and commission expenses				
Card and payment transactions	-4,043	-3,442	-1,102	-1,008
Securities	-41	-157	-9	-8
Other fee and commission expenses	-906	-967	-241	-246
Total fee and commission expenses	-4,991	-4,567	-1,352	-1,262
Fee and commission income and expenses, net	29,257	25,414	8,332	6,327

Note 11 Net income on financial assets and financial liabilities

(1,000 euros)	1-12/2020	1-12/2019	2020 Q4	2019 Q4
Net income on financial assets measured at fair value through profit or loss				
Debt securities				
Capital gains and losses	-	-	-	-
Valuation gains and losses	-92	-	47	-4
Total debt securities	-92	-	47	-4
Shares and other equity instruments				
Dividend income	199	1,393	17	27
Capital gains and losses	1,597	489	1,715	386
Valuation gains and losses	2,704	6,765	2,082	773
Total shares and other equity instruments	4,499	8,647	3,814	1,186
Net income on financial assets measured at fair value through profit or loss, total	4,407	8,647	3,861	1,182
Net income on financial assets measured at fair value through other comprehensive income				
Debt securities				
Capital gains and losses	39	131	-	-
Difference in valuation reclassified from the fair value reserve to the income statement	8,005	-120	-	-
Total debt securities	8,044	11	-	-
Net income on financial assets measured at fair value through other comprehensive income, total	8,044	11	-	-
Net income from investment properties (1,000 euros)				
Rent and dividend income	383	709	80	170
Capital gains and losses	-1,473	-60	-235	-
Other gains from investment properties	8	10	2	2
Maintenance expenses	-534	-865	-22	-186
Depreciation and impairment on investment properties	-711	-560	40	-363
Rent expenses on investment properties	-10	-13	-10	-12
Net income from investment properties, total	-2,337	-780	-145	-390
Net gains on trading in foreign currencies	-175	23	-85	-55
Net gains from hedge accounting	114	-121	-5	176
Net income from trading	814	-262	5	524
Net income on financial assets and financial liabilities, total	10,866	7,518	3,631	1,438

Note 12 Impairment losses on financial assets

(1,000 euros)	1-12/2020	1-12/2019	2020 Q4	2019 Q4
ECL from advances to customers and off-balance sheet items	-8,012	-6,649	-3,189	-2,148
ECL from debt instruments	167	-112	261	-85
Expected credit losses, total	-7,846	-6,761	-2,928	-2,233
Final credit losses				
Final credit losses	-13,978	-2,888	-4,753	-1,428
Refunds on realised credit losses	237	82	79	17
Recognised credit losses, net	-13,741	-2,806	-4,674	-1,411
Impairment on receivables, total	-21,587	-9,567	-7,602	-3,644

Reconciliations from the opening and closing balances of the expected credit losses have been formed from 1 January 2020 and 31 December 2020 on the basis of changes in euro denominated loan exposures and expected credit losses.

Expected credit losses, loans and advances

				1-12/2020	1-12/2019
Loans and advances to credit institutions and to public and general government, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	Total	Total
Expected credit losses 1 January	2,407	3,186	12,612	18,205	11,577
Transfer to stage 1	96	-75	224	244	339
Transfer to stage 2	-174	1,453	-982	297	118
Transfer to stage 3	-19	-589	3,832	3,224	5,594
New debt securities	1,043	749	726	2,518	2,422
Matured debt securities	-382	-737	-3,860	-4,979	-4,467
Realised credit losses	-766	-483	-3,629	-4,878	-1,172
Recoveries on previous realised credit losses	-3	21	-17	1	6
Changes in credit risk	-46	-6	5,907	5,854	1,948
Changes in the ECL model parameters	-60	34	266	241	1,319
Changes based on management estimates	-510	4,402	1,239	5,131	520
Expected credit losses 31 December	1,587	7,955	16,317	25,858	18,205

The company's management has assessed the effects of the corona pandemic on an industry-by-industry basis and decided to increase the group-specific additional loss allowance from EUR 1.4 million to EUR 4.4 million. A total of EUR 2.5 million has been allocated to corporate customers and EUR 1.9 million to private customers. Allowances made are targeted to stage 2. Additional allowances has been made for the new definition of insolvency, which will enter into force on 1 January 2021, by recording an additional loss allowance of EUR 1.4 million for private customers. The additional allowance applies to stage 3.

				1-12/2020	1-12/2019
Off-balance sheet commitments (1,000 euros)	Stage 1	Stage 2	Stage 3	Total	Total
Expected credit losses 1 January	377	122	115	614	594
Transfer to stage 1	30	-17	-2	11	7
Transfer to stage 2	-9	9	-	-	-
Transfer to stage 3	-	-4	4	-	-
New debt securities	276	280	69	625	297
Matured debt securities	-195	-48	-62	-305	-292
Realised credit losses	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-
Changes in credit risk	2	26	1	28	8
Changes in the ECL model parameters	-	-	-	-	-
Changes based on management estimates	-	-	-	-	-
Expected credit losses	480	368	126	974	614

Expected credit losses, investment assets

Debt securities, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	1-12/2020	1-12/2019
				Total	Total
Expected credit losses 1 January	569	91	-	660	548
Transfer to stage 1	-	-	-	-	-14
Transfer to stage 2	-3	17	-	15	-
Transfer to stage 3	-	-	-	-	-
New debt securities	257	118	-	375	73
Matured debt securities	-467	-45	-	-512	-11
Realised credit losses	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-
Changes in credit risk	1,761	-	-	1,760	24
Changes in the ECL model parameters	-	-	-	-	39
Changes based on management estimates	-1,805	-	-	-1,805	-
Expected credit losses 31 December	313	180	-	493	660

Note 13 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 2019.

Level 3 equity securities include the shares of companies that are strategic to Oma Savings Bank's operations.

Financial assets and liabilities measured at fair value

	31 Dec 2020			
Financial assets (1,000 euros)	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Equity securities	13,837	1,854	6,772	22,463
Debt securities	87	-	84	171
Derivatives	-	796	-	796
At fair value through other comprehensive income				
Debt securities	499,401	-	-	499,401
Financial assets total	513,325	2,650	6,856	522,831

	31 Dec 2019			
Financial assets (1,000 euros)	Level 1	Level 2	Level 3	Total
Measured at fair value through profit or loss				
Equity securities	29,305	1,763	23,547	54,615
Debt securities	179	-	84	263
Derivatives	-	5,634	-	5,634
Measured at fair value through other comprehensive income				
Debt securities	268,271	-	-	268,271
Financial assets total	297,755	7,397	23,631	328,783

Investment transactions, categorised to Level 3

Financial assets at fair value through profit or loss (1,000 euros)	31 Dec 2020			31 Dec 2019		
	Equity securities	Debt securities	Total	Equity securities	Debt securities	Total
Opening balance	23,547	84	23,631	20,003	84	20,087
+ Acquisitions	-	-	-	7,450	-	7,450
- Sales	-18,418	-	-18,418	-9,199	-	-9,199
- Matured during the year	-	-	-	-	-	-
+/- Realised changes in value recognised on the income statement	1,675	-	1,675	5,427	-	5,427
+/- Unrealised changes in value recognised on the income statement	-31	-	-31	-135	-	-135
+ Transfers to Level 3	-	-	-	-	-	-
- Transfers to Level 1 and 2	-	-	-	-	-	-
Closing balance	6,772	84	6,856	23,547	84	23,631

At fair value through other comprehensive income (1,000 euros)	31 Dec 2020			31 Dec 2019		
	Equity securities	Debt securities	Total	Equity securities	Debt securities	Total
Opening balance	-	-	-	-	289	289
+ Acquisitions	-	-	-	-	4,965	4,965
- Sales	-	-	-	-	3	3
- Matured during the year	-	-	-	-	-	-
+/- Realised changes in value recognised on the income statement	-	-	-	-	-	-
+/- Unrealised changes in value recognised on the income statement	-	-	-	-	315	315
+/- Changes in value recognised in other comprehensive income	-	-	-	-	-	-
+ Transfers to Level 3	-	-	-	-	-	-
- Transfers to Level 1 and 2	-	-	-	-	-5,573	-5,573
Closing balance	-	-	-	-	-	-

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

	31 Dec 2020				31 Dec 2019			
	Hypo- thetical change	Potential impact on equity			Market value	Potential impact on equity		
		Market value	Positive	Negative		Positive	Negative	
Equity securities								
At fair value through profit or loss	+/- 15%	6,772	1,016	-1,016	23,547	3,532	-3,532	
At fair value through other comprehensive income	+/- 15 %	-	-	-	-	-	-	
Total		6,772	1,016	-1,016	23,547	3,532	-3,532	

	31 Dec 2020				31 Dec 2019			
	Hypo- thetical change	Potential impact on equity			Market value	Potential impact on equity		
		Market value	Positive	Negative		Positive	Negative	
Debt securities								
At fair value through profit or loss	+/- 15%	84	13	-13	84	13	-13	
At fair value through other comprehensive income	+/- 15 %	-	-	-	-	-	-	
Total		84	13	-13	84	13	-13	

Note 14 Investments in associates and joint ventures

Acquisition during the 2020 accounting period

Since June 2020, Housing company Seinäjoen Oma Savings Bank house has been combined as a joint operation. In the property operates Oma Savings bank's Seinäjoki branch and the shareholding in the company is 25.5%.

In June, Oma Savings Bank made an investment in Deleway Projects Ltd. The industry of the company is real estate investing. The Group's ownership stake in the company is 49%. The shares and the capital investment in the company are recorded as one item on the group's balance sheet under the item "Equity accounted entities". The total value of the capital investment and share ownership is EUR 2 million.

In October, Oma Savings Bank invested in City Kauppapaikat Oy, which specializes in real estate investment. The group's holding is 42.1%. The shareholding and the share of the result after the acquisition have been recorded as one item in the consolidated balance sheet under the item 'Shares of companies consolidated by the equity method'. The value of the shareholding is EUR 16.3 million.

In October, Oma Savings Bank invested in Kiinteistö Osakeyhtiö Sofiantupa. The company's business area is land management and rental. The group's holding in the company is 100% and the company is treated as a subsidiary to be consolidated into the group. The values of the private equity investment and share ownership total EUR 5.4 million. This is an investment property.

Acquisition during the 2019 accounting period

Oma Savings Bank acquired 48.7% of share capital of GT Invest Oy. GT Invest Oy owns 51% of the joint venture which invests in rental flats built in Finland. The acquired shares and private equity are recognised in the consolidated balance sheet in the item 'Shares of companies consolidated by the equity method'. The total value of the private equity and equity holdings is EUR 5.5 million.

Note 15 Significant events after the period

In accordance with the meeting held on 28 January 2021, the Shareholders' Nomination Committee proposes to the AGM on 30 March 2021, that the number of members of the Board of Directors is proposed to be further confirmed at seven. The Shareholders' Nomination Committee proposes that the current Board members Aila Hemminki, Aki Jaskari, Timo Kokkala, Jyrki Mäkynen, Jarmo Salmi and Jaana Sandström to be re-elected as members of the Board of Directors and as a new member Jarmo Partanen.

On January 28, 2021, the company's Board of Directors decided to distribute the dividend for the financial year 2019. The Board of Directors has taken into account the recommendations of the FIN-FSA Financial Supervisory Authority and decided to distribute a dividend of EUR 0.13 per share entitling to dividend for the financial year from January 1 to December 31, 2019, amounting to EUR 3.8 million. In its decision, the Board of Directors has estimated that company's capital adequacy position is stable, and the company has been prepared for an exceptionally uncertain financial situation with an additional loss allowance, among other things. The dividend payment does not jeopardize the company's financial position or any other of its risk position. The record date for the dividend payable is February 1, 2021, and the payment date is February 8, 2021.

In January 2021, Standard & Poor's changed the outlook for Oma Savings Bank's long-term credit rating from negative to stable with the update of the BICRA (Banking Industry Country Risk Assessment), which describes the state of the Finnish banking system.

In year 2020, the company agreed with the Savings Bank Group on a share transaction in which the company sold all its shares of Nooa Savings Bank Ltd, Sb Life Insurance Ltd, Sb-Fund Management Company Ltd, Säästöpankkien Holding Oy and Central Bank of Savings Banks Finland Plc to Savings Bank Group. The deal included 73,414pc of Nooa Savings Bank Ltd shares, of which 4,840 shares are still subject to ECB approval. Regulatory approval was obtained, and the transaction was completed in January 2021.

Other events following the end of the reporting period that would require the presentation of additional information or that would materially affect the company's financial position are unknown.

Note 16 Alternative Performance Measures (APM) and calculation of the key figures

Oma Savings Bank Plc's financial reporting presents Alternative Performance Measures (APM) that describe the company's historical financial result, financial position or cash flows. The APMs are drawn up in line with the guidelines set by the European Securities and Markets Authority (ESMA). APMs are not key figures defined or specified in compliance with IFRS standards, solvency, regulations (CRD/CRR) or Solvency II (SII) regulations. The company presents APMs as supplementary information to the key figures that are presented in the Group's IFRS-compliant income statement, Group balance sheets and cash flow statements.

In the company's view, alternative key figures provide meaningful and useful information to investors, securities market analysts and others concerning Oma Savings Bank Plc's performance, financial position and cash flows.

Oma Savings Bank Plc uses the following Alternative Performance Measures:

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

Calculation of key figures

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

Net stable funding ratio (NSFR)%

$$\frac{\text{Available amount of stable funding}}{\text{Required amount of stable funding}} \times 100$$

Cost/income ratio, %

$$\frac{\text{Total operating expenses}}{\text{Total operating income} + \text{share of profit from joint ventures and associated companies (net)}} \times 100$$

Comparable cost/income ratio, %

$$\frac{\text{Total operating expenses without items affecting comparability}}{\text{Total operating income without items affecting comparability} + \text{share of profit from joint ventures and associated companies (net)}} \times 100$$

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 %

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

Total return on assets, ROA %

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

Equity ratio, %

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

Total capital (TC), %

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

Common Equity Tier 1 (CET1) capital ratio, %

$$\frac{\text{Common Equity Tier 1 (CET1) capital}}{\text{Risk-weighted assets (RWA) total}} \times 100$$

Tier 1 (T1), capital ratio, %

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

Leverage ratio, %

$$\frac{\text{Tier 1 (T1) capital}}{\text{Exposures total}} \times 100$$

Earnings per share (EPS), EUR

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

Earnings per share after dilution (EPS), EUR

$$\frac{\text{Profit/loss for the accounting period belonging to the parent company}}{\text{Average number of shares outstanding after dilution of share-based rewarding}}$$

Comparable earnings per share (EPS), EUR

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



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