omasp

Annual report

2018

Contents

The Annual Report 2018 is a translation of the original Finnish version "Vuosikertomus 2018". If discrepancies occur, the Finnish version is dominant.

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

Profitable growth continues

We strengthened our operations in Finland's main growth centres in Greater Helsinki, Oulu and Turku. As expected, this caused an increase in personnel, rental and business premise expenses. We developed our digital service channels and introduced our own innovative OmaKonttori app. One of the most significant events of the year was the preparations for the IPO and its successful implementation in challenging market conditions.

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

Loan stocks are growing multiple compared to market

The pace of mortgage lending remained good throughout the year. Our housing loan portfolio grew by 15%, the rate being eight times the market. The most significant growth occurred in the corporate loan portfolio, which grew by 32.9% during the year. The growth of our corporate loan portfolio is fourfold compared to the market.

Growth was enabled by satisfied customers and a high level of employee satisfaction. During the year, the pace of customer acquisition picked up and improved and the bank's growth was largely organic. The growth in business volumes was affected by the optimisation of the office network and partly by the acquisition of S-Pankki's SME and agriculture & forestry operations.

Diverse funding operations

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

New agreements to support companies' competitiveness

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

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

Investments in service availability

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

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

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

Photo: Tomi Setälä

Listing on the official list of the Helsinki Stock Exchange

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

We celebrated the memorable and historic event on the final day of November by ringing the Helsinki Stock Exchange's opening bell. The bank received EUR 31.3 million in IPO gross proceeds. The impact of listing costs on the financial statements is approximately EUR 1.8 million.

The bank now has more than 1,700 shareholders and more than 60% of the personnel are also owners. The listing is a significant step and will improve our operational capabilities in the future.

High level of personnel satisfaction reflects positively on customers

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

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

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

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

Pasi Sydänlammi
CEO

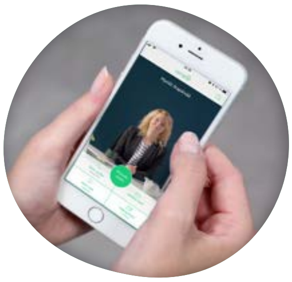
Key figures

Total operating income **76.0** **EUR mill.** Accounting period 1–12/2018	Profit before taxes **25.0** **EUR mill.** Accounting period 1–12/2018	Comparable profit before taxes **26.2** **EUR mill.** Accounting period 1–12/2018
Cost/income ratio[1] **62.2%** Accounting period 1–12/2018	Balance sheet total **2,915** **EUR mill.** Accounting period 1–12/2018	Number of employees **288** Average, accounting period 1–12/2018.
Employee satisfaction **4.3/5** Satisfaction in the bank as a whole 12/2018 personnel survey.	Customers **136,100** Private customer 83%, business customers 17%.	Customer satisfaction **4.3/5** Satisfaction in the bank as a whole. Parasta Palvelua 12/2018 survey.

1) The calculation principles of the key figures and alternative key figures are presented in note G38 of the financial statements on the page 136.

Efficient sales and service network

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



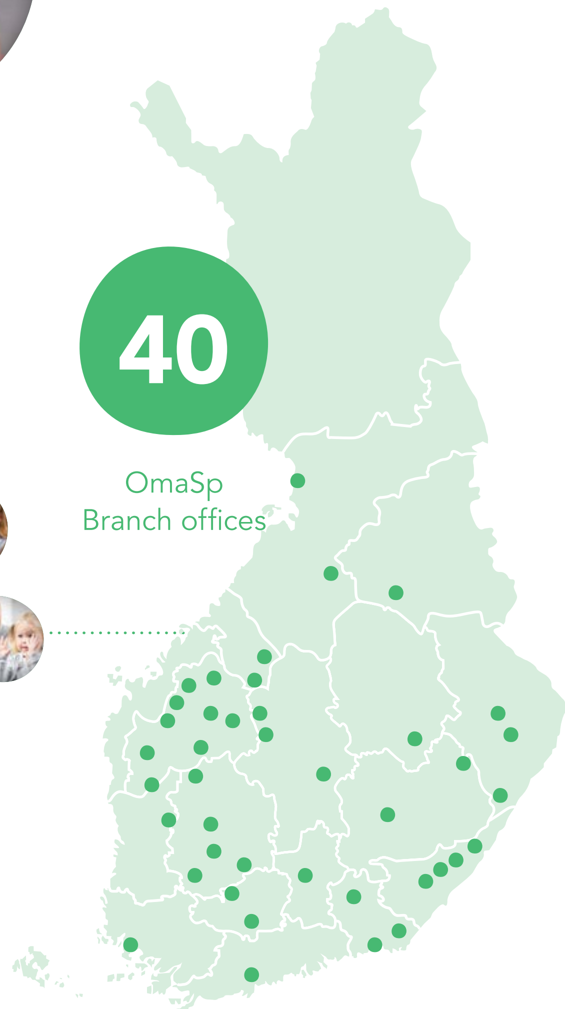
OmaMobiili
online bank

OmaKonttori
app

Online bank

Customer service,
call center & chat

Customer visits



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OmaSp
Branch offices

OmaSp branch offices

Digital services
go where the customer goes.

Business model

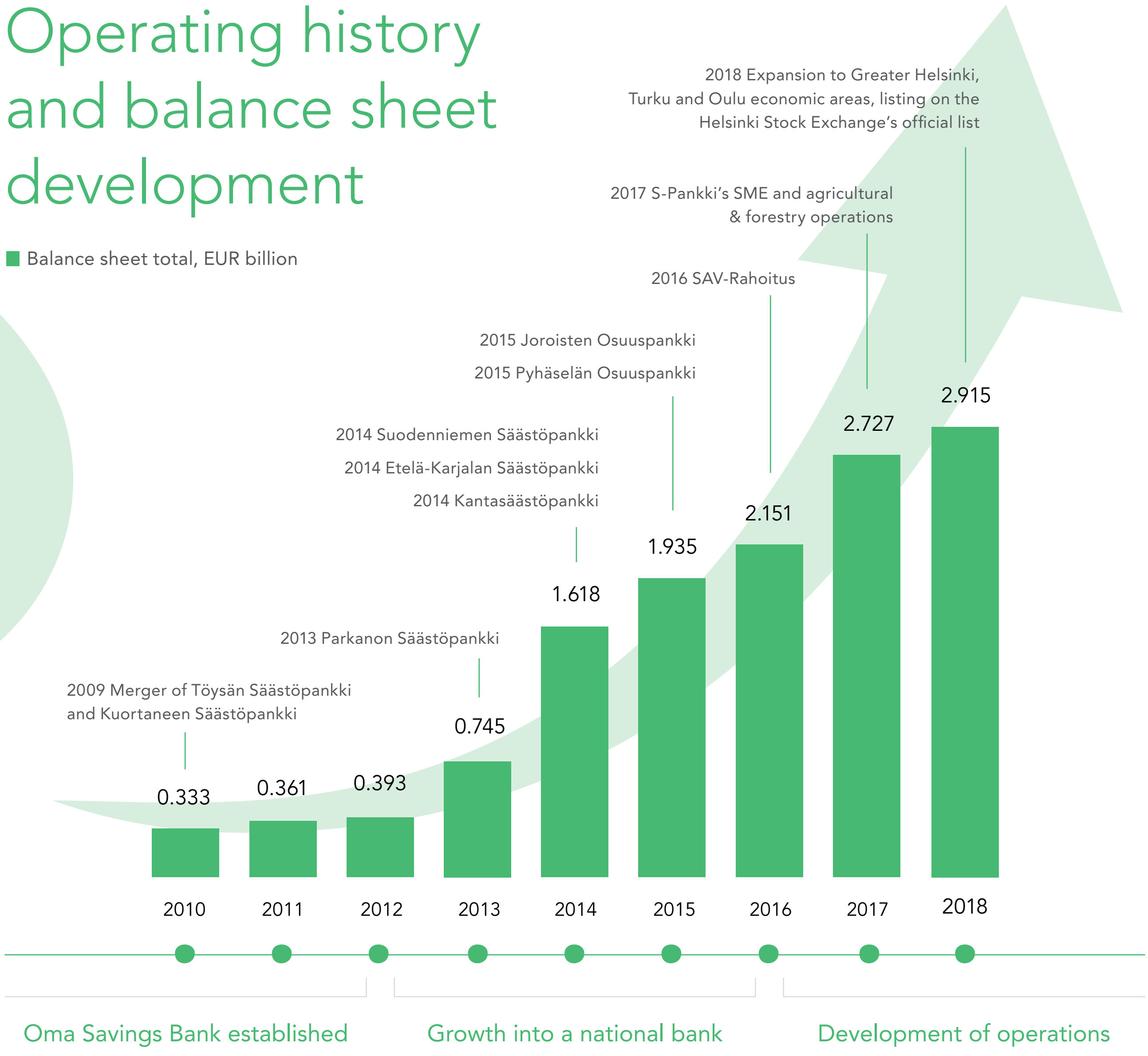
OmaSp is a retail bank that offers its 136,000 customers diverse banking services through its own balance sheet, through the companies it owns and by acting as an intermediary for its partners' products. Of its customers, some 80% are private customers and the remaining 20% are business customers. OmaSp is also engaged in mortgage banking.

Comprehensive banking services

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

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

Operating history and balance sheet development



Before 2009

- Savings bank operations since 1875

2009–2012

- Operations continue under the Oma Savings Bank brand

2013–2016

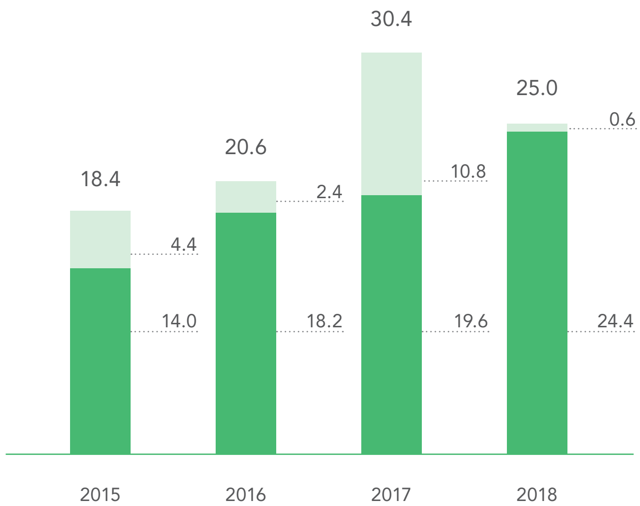
- Expansion into a national bank through M&As
- OmaMobiili online bank
- Strong development of digital customer services

2017–

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

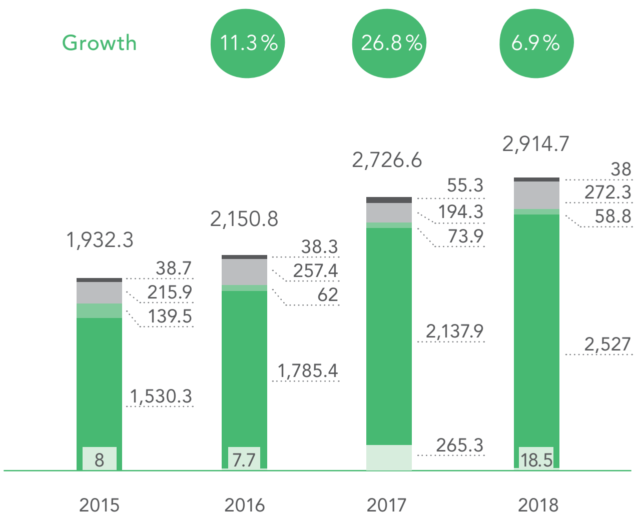
A growing Finnish bank

Profit before taxes, EUR mill.



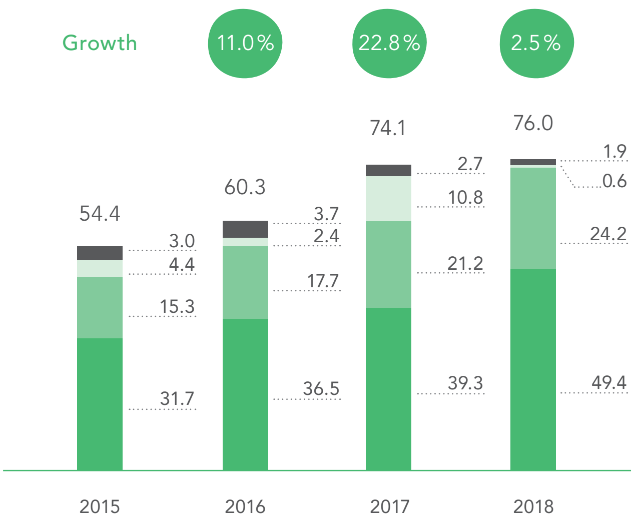
Net income from financial assets and liabilities. Net income from financial assets and liabilities is in line with 2015–2018 In the financial statements, 'Net trading income' and 'Net investment income' add up.

Balance sheet total, EUR mill.



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

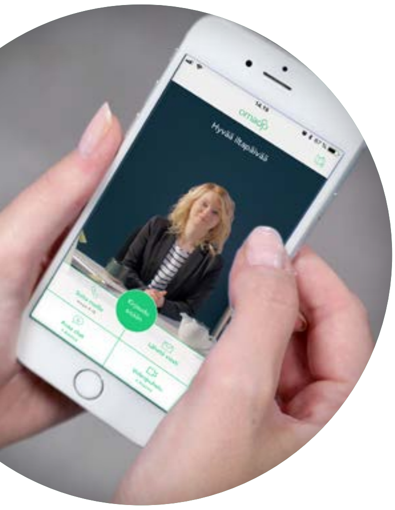
Total operating income, EUR mill.

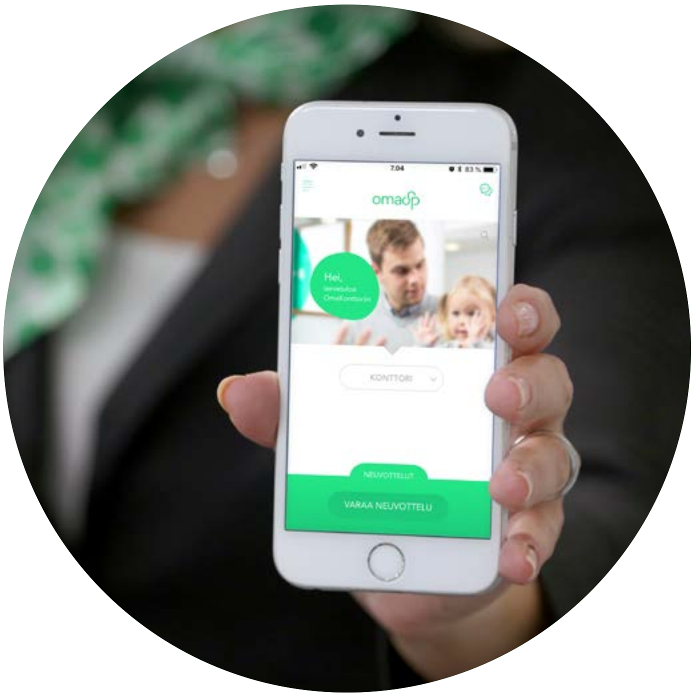


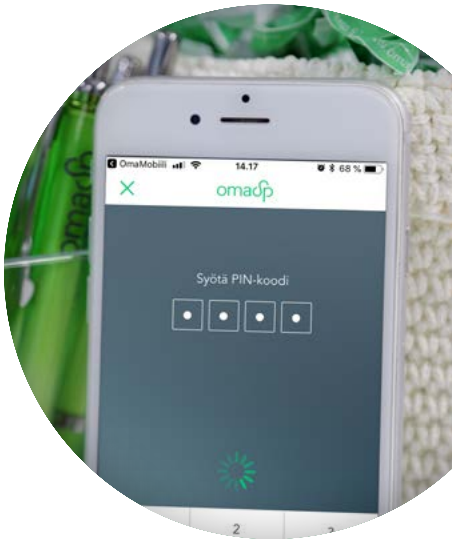
Net interest income
Fee and commission income and expenses
Net income on financial assets and liabilities
Other operating income

Investments in digital services

OmaSp has made and will also continue to invest in digital service channels and the development of comprehensive digital services. In digital service channels, the bank is able to serve its customers efficiently regardless of time and place. The starting point for developing digital services for OmaSp is high quality customer experience and customer needs







OmaMobiili mobile app

With OmaMobiili app it is possible to manage banking issues with a smart phone regardless location. At the touch of a button it is also possible to get a video connection to your own bank. The goal of OmaSp is to further improve services of mobile payments and to continue OmaMobiili app development to include all online banking functionalities to enable even better and a more flexible customer experience.

OmaKonttori mobile app

The OmaSp innovation OmaKonttori app brings the banking agent and face-to-face meetings to the customer's smart phone. With this application you can send messages and make voice and video calls to a banking agent of your choice or book an online meeting. The OmaKonttori app can be used for bank negotiations and combined with the OmaAllekirjoitus app the agreements are approved and signed digitally. Also new customers can meet OmaSp's experts through OmaKonttori. The service was launched in year 2018.

OmaVahvistus bank code app

The OmaVahvistus personal identification number application provides strong electronic authentication and replaces transaction authentication number lists and mobile certificates and can be loaded to customer's smart phone. You can choose the authentication number yourself. The OmaVahvistus can be used in OmaMobiili, online banking, online shopping and e-government services. The application was launched in year 2018.

In 2019, OmaSp's goal is to further improve their mobile payment services and continue to develop the mobile bank to include all online banking functionalities.

Photo: Pasi Salminen

Entrepreneur appreciates quick answers

Most people are familiar with the Nordic Business Forum. It is also where Pasi Turtio of OmaSp and Jyri Linden, CEO of the Nordic Business Forum, met in 2012.

Now, seven years later, 32-year-old Linden looks back on the shared journey with OmaSp with satisfaction and believes that it will continue in the same spirit of mutual understanding. "My three principles for a successful bank are, from an entrepreneur's perspective: predictability from the customer's point of view, quick answers and the right prices. Not necessarily the lowest prices, but close enough the right level from the customer's point of view. This is very simple but surprisingly difficult to implement. OmaSp has clearly succeeded well here compared to other financial sector operators. That is why we are satisfied customers of the bank, and I know that our satisfaction has also brought the bank new customers," says Linden.

Exceptional way to meet a customer

Linden believes that OmaSp's operating culture, according to which every customer is treated as a person, not as a number, will be a major success factor for the bank also in the future. "When the entire personnel of the bank greets every customer as though they were an old friend, it will inevitably have an impact. I hope that despite their booming growth, OmaSp will continue to serve their customers according to their slogan, 'local and close to the customer'. Going forward, the bank's personnel should continue to consist of individuals who know how simple good customer service is. It is about human interactions.

Company:
Nordic Business Group Oy, including subsidiaries Nordic Business Forum Oy and Nordic Business Investments Oy
Founded in:
2008
Group turnover:
EUR 21 million
Number of employees:
32

Entrepreneur makes fast moves

The bank is an important partner for the entrepreneur. Depending on what phase a project is in, real estate-investment-focused Nordic Business Investment Oy's CEO Linden may personally engage with the bank on a daily basis. Entrepreneurs have learned to make fast manoeuvres, and it is important for the bank to keep pace with them. "I appreciate that OmaSp also gives negative answers quickly and doesn't leave difficult matters out on the table," Linden says. Today, all banks have handy applications, but in Linden's view, OmaSp's competitive advantage lies in customers being able to reach bank personnel via their own phone numbers.

Satisfaction with their own contact person

4.7/5*

*OmaSp Parasta palvelua survey 12/2018.

Family keeps him grounded

The real estate business keeps Linden busy, but he is still involved in coaching in the Nordic Business Forum's operations. Within just a few years, the Nordic Business Forum has grown to assume a top spot as one of the world's largest leadership seminars. To balance his hectic work life, Linden places great importance on being present and spending quality time with family during his free time.

From temporary employee to head of the branch - Piia Hirvonen career story

Photo: Samu Lehtinen

OmaSp wants to promote the development of personnel's competence not only through education, but also by enabling career advancement. As head of the Hyllykallio branch since autumn 2018, Piia Hirvonen is a good example of how enthusiasm and a passion for work can take one's career forward.

Personality plays a big role

Hirvonen graduated with a Bachelor's degree in Business Administration in Kuopio, but her love for an Ostrobothnian man brought her to Ilmajoki already in the final stretch of her studies. She started working as a temporary service advisor in Kuortane's Savings Bank branch in Seinäjoki in January 2007. The work was diverse and provided a good foundation for tasks involving more responsibility. Piia's employment became permanent in summer 2007, and she transferred to the Ilmajoki branch in 2010, where her work focused on daily transactions, financing and investment. With the head of the Ilmajoki branch, Päivi Haapolahti, the clear goal was to grow the bank. "Working in sales requires wholehearted dedication, and you must first sell your personality. The truth is that in the competitive financial sector, the best way to get customers is to get them," Piia says with a laugh. The work paid off and, thanks to their dedicated efforts, the Ilmajoki branch became one of the most successful branches in terms of sales volume.

Personnel expects a positive future for OmaSp

4.7/5*

*OmaSp Personnel survey 12/2018

Photo: Samu Lehtinen

Full points to the bank's management

Hirvonen also served as the finance manager for the bank's Branch area 1 in 2017–2018, during which time she was responsible for managing the credit risk for 13 branches. She has actively participated in education and training during her career, and in 2019 she will add an LKV real estate qualification to her APV investment service sector qualifications, which she completed at an early stage.

Hirvonen gives full points to OmaSp as an employer. "The bank's management is motivating and gives the heads of branches clear goals and a free hand to take action in reaching the goals. It is motivating to know where the result comes from and being able to influence pricing at the branch level. Also small and less noticeable matters are paid attention to at OmaSp, and there is flexibility on both sides. "The perks offered to personnel are also motivating, and everyone benefits when there is more on the bottom line. The bank encourages putting the services into use as widely as possible. Naturally, marketing the services to customers is much more convincing if you can also put yourself in the role of the customer when needed," Hirvonen says.

The main task of the manager is clear goals

Hirvonen is proud of her job. The growth has been systematic and there is confidence in knowing that the management of the company knows our direction. OmaSp wants to be a partner to customers and easily approachable. "I strongly believe that when the bank gives everyone a face, it brings added value to customers. You know who you are dealing with," Hirvonen says.

The new head of the branch also praises her own team. "Without committed personnel, success would not be possible," she stresses. The vision of increasing growth is clear, and Hirvonen believes that she can motivate her own people to produce the best possible result through clear and adequate goals and by being a coach and source of support in daily work when faced with challenging new situations.

When your values and the company's values coincide, the work is rewarding. Hirvonen believes that the best result is achieved when acceptance and questioning are in the right proportion. What is most important is that matters are taken care of, and what you don't know, you will learn. Hirvonen's motto "Whatever you do, be yourself" has taken the young woman's career nicely forward. She believes that this attitude will take the Hyllykallio branch in Seinäjoki to a new level in the coming years.

1/2007
Starts as a temporary service advisor in Kuortane's Savings Bank branch in Seinäjoki

6/2007
Permanent employment as a service advisor established

2010
Transfer as a service advisor to Ilmajoki branch

2017–2018
Role of finance manager for Branch area 1 added to her responsibilities

8/2018
Work as the head of Hyllykallio branch in Seinäjoki starts

Photo: Anni Suikkanen

I get decisions fast in OmaSp

4.0/5*

*OmaSp Parasta palvelua survey 12/2018

Success comes from daring to be different

Janne Kataja, a multi-talented entertainer, is a busy man. Kataja's work takes him to different parts of Finland, and the busy entrepreneur doesn't get many days off during the year. Business trips he spends mostly on the phone, and with a few phone calls, Kataja also made his childhood dream come true at the end of last year. He founded a company called Pieni Lelukauppa in Riihimäki. Kataja knows that to achieve success in both the entertainment and business world you have to take risks and do things differently than others.

Kataja founded his first "entertainment office" with friend and fellow entertainer Aku Hirviniemi already in high school. Ever since, Hihhihhii Oy has been active in entertainment and program production, not to mention real estate investment, the rental business and construction industry. The company's CEO and property manager are responsible for the operational activities.

The bank is the partner

Hihhihhii Oy became a customer of OmaSP a couple of years ago. Following groundwork done by the company's CEO, the decision to change banks was clear to the shareholders. OmaSP dares to be different, just like the financial sector in general. "We especially appreciate the bank's quick response and courage to take small risks if necessary. As a customer, our company is very pleased that the bank has lived up to the promises it made in the early stages of our customer relationship," says Kataja.

According to Kataja, the availability of OmaSp's personnel is in a class of its own, and this is something he values. "The threshold for making decisions is low, and decisions are made quickly. I also greatly appreciate that with OmaSp, the partnership is interactive," he says.

What kind of art would OmaSp be?

The opportunity to ask Janne Kataja 'what kind of art would OmaSp be?' could not be passed up. And it doesn't take him long to come up with an answer. He likens OmaSp to a sitcom that he says is easy, fast-paced, interesting and addictive.

The future of Hihhihhii Oy looks promising. Professionals in their own areas are responsible for the quality of their work. Kataja is very busy with both theater and TV productions, as well as weekend hosting jobs, but the twinkle in his eyes reflects a genuine positivity, one that can't be faked.

Helping to launch competitive swimming careers in Riihimäki

Photo: Janne Laaksonen

The Riihimäki Uimaseura swimming club has a long history. It was founded in 1963 and its membership has settled at around 700 members in recent years. There are some 400 people enrolled in swimming school, around 200 competitive swimmers and close to 100 people involved in various hobby groups. The high-quality swimming society is run by executive director Pirjo Lappalainen, head coach Aleksi Rajansuo and coordinator Jenna Vuorinen together with a large team of club members.

Support also shows in the purses of families

The annual budget for the swimming club is approximately EUR 300,000. Lappalainen highlights the most concrete and financially valuable example of OmaSp's support for the club: "OmaSp enables the organization of a competition containing seven rounds for the society's own swimmers, the Oma Savings Bank RiUS Cup. Support from OmaSp is valuable to the whole club, i.e. to swimmers and their families. Significant savings are achieved when you do not have to leave your locality to advance in your racing career. Oma Savings Bank RiUS Cup is also an eco-deed."

Trust comes from safety

The cooperation between OmaSp and Riihimäki Uimaseura has a long tradition, and many of the bank's employees have been involved with the swimming club either in their own youth or through their children's swimming activities. According to Lappalainen, the long-term cooperation can concretely be seen in the fact that OmaSp is a natural part of the swimming society's activities. She says the swimming club's most important value is safety, both financial and mental and physical. Lappalainen emphasizes that safety is associated with reliability. "These are also important values for OmaSp. We know on both sides what cooperation means. The branch also knows where the support goes in the swimming club and how the bank gains visibility through the activities," she says.

Sunny smile

Many teenagers have no need to know about money matters beyond their account balance. At banking evenings organised jointly with the bank, however, young people gain greater knowledge of money matters. The bank's personnel have become familiar, and with familiar people explaining things from young people's point of view and in their language, interest in saving may increase. Many of the parents of these young people also participate in the banking evenings.

When summer arrives, OmaSp will again offer its customers water aerobics in the outdoor pool, with help from RiUS's trainers. The popular classes were started up last summer, and similar plans are in the pipeline for next summer.

Lappalainen is grateful that everything done with the bank feels natural. "Sometimes it feels as though the bank is part of the society, the cooperation with familiar people is so uncomplicated," she says, and describes OmaSp as reliable, flexible and sunny. "The bank has a positive disposition. Being local is an advantage, as here you are known." Lappalainen says she carries out her work for the love of swimming and sunny smiles. She has noticed that at OmaSp, the entire personnel also takes the same approach to their work.

Photo: Samu Lehtinen

Taking charge of one's finances at a young age

As soon as he became an adult, Olli Hirvelä from Seinäjoki, now 22, began to systematically plan how he would grow his wealth. "I became a customer of OmaSp on a friend's recommendation, and changing banks was a good kick-start to purposeful investing. If it were not for the positive and a sales-oriented person I met at the bank, I probably would not have changed banks," reckons the young fund and property investor.

Advice without asking

Hirvelä was amazed by OmaSp's supportive and proactive approach in handling customer matters and coaching. "At OmaSp, customer matters are a matter of the heart, and they have a unique culture of helping. I receive investment tips regularly from the bank, without any prior request. I believe that all banks handle customers on a basic level, but OmaSp has proved to be an excellent partner that wants to put my savings to work," he says.

Saving toward long-term returns

When the plan to become wealthier is made at the age of 18 and starts from scratch, the plan must be clear and realistic. "My goal is to put at least 40% of my monthly income towards savings and to earn. I will stick to this goal for as long it takes until I no longer need to think about money matters," says Hirvelä. Besides studying, Hirvelä enjoys working, where you can influence your monthly earnings through your own work. "Working in sales comes natural to me, and after a successful day's work, I feel great satisfaction in knowing that I managed the day nicely. It would be ideal if everyone could find a job that they return to with a smile after the weekend. Everyone has to take responsibility for their own life and have the courage to live in a way that is true to themselves," says Hirvelä.

The young man says he is proud to say that he is the customer of a growing bank. The major development that has taken place in four years has not gone unnoticed by him. He praises OmaSp's services, both digital and face-to-face meetings in the branch. "I mainly take care of my banking digitally through well-functioning channels like the OmaMobiili app and online banking," he recounts.

Photo: Samu Lehtinen

Interesting property investment

Choosing a place to invest in property wisely is important. A start-up property investor is advised to do thorough preparatory work and choose a low-risk target to start with. Hirvelä has already invested in many properties in different cities. "There have been mistakes, but they are the best way to learn," he stresses. In funds, Hirvelä is most interested in North America and Central Europe. When asked if he is stingy or cheap, he says he is frugal. "Yes, I will buy something if I feel I need it, but I usually consider my purchases carefully." Travelling is something that interests Hirvelä in the future. He believes money spent on travelling is never a waste.

Overall satisfaction

4.3/5*

*OmaSp Parasta palvelua survey 12/2018

OmaSp is different

Hirvelä describes OmaSp as a customer-oriented, versatile, growth-minded and different kind of bank. Hirvelä is happy to recommend the bank, especially for its smooth cooperation. "It is important to get answers quickly, and for all matters to be treated by your bank as though they are equally worthy," he advises. The young investor is more attracted to the freedom money brings in making future choices than in material things. "It's important to have goals and challenges in life. I want to be able to say at the end of every day that I managed the day in the best possible way," Hirvelä sums up.

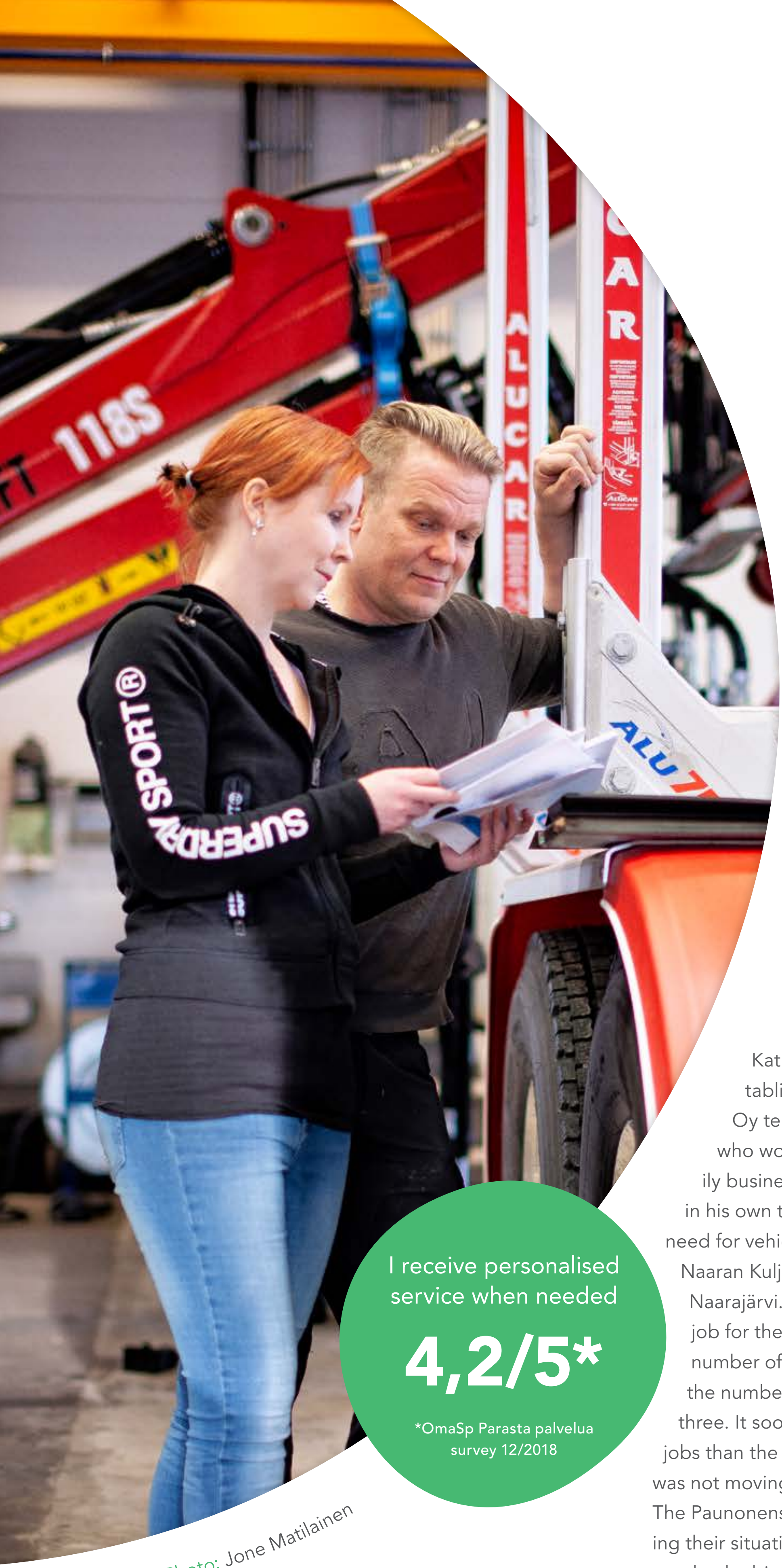


Photo: Jone Matilainen

I receive personalised service when needed

4,2/5*

*OmaSp Parasta palvelua survey 12/2018

Bank encouraged the family Paunonen to realise their dreams

Katri and Jyrki Paunonen from Pieksämäki established their company Naaran Kuljetushuolto Oy ten years ago in response to a need. Jyrki, who works in the timber-transports-focussed family business, and who has worked his entire career in his own transport company, said there was a clear need for vehicle repairing and maintenance in the area. Naaran Kuljetushuolto Oy was thus established in Naarajärvi. The business instantly became a full-time job for the entrepreneur and one employee. The number of customers increased in a few years, and the number of employees, including Jyrki, grew to three. It soon became apparent that there were more jobs than the resources and space allowed. Business was not moving forward and something had to be done. The Paunonens recall how they spent two years pondering their situation and trying to pluck up the courage to take the big step to grow the business. They felt like everyone else believed in them, but they lacked courage themselves.

Photo: Jone Matilainen

EIF guarantee enabled a longer loan period

The dream finally became a reality. Naaran Kuljetushuolto Oy today operates in a 1,000 square-metre hall area, with 250 square metres of office space in the same building. The hall is the one they dreamed about for many years, as they drove past it on the way to their own hall. A fifth employee has just been hired, and even a sixth would be needed. Revenue has grown by half a million, thanks to the new facilities, and Katri has given up her teaching job to run the company's financial affairs. The company has ramped up its operations. In the hall, new transport vehicles are equipped, and maintenance, repair and installation work is performed, sometimes even on five cars at the same time.

The company is now well-known in the industry, and serves as, among others, Hiab's official service point.

Katri and Jyrki were encouraged to pursue their dream by the head of the Joroinen branch, Katri Rahikainen, and Erkki Rämä, who worked as an area director at the time. "When we weighed the options of expanding the existing hall or buying a new hall, Erkki Rämä urged me to think about which option felt better to me. We were standing in the hall yard that I was dreaming about, and Erkki asked me if I liked it more. Every morning you will pass by this hall and it will annoy you that you didn't buy it . After that, the decision was made," Jyrki recalls. The bank proposed the European Investment Fund guarantee, which was the first EIF guarantee issued by the branch in Joroinen. "The bank believed the EIF guarantee was right for us, and they also explained it to us in a way that we would understand what we were signing up for. The EIF guarantee was granted for the whole loan amount, and the twelve year loan period was also a plus. The bank took care of all the paperwork," the Paunonens recount.

The head of the branch has time for the customer

The Paunonens are satisfied OmaSp customers. "We are assisted and advised on banking issues as needed more than we ever expected. Our long-term customer relationship has created confidence that the bank works for the success of their customers," the Paunonens say.

The Paunonens especially appreciate that at OmaSp, the head of the branch has time to visit to the company, and if necessary, matters can be dealt with quickly by phone. "I once asked Katri Rahikainen to promise not to give me any more money. I am always buying something! Katri said that for a trustworthy customer, she is happy to grant a loan. Of course it is accurate that the customer must have things in order, trust is mutual," says Jyrk. OmaSp is involved in the development and growth of its customers' business. Growth is achieved by investing reasonably. Naaran Kuljetushuolto Oy now has room to serve their customers. The entrepreneurs look satisfied. Their own bank encouraged them to invest, and the bank has been, and will continue to be, with them every step of the way.

Oma Savings Bank Plc's Board of Directors

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

Board of Directors is responsible for the bank's management and for ensuring that the activities are properly organised. The Board of Directors is also responsible for far-reaching operational and strategic policies and for ensuring the adequacy of risk control and the functionality of management systems. The Board is also responsible for appointing the CEO. The Board of Directors shall constitute a quorum when more than half of its members are present.

Board members as of April 14, 2018:

Chairman of the Board	Jarmo Partanen
Vice Chairman of the Board	Jyrki Mäkynen
Member	Aila Hemminki
Member	Aki Jaskari
Member	Timo Kokkala
Member	Heli Korpinen
Member	Jarmo Salmi

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

Board Committees

Audit Committee

The Board of Directors manages the Audit Committee regulatory tasks.

Remuneration committee

The company Board of Directors have on 18 October 2018 resolved to establish a remuneration committee. The remuneration committee consists of at least three members, elected annually from amongst and by the Board of Directors. The Board of Directors specifies the tasks of the remuneration committee within the rules of procedure adopted by the Board of Directors. The tasks of the remuneration committee consist of the preparation of the compensation and other economic benefits of the CEO and other management, the preparation of matters relating to the bank's incentive schemes, the evaluation of the CEO's and management's compensation, caring for the appropriateness of the incentive schemes, the preparation of appointment matters in relation to the CEO and other management as well as the surveying of their successors and the development of the remuneration of the personnel and the organisation.

The members of the remuneration committee are:

Jarmo Partanen
Jyrki Mäkynen
Heli Korpinen

Nomination Board

On 9 November 2018, the extraordinary general meeting of the company decided to add a stipulation to the Company's Articles of Association regarding the establishment of a Shareholder's Nomination Board ("Nomination Board"). The Nomination Board's task is to prepare proposals regarding the election of the members of the Board of Directors and their compensations for the next annual general meeting and, if needed, for the next extraordinary general meeting.

The company's five largest shareholders each have the right to appoint one representative to the Nomination Board. Should a shareholder not wish to use his or her appointment right, the right will be transferred to the next largest shareholder, who otherwise would not have the right to appoint a representative. The largest shareholders are defined in the bank's shareholders' register based on their share of ownership on 1 June preceding the general meeting. The Nomination Board should give their recommendations regarding the members of the Board of Directors and their respective compensations to the Board of Directors by the end of January preceding the annual general meeting. In the case of an extraordinary general meeting, the Nomination Board should accordingly give their respective recommendations well in advance before the general meeting, taking into account applicable regulations. The Chairman of the Board of Directors acts as the convener and attends the meetings of the Nomination Board as a specialist. The Nomination Board conducts its tasks in accordance with the rules of procedure adopted by the general meeting.

The members of the Nomination Board are:

Raimo Härmä (South-Karelian Savings Bank Foundation)
Ari Lamminmäki (Parkanon Savings Bank Foundation)
Aino Lamminmäki (Töysän Savings Bank Foundation)
Jukka Sysilampi (Kuortaneen Savings Bank Foundation)
Jukka Kuivaniemi (Hauhon Savings Bank Foundation)

Oma Savings Bank Plc's CEO and Management Team

Oma Savings Bank Plc Group's Management team consists of six members, including the CEO.

The CEO manages and develops the bank's business and is in charge of the day to day administration of the bank in accordance with the instructions of the Board of Directors. The CEO presents matters and reports to the Board of Directors. The CEO carries out the day to day administration in accordance with the instructions of the Board of Directors and is responsible for the appropriate arrangement of the control of accounts and finances.

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

The Group's Management team assists the CEO to manage the bank's operational business, each member has its own area of responsibility. The Group's Management team is a decision-making body, assigned to operational management, financial management, ICT operations, business development projects, products and services, communication and control-related issues. Management team meet every two weeks by the invitation of the CEO and minutes of meetings are held.

The Group's Management team as of January 1, 2018:

Pasi Sydänlammi
Pasi Turtio
Helena Juutilainen
Sarianna Liiri
Kari-Mikael Markkanen
Minna Sillanpää

Members of the Group's Management team as of January 1, 2018:

Pasi Sydänlammi
CEO, b. 1974,
Master of Administrative Sciences,
MBA, Harvard Business School
Advanced Management Program
p. 020 758 2262

Sydänlammi has been the CEO of Oma Savings Bank since 2009. Sydänlammi has served as a representative of Töysän Savings Bank Foundation since 2009 and what before he was the CEO of Töysän Savings Bank between 2007–2009. Previously he was the CEO of Lappajärven Osuuspankki between 2005-2007, bank manager of Lammin Osuuspankki between 2004-2005, Business Development Manager at Savings Banks' Union Coop between 2002–2003, management consultant and project manager at Talent Partner Group between 2001–2002 and auditor at KPMG Oy Ab between 2000–2001.

Pasi Turtio
Deputy CEO, Customer Operations
Director, b. 1974
Agrologist
p. 020 758 2202

Turtio has been the deputy CEO since 2009 and the customer operations director since 2018 of Oma Savings Bank what before he worked as regional director between 2014–2017, as manager between 2008 and 2014. Turtio has served as the managing director of Kuortaneen Savings Bank Foundation since 2018, before which he served as a representative for Kuortaneen Savings Bank Foundation between 2017–2018. Before he worked as bank manager of Lammin Osuuspankki between 2005–2008 and as branch manager between 2001–2005, and before that as chief procurement officer of Liha Heinonen Oy between 1998–2001.

Helena Juutilainen
Head of Legal, b. 1958
Master of Laws,
trained on the bench
p. 040 580 6401

Juutilainen has been the head of legal of Oma Savings Bank since 2017. Previously she was the legal counsel of Kuntien Tiera Oy between 2010–2017 and the legal counsel of Oy Samlink Ab between 1998–2010.

Sarianna Liiri
Chief Financial and
Administrative Officer, b. 1981
Master of Economic Sciences
p. 020 764 0631

Liiri has been chief financial and administrative officer of Oma Savings Bank since 2018, prior to which she was the administrative officer between 2015–2018 and development manager between 2014–2015. Previously she was the account manager of South-Karelian Savings Bank between 2006–2014.

Kari-Mikael Markkanen
Chief Information Officer, b. 1973
Master of Science in Technology,
eMBA
p. 020 758 2510

Markkanen has been the chief information officer of Oma Savings Bank since 2014. Previously he was director of Kuntien Tiera Oy between 2010–2014, development director of Finnish Innovation Fund Sitra Oy between 2008–2011, and department manager of Oy Samlink Ab between 2001–2008.

Minna Sillanpää
Chief Communications Officer,
b. 1970, Industrie- und Aussenhandelsassistent, Gross- und Aussenhandelskaufmann, College Degree in Foreign Trade, MBA
p. 050 66592

Sillanpää has been Chief Communications Officer of Oma Savings Bank since 2017. Sillanpää was the CEO of the Regional Organization of Enterprises in South Ostrobothnia between 2009–2017, CEO of E-P:n Yrittäjien Palvelu Oy between 2009–2017, deputy director of South Ostrobothnia Chamber of Commerce between 2007–2009, division manager at Berner Oy between 2000–2007, and export manager/ division manager at Berner Oy between 1996–2000.

Extended Management Team

Extended Management Team will meet four times during the year and acts as a communication channel.

Members of the Extended Management Team in addition to the above:
Area director Harri Karjalainen, area director Jussi Pohto, area director Markus Souru, director of corporate banking Antti Varila and employee representative service manager Matti Uutela.

Financial reporting schedule and the annual general meeting 2019

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

29 April, 12:00	Annual General Meeting, Rake-hall, Erottajankatu 4 C, 00120 Helsinki.
9 May	Interim Report January–March 2019
8 August	Interim Report January–June 2019
7 November	Interim Report January–September 2019

Information for shareholders

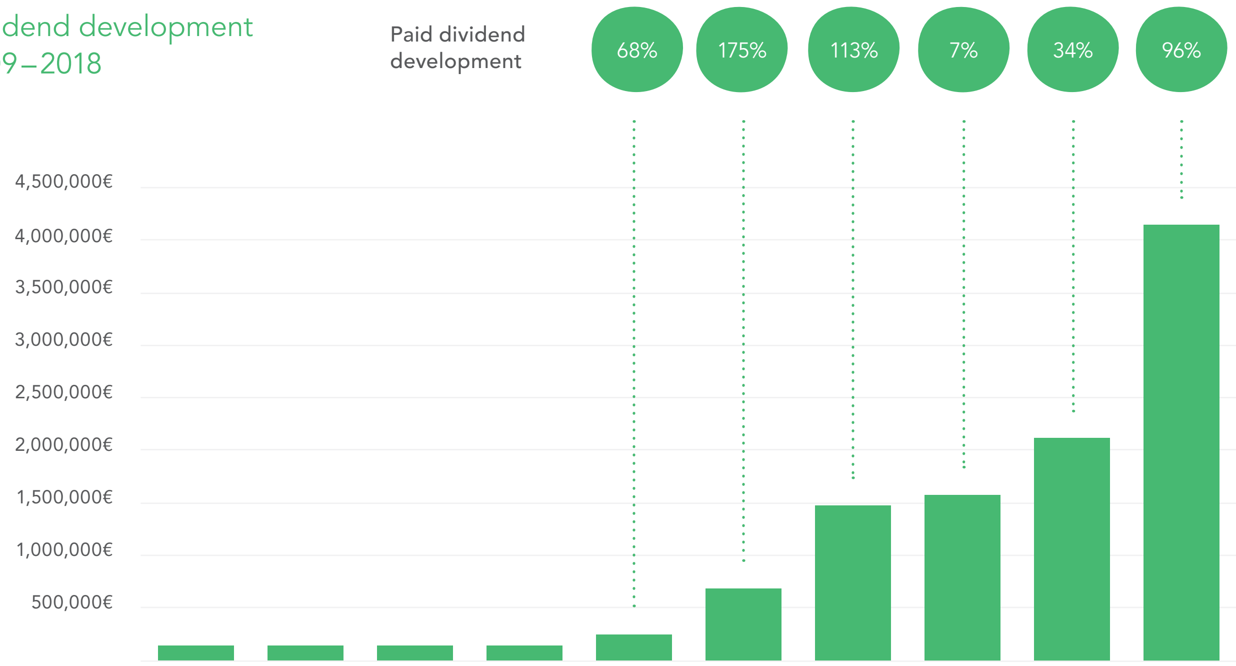
Distribution of profit

The Board of Directors proposes to the Annual General Meting a dividend of EUR 0.14 be paid for each share. The record date for the dividend payment is 2 May 2019 and the dividend payment date 9 May 2019.

Share Register

The shares of Oma Savngs Bank Plc are maintained by Euroclear Finland Oy. Issues relating to share information are managed by Oma Savings Bank Plc Helena Juutilain-en, Head of Legal, phone +358 40 580 6401.

Dividend development 2009–2018



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total paid dividend	150,000€	150,000€	150,000€	150,000€	252,000€	693,000€	1,478,400€	1,575,982€	2,112,342€	4,141,900€
Paid dividend development		0.00%	0.00%	0.00%	68.00.%	175.00%	113.33%	6.60%	34.03%	96.08%
Comparable number of shares TP	5,000,000	5,000,000	5,000,000	5,000,000	8,400,000	23,100,000	23,100,000	24,548,000	25,087,200	29,585,000
Dividend /Comparable number of shares	**0.03€**	**0.03€**	**0.03€**	**0.03€**	**0.03€**	**0.03€**	**0.06€**	**0.06€**	**0.08€**	**0.14€**
Increase in dividend		**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**113.33%**	**0.31%**	**31.15%**	**66.27%**

Year 2018
Report of Board of Directors and Financial Statements

Year 2018 Report of Board of Directors and Financial Statements is a translation of the original Finnish version "Vuoden 2018 hallituksen toimintakertomus ja tilinpäätös". If discrepancies occur, the Finnish version is dominant.

Report of Board of Directors

Strategy and financial goals

Oma Savings Bank Plc is a growing Finnish bank and the largest savings bank in Finland based on total assets. The bank focuses primarily on retail banking operations and provides its clients with a broad range of banking services both through its own balance sheet as well as by acting as an intermediary for its partners' products. The intermediated products include credit, investment and loan insurance products. The bank is also engaged in mortgage banking operations.

The bank's key customer groups are private customers, small and mediumsized companies as well as agricultural and forestry entrepreneurs. The bank's aim is to strengthen its market position in its respective area and among all the above-mentioned customer groups. However, growth is sought in business areas where growth can be achieved within the framework of the bank's business profitability and risk management objectives. Oma Savings Bank has been one of the most profitable and effective banks in Finland already for years, and the bank aims to maintain this position in the future as well.

The development of business volumes is based on organic growth, but reorganisations are also possible in the future.

The core idea of Oma Savings Bank is to provide personal service and to be local and close to its customers, both in digital and traditional channels. The bank strives to offer premium level customer experience through personal service and easy accessibility. The bank pays special attention to costefficiency and risk management.

The business profile is stable with the bank focusing on the retail banking business in Finland. The goal is to keep individual customer and investment risk concentrations delineated and the organizational structure simple and transparent. The company has defined precise risk management processes, risk taking limits and guidelines defined and to stay within the set limits.

Oma Savings Bank's personnel is committed and the bank seeks to support their career development with versatile tasks and continuous development. A substantial part of the personnel also own shares in the bank.

The Bank's Operations

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

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

Trading in Oma Savings Bank Plc's shares began on the stock exchange's official list on 4 December 2018. The bank issued altogether 4,500,000 new share in the IPO.

The bank received EUR 31.4 million in IPO gross proceeds. The total number of shares outstanding is 29,585,000. The new shares issued in the IPO represent some 15.2% of the bank's shares immediately after listing. The total number of shareholders after the IPO was more than 1,700.

Extraordinary General Meeting 9 November 2018

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

First interim report

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

Comprehensive solutions for customer needs

Oma Savings Bank offers its customers full banking services range. The offer to private customers covers daily banking services, various financing solutions, saving services, financial services, insurance, as well as inheritance and family law matters. The range of services to corporate customers covers payment services and other business daily banking services, financial services, corporate pension insurance, investment services and legal and other advisory services. Oma Savings Bank has complemented its own service offering with its partners products, which allows offering a full range of services.

In terms of investment products, the bank's product selection also included the investment and saving products of its partners Sp-Rahastoyhtiö Oy and Sp-Henkivakuutus Oy. For securities services, the bank's partner was FIM, with the Central Bank of Savings Banks Finland Plc acting as the account operator. At the end of the year, the bank's customers owned investment and insurance savings worth 272 million euros.

The bank's financial services were complemented also by the products of partners, such as loan insurances and various conditional guarantees. Bank's partners with these financial products include Sp-Henkivakuutus Oy, Axa and insurance company Garantia.

Oma Savings Bank and the Nordic Investment Bank (NIB) signed an agreement for a EUR 35 million loan programme for financing SMEs, small midcaps and environmental projects. The loan period for the programme is seven years. This is the second loan programme agreed with NIB. In addition, the bank signed a loan agreement with European Investment Bank targeted for Finnish SMEs in June.

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

Oma Savings Bank operates as an independent issuer of Visa cards. Visa card credits are financed with the bank's own funds.

Changes in service network

The main goal of Oma Savings Bank is to serve their clients personally and be to local and close both in digital and traditional service channels. To ensure efficient service through the whole country, the bank has invested in the development of digital services and optimizing its branch network.

In line with the bank's strategy the presence in growth centers is essential. The branch network expanded to key growth centers during 2018. The bank said it would open new units late 2018 and early 2019 in Helsinki, Turku and Oulu. As part of the branch network optimization the activities of Vuoksenniska branch joined to Imatra branch at the end of 2018.

The bank has extensive digital services to help to serve its customers regardless time and place. The development of the bank's digital service channels continued strong during the year. The new OmaKonttori and OmaVahvistus apps that were launched from the bank in spring and summer 2018 diversified customer service in digital channels and improved significantly the availability of personal service. With OmaKonttori app you can send messages and do voice and video calls to preferred banking agent. Through the application, the customer can manage banking with the same banking advisor as in a branch office.

Investing in personnel competence in focus

The development of personnel has been one of the operational development priorities in the bank in recent years. The bank started its first extensive training programme with the University of Tampere and in February 2018, altogether 13 of the bank's experts and supervisors graduated from the first OmaSp Master training programme.

In addition to ongoing and regular training, the bank offered an opportunity for supervisors and experts to complete the LKV qualification at the end of 2018. Altogether 23 employees of Oma Savings Bank reached the LKV qualification according to the received results in January 2019.

Investing in young workers continued through the year. The bank offered internships for university and vocational college students in different units. Several Bachelor and University final works were prepared for the bank as part of various development projects. The bank was involved in summer 2018 in the responsible summer job campaign offering 30 young people summer job opportunities in the bank.

Changes in Group structure

The bank increased its share in SAV-Rahoitus by buying more shares from owners with a non-controlling interest, and its holding was 50.7% on the balance sheet date.

On August Oma Savings Bank bought a 25% share in PP-Laskenta Oy from Samlink Ab. PP-Laskenta Oy produces the bank accounting, payroll and supervisory reporting services.

Issuance of a bond

In June the bank issued a EUR 100 million covered bond as part of the bond programme. The bond was added to the previous bond issued in December 2017 under Oma Savings Bank's bond programme worth EUR 1.5 billion.

Operating environment

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

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

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

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

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

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

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

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

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

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

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

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

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

Oma Savings Bank Plc Group's key figures

The Group's key figures (1,000 euros)	1–12/2018	1–12/2017
3) Operating income/loss	88,092	84,921
Net interest income	49,351	39,317
% of operating income/loss	56.0%	46.3%
Total operating income	75,958	74,091
Total operating expenses	47,237	41,112
3) Cost/income ratio	62.2%	55.5%
Impairment losses on financial assets, net*	-3,746	-2,600
Profit before taxes	24,976	30,379
% of operating income/loss	28.4%	35.8%
Profit/loss for the accounting period	20,322	24,087
Balance sheet total	2,914,661	2,726,567
Equity	290,330	241,484
3) Return on assets (ROA)%	0.7%	1.0%
3) Return on equity (ROE)%	7.6%	10.4%
3) Earnings per share (EPS), euro**	0.78	0.98
Average number of shares (excluding own shares)**	25,822,093	24,592,933
Number of shares at the end of the year (excluding own shares)**	29,585,000	25,087,200
3) Equity ratio,%	10.0%	8.9%
Total of own funds (TC) relative to risk-weighted items (%)***	19.3%	18.9% (1 (2
Core capital (CET1) relative to risk-weighted items (%)***	18.4%	17.6% (1 (2
Tier 1 capital (T1) relative to risk-weighted items (%)***	18.4%	17.6% (1 (2
3) Liquidity coverage ratio (LCR)%	134.8%	280.3% (1
Average number of employees	288	264
Employees at the end of the period	293	270
Alternative performance measures excluding items affecting comparability:		
3) Comparable profit before taxes	26,210	19,599
3) Comparable cost-to-income ratio,%	61.1%	64.9%
3) Comparable earnings per share (EPS), euro**	0.82	0.63
3) Comparable return on equity (ROE)%	8.0%	6.7%

* IFRS 9 *Financial Instruments* standard implementation January 1, 2018. The comparable figures have not been adjusted. ** The number of shares in the comparable periods take into account the 50:1 stock split carried out on November 9, 2018.*** Solvency calculation begun at the Group level on March 31, 2018. 1) Calculated at the parent company level. 2) The key figure does not correspond to the figure presented in the published interim report or financial statements. 3) The calculation principles of the key figures and alternative key figures are presented in note G38 of the financial statements. The items related to the comparability of key figures and the actual calculation are presented on pages 46–47.

Result

The Group's profit before taxes for the accounting period was EUR 25.0 (30.4) million and the cost/income ratio was 62.2% (55.5%). Comparable profit before taxes for the accounting period excluding net income from financial assets and liabilities and expenses linked to IPO was EUR 26.2 (19.6) million. The comparable cost-income ratio was 61.1% (64.9%).

Profit before taxes

25

EUR mill.

Accounting period 1–12/2018

Comparable profit before taxes

26.2

EUR mill.

Accounting period 1–12/2018

Income

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

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

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

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

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

Expenses

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

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

Other operating expenses grew during the year by 10.4% to EUR 28.1 (25.5) million. The IT expenses and marketing and representation expenses included in the item did not show significant growth during the year. The growth in other operating expenses is due to the rent and office expenses for the new branch offices. Other operating expenses include some EUR 0.2 million in expenses resulting from the listing of the bank.

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

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

Balance sheet

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

Cash and cash equivalents

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

Loans and other receivables

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

Investment assets

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

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

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

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

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

Debt securities issued to the public

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

On 16 April 2018, a bond issued by Oma Savings Bank with a nominal value of EUR 100 million matured. At the same time, the nominal value of a covered bond issued in December 2017 was raised by EUR 100 million. The average interest on bonds at their nominal value was 0.345% (0.639%) at the end of the period. Debt securities issued to the public are shown in note G13 *Debt securities issued to the public.*

Equity

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

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

Own shares

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

Off-balance-sheet commitments

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

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

Deposit guarantee and investors' compensation fund

Deposit guarantee is regulated by the law of financial stability authoritative. The Financial Stability Auhtority is responsible for the guarantee of Oma Savings Bank. The deposit guarantee fund protects the deposit maker's eligible receivables up to 100,000 euros.

The investors' compensation fund covers compensation to non-professional investors a maximum of 20,000 euros.

The Group's solvency and risk management

Solvency managent

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

The internal capital needs, which are determined through the solvency management process, are based on the capital requirements of solvency regulations, Pillar I, and its external risks, such as the interest rate risk of the financial account, the market risk of the investment portfolio and business risk. In its internal evaluation process, the bank estimates the amount of capital sufficient to cover any unexpected losses emerging from risks that are external to Pillar I.

The bank's Board of Directors confirms the general requirements for the solvency measurement and evaluation processes as well as general principles for the structuring of the solvency management process. The Board confirms risk strategies and defines target levels for capital, which covers all essential risks emerging from business operations and changes in the external operating environment. In retail bank operations, the bank operates according to its strategy. By restricting its operations to this sector alone, the bank is able to keep its risks on a manageable level and small in terms of operational quality. The bank's Board of Directors is responsible for managing the bank's solvency. The board also defines the operational levels of risks. Once a year, the Board of Directors reviews the bank's solvency management risks, the capital plan as well as levels of its risks.

Solvency status and own funds

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

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

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

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

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

The main items in the solvency calculation of Oma Savings Bank Group

The main items in the solvency calculation (1,000 euros)	Group 31 Dec 2018	Parent 31 Dec 2017
Core capital before deductions	285,699	240,296 1)
Deductions from core capital	-9,941	-10,383
Core capital (CET1), total	**275,758**	**229,912** 1)
Additional Tier 1 capital before deductions	-	-
Deductions from additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1), total	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1), total	**275,758**	**229,912** 1)
Tier 2 capital before deductions	13,031	17,766
Deductions from Tier 2 capital	-	-
Tier 2 capital (T2), total	**13,031**	**17,766**
Own funds (TC = T1 + T2), total	**288,789**	**247,678** 1)
Risk-weighted items		
Credit and counterparty risk	1,367,127	1,193,120
Adjustment risk of liability (CVA)	5,401	7,104
Market risk	-	-
Operational risk	126,170	109,516
Risk-weighted items, total	**1,498,699**	**1,309,739**
Fixed capital buffer in accordance with the Act on Credit Institutions (2.5%)	37,467	32,743
Core capital (CET1) relative to risk-weighted items (%)	18.40%	17.55% 1)
Tier 1 capital (T1) relative to risk-weighted items (%)	18.40%	17.55% 1)
Own funds, total (TC) relative to risk-weighted items (%)	19.27%	18.91% 1)

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

Leverage ratio

The leverage ratio of Oma Savings Bank was 9.3% (8.3%). The leverage ratio has been calculated in accordance with current regulations and describes the ratio of the Bank's Tier 1 capital to total liabilities.

Oma Savings Bank monitors excessive indebtedness as part of its solvency management process. The leverage ratio is expected to become binding at 3% demand in 2019.

Leverage ratio (1,000 euros)	**Group 31 Dec 2018**	**Parent 31 Dec 2017**
Tier 1 capital	275,758	229,912 [1)]
Total amount of exposures	2,972,018	2,776,384
Leverage ratio	9.28%	8.28% [1)]

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

Liquidity requirement and permanent fundraising

Group liquidity coverage ratio (LCR, Liquidity Coverage) remained on a good level being 134.8% (280.35) at the end of the period when the minimum liquidity requirement level is 100%. The figure for the comparison period was increased due to funds received from the issued in December 2017. The bank keeps its liquidity good by investing liquid assets mainly on marketable financial instruments. LCR reporting level changed to group level during 2018. Oma Savings Bank Plc forms an essential part part of the group, so the Group and the parent company of the Group figures are essentially comparable. NSFR (Net Stable Funding Ratio) was 135.0% at the end of the period. The EU will decide the binding requirement for permanent funding for NSFR and content after the follow-up period. Based on current knowledge, it becomes a binding requirement at the earliest in 2019. The proposed requirement is 100%.

Resolution plan

The Directive of the European Parliament and of the Union 2014/59/EU on the recovery and resolution framework of credit institutions and investment service firms was brought nationally into force as of January 1, 2015 (Resolution Act). To implement the Resolution Act, the Financial Stability Authority was established (Authority Act, 1195/2014). The Financial Stability Authority confirmed Oma Savings Bank’s resolution plan in December 2017. The Financial Stability Authority has not set a minimum requirement of own funds and eligible liabilities (MREL) for the bank.

Risk Management

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

Principles and organisation

Risk management means the identification, assessment, measurement, restriction and monitoring of risks resulting from and closely related to business operations. Through risk management, the bank attempts to minimise the likelihood of unexpected losses and threats to the bank’s reputation. Oma Savings Bank's risk management strategy is based on the objective and business strategy, risk management instructions, authorisation system, and a risk and deviation report of the most essential business sectors, all of which are confirmed by the Board to the bank. In accordance with its strategy, the bank operates in the low-risk area of retail banking activities. In terms of its financial bearing capacity, the bank does not have too extensive customer or investment risk concentrations and, as per its strategy, the bank will not take such risks either.

The bank's Board sets the level of willingness to take risks by approving risk area-specific risk strategies and the necessary risk limits and monitoring limits. The realisation of the risk strategy is monitored through the control of risk limits and monitoring limits and reporting, which are performed independently of business operations. The bank maintains its solvency at a safe level. The bank's solvency and risk bearing ability are fortified with profitable operations. The board is regularly provided information about the various risks to the bank as well as an assessment of the level of each risk. The board also accepts authorisations and frameworks for risk-taking by determining the approved levels of credit and market risks. Within the limits of authorisation, the responsibility for the daily risk monitoring and surveillance belongs to management. Management utilises system-produced reports on the various areas of risk. Systems and policies intended for risk reporting and monitoring meet the requirements set for risk management, taking into consideration the character and extent of the bank's operations.

The bank has established independent operations to ensure efficient and comprehensive internal control.

Independent operations:

- Independent risk control
- Ensuring compliance with regulations (compliance function)
- Internal audit

Risk management and compliance arrangements

Independent risk control and compliance monitoring is performed by the risk management assessment function, the bank's compliance function and the credit risk evaluation function. The risk management assessment function maintains the risk management policies and framework and promotes a healthy risk culture by supporting the company in its risk management processes. The purpose of the independent risk control is to ensure and monitor that the bank's risk management is conducted on a sufficient level in terms of the quality, extent, diversity and risks of the bank's business operations. In addition, all new and essential previously unknown risks will be included in the bank's risk management.

The credit risk evaluation function promotes the proactive and systematic management of credit risk. The compliance function is responsible for ensuring compliance with regulations. The compliance function monitors the bank and ensures that the policies and instructions are in compliance with relevant legislation, and ensures perpetual compliance with laws, official regulations and internal instructions. The risk control and the compliance function report directly to the CEO. Through its independent operations, the internal audit ensures that the bank's Board of Directors and Executive Management have access to a correct and comprehensive picture of the bank's profitability and efficiency, the status of internal audit and the various operative risks. The internal audit presents its reports to the bank's Board of Directors.

Credit ratings

In September 2018, Standard & Poor's confirmed Oma Savings Bank's credit ratings of BBB+ for long-term borrowing and A-2 for short-term borrowing.

Pillar III publication principles

In accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council, Oma Savings Bank will publish information listed in Part 8, Title II and it will do so annually at the time of preparing financial statement and on specified parts at the preparing Interim Report. The bank's independent operations evaluate and authenticate the relevance of the published information at the time of publication. At the time of approving the financial statements, the bank's Board will assess the presentation of independent operations to determine whether the published details give the market parties a comprehensive picture of the bank's risk profile.

Administration and personnel

The Oma Savings Bank's Annual General Meeting took place on April 14, 2018. The 2017 financial statements were approved at the Annual General Meeting and the members of the Board of Directors and CEO were granted exemption from liability. All Board members were elected for a new term. In terms of the bank's funds eligible for profit distribution, a decision was made to allocate a dividend of 4.21 euros/share totaling 2.1 million euros. The rest was transferred to the bank's own non-restricted equity reserve. In addition, the Annual General Meeting decided on entering the company's shares in the book-entry system and changes to Articles 4, 10 and 12 and authorized the Board of Directors to acquire a maximum of 15,000 of the company's own shares and a maximum up to the same amount of the company's own shares as a pledge.

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

Oma Savings Bank Plc's Board of Directors consists of seven members. The Board convened 13 times during the year, of which one was an e-mail meeting.

Board members:

Chairman of the board Jarmo Partanen
Vice chairman Jyrki Mäkynen
Member Aila Hemminki
Member Aki Jaskari
Member Timo Kokkala
Member Heli Korpinen
Member Jarmo Salmi

APA Juha-Pekka Mylén has acted as the bank's main auditor and KPMG Oy Ab as deputy auditor.

Oma Savings Bank Plc employed an average of 288 people in 2018. The number of employees at the bank has increased during the year because of new branch office openings and business growth. The goal of the bank is that every employee has a clear role in the organization as well as adequate responsibilities and tasks. The number of employees at the bank during the financial year was 282 on average. The number of employees at SAV-Rahoitus Oyj was 6 during the financial year. Oma Savings Bank invests considerably in the skills and ability of its personnel. The bank started an OmaSp Master training program for supervisors and experts. Training is organized in cooperation with the Research and Education Centre Synergos, which is a unit of the School of Management at the University of Tampere. The first OmaSp Master training program ended in February 2018. The training program was completed by 13 supervisors and experts. The bank also arranges training weeks for the entire personnel, with the purpose of developing the skills of the personnel.

The bank's personnel is generally very satisfied and committed. The bank carried out a second personnel offer as part of the IPO in November 2018. The first personnel offer took place in 2017. About 60% of the bank employees were shareholders after the personnel offer that took place at the time of IPO.

Personnel satisfaction is one of the bank's key activities and indicators of success. The bank monitors personnel satisfaction through an annual personnel survey. Overall satisfaction was 4.3/5 in December 2018.

Personnel
overall satisfaction

4.3/5

OmaSp Personnel study
12/2018

The bank's principles of governance

The bank's governance principles approved by the Board are described in a separate document Statement of Oma Savings Bank's principles of governance, that can be found from the Oma Savings bank website.

Reward schemes

Oma Savings Bank complies with the credit institution operations chapter 8 of the act on remuneration requirements. The Bank's board of Directors has approved remuneration schemes general principles and monitor and evaluate their functioning and compliance. The Board of Directors supervises compliance with the reward scheme and regularly evaluates its functionality.

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

One of the rewards forms in Oma Savings Bank is a personnel fund. The personnel fund means a fund owned and managed by bank's personnel, the purpose of which is the asset management paid by the bank of earnings and profit bonuses and other according to personnel fund law. The purpose of the personnel fund is to reward the whole personnel for achieving the goals, improve the bank's productivity and competitiveness and promote it cooperation between the employer and the personnel and financial participation of the personnel. The bank's Board of Directors decides annually on the amount of the profit sharing bonus to be distributed to the personnel fund and the objectives behind the distribution. The members of personnel fund becomes all employees that have been working six months in Oma Savings Bank excluding the CEO and the members of Management Team. The personnel fund rules determine how the bonus gets distributed to the personnel fund members. The operation of personnel fund is regulated by the law of personnel funds.

Salaries and rewards for the financial year are presented in note G21 (personnel expenses). The company publishes the salaries and reward statement as part of the corporate governance statement (Statement of Oma Savings Bank Bank's principles of governance) alongside with the financial statements.

Social responsibility

Social responsibility is at core of the bank's operations. Oma Savings Bank developes its product and service offering with a customer-oriented approach. Major owners, local savings bank foundations and cooperatives, give annually donations to non-profit purposes.

Changes to IT systems

In its stock exchange release on 23 January 2019, the bank announced that it has decided to implement a new banking platform with Temenos technology. The system will be supplied by Cognizant Technology Solutions Finland Oy, to which the bank will be selling its 15.45% holding in its current IT service provider Oy Samlink Ab. At the same time, OmaSp signed an agreement with Oy Samlink Ab to develop a new banking platform and a 10-year service agreement for production and maintenance of basic banking services.

The new basic banking system roll-out project will begin in Q1 of 2019. The total planned duration of the project is three years. A more detailed schedule for the project will be created during the detailed planning phase. During the project, the bank will continue to develop its services and digital services in particular. The deployment of OmaKonttori during the first half of 2019 to enable a personal digital banking experience is one of the bank’s strategic priorities. Also OmaMobiili’s development is going strong and the and the service will be renewed during spring 2019. The bank’s goal is to achieve lower basic banking system maintenance costs after the reform of the basic banking system. Developing the new services will be more agile and cost-effective in future. Oma Savings Bank will capitalise the expenditure.

Significant events after financial statement

A positive profit warning

Oma Savings Bank Plc gave a positive profit warning on 22 January 2019, raising its profit guidance for 2018. According to the new guidance, the company's profit before tax excluding net income from financial assets and liabilities for 2018 will grow significantly compared to the previous year. Profit before tax excluding net income from financial assets and liabilities was EUR 19.6 million in 2017. The profit for the 2018 accounting period includes some EUR 1.8 million in expenses incurred from the IPO. During the 2017 accounting period, the net income from financial assets and liabilities was highlighted in the profit, the impact on the profit being EUR 10.8 million. The improved earnings outlook is driven by speedy growth in business volumes, which affects the strong development of both net interest income and fee and commission income.

Renewal of the banking platform

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

At the same time, on 23 January 2019, the bank signed an agreement with Oy Samlink Ab to develop a new banking platform based on the Temenos T24 and Temenos Payment Hub software, and a 10-year service agreement for production and maintenance of basic banking services. The delivery of the banking platform will cost the bank about EUR 20 million. As part of the banking platform renewal, the card system will also be renewed and Oma Savings Bank signed an agreement with Nets on 6.2.2019. The target time for the introduction of the new card system is early in year 2020.

Outlook for the 2019 accounting period

Operating environment outlook

According to the Bank of Finland's forecasts, Finland's economic growth will continue in 2019 but slower than the last two years. Economic growth is expected to slow down to 1.9% in 2019 and further to just under 1.5%. According to the Bank of Finland the conditions for continued growth still remain. There is a demand for Finland's export products on the international market. The euro-area monetary policy continues to support growth in 2019 due to low interest rates, in addition to which, the good profitability of the corporate sector increases the conditions for business investments. Also the strengthening of households' purchasing power supports consumption in 2019. According to the forecast, wages will rise an average of 2.5%. Inflation is expected to be 1.3% in 2019 and is expected to continue to accelerate to 1.7% in 2021.

According to forecasts the uncertainty in international economic development has increased. The threat of a trade war between United States and China and the uncertainty about the United Kingdom's terms of EU-exit and the direction of Italy's economic policy will continue. Uncertainty can affect investment in countries where Finland exports goods and services, and this would adversely affect the growth of Finland's export market.

In recent years, household consumption has been higher than households' disposable income. In addition to housing loans, household indebtedness has been increased by consumer credits and in particular housing company loans. According to the forecast, household indebtedness will continue if debt is taken at the same pace as the past few years, even though incomes will increase in the coming years.

According to forecasts, investment in residential buildings will slow down clearly in 2019. Investments in new buildings will slightly shrink from the historically high level but the growth in renovations will continue.

Source: Bank of Finland, Euro & Finance 5/2018 18.12.2018.

Business outlook

The company's business volumes are predicted to maintain their strong growth during the 2019 accounting period. The company's profitable growth is supported by efforts in recent years to improve the customer experience and the availability of customer service through new digital service channels and the opening of new units. Oma Savings Bank Plc provides earnings guidance and the comparable profit before taxes and the profit before taxes. A verbal description is used to make a comparison with the comparable period. Earnings guidance is based on the forecast for the entire year, which takes into account the current market and business situation. Forecasts are based on the management's insight into the Group's business development.

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

Financial goals

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

Growth

10–15 %

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

Profitability

<55 %

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

Return on equity (ROE)

>10 %

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

Solvency

16 %

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

Dividend policy

The company's targets is to pay a steady and growing dividend of at least 20% of netprofit. The Board of Directors of the Company evaluates the balance between the dividends or the capital to be distributed and the amount of own funds required by the company's solvency requirements and targets and, on the basis of this evaluation, makes a proposal on the amount of dividend or capital to be distributed.

Board of Directors' proposal for the distribution of profit

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

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

General Meeting

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

The Group's Financial Statements numeric section

Consolidated income statement

Note	(1,000 euros)	2018	2017
	Interest income	55,949	46,579
	Interest expenses	-6,599	-7,262
G17	**Net interest income**	**49,351**	**39,317**
	Fee and commission income	29,694	24,814
	Fee and commission expenses	-5,535	-3,569
G18	**Fee and commission income and expenses, net**	**24,158**	**21,245**
G19	Net income on financial assets and financial liabilities	556	10,780
G20	Other operating income	1,893	2,748
	Total operating income	**75,958**	**74,091**
G21	Personnel expenses	-16,321	-13,137
G23	Other operating expenses	-28,128	-25,470
G23	Depreciation, amortisations and impairment losses on tangible and intangible assets	-2,788	-2,504
	Total operating expenses	**-47,237**	**-41,112**
G24	Impairment losses on financial assets, net	-3,746	-2,600
	Profit before taxes	**24,976**	**30,379**
G25	Income taxes	-4,653	-6,292
	Profit/loss for the accounting period	**20,322**	**24,087**
	Of which:		
	Shareholders of Oma Savings Bank Plc	20,203	24,208
	Non-controlling interests	119	-120
	Total	**20,322**	**24,087**
	Earnings per share (EPS), euro	**0.78**	**0.98**

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

Profit before taxes excluding items affecting comparability:	2018	2017
Profit before taxes	**24,976**	**30,379**
Operating income:		
IPO, Fee and commission expenses	1,549	-
Net income on financial assets and liabilities	-556	-10,780
Operating expenses		
IPO, Other operating expenses	241	-
Comparable profit before taxes	**26,210**	**19,599**
Income taxes in income statement	-4,653	-6,292
Change of deferred taxes	-247	2,156
Comparable profit/loss for the accounting period	**21,310**	**15,463**

Consolidated statement of comprehensive income

Note	(1,000 euros)	2018	2017
	Profit/loss for the accounting period	20,322	24,087
	Other comprehensive income before taxes	386	-4,808
	Items that will not be reclassified to profit or loss	**110**	**-149**
G28	Gains and losses on remeasurements from benefit pension plans	110	-149
	Interest in associated companies' comprehensive income	-	-
	Items that may later be reclassified to profit or loss	276	-4,659
G16	Measured at fair value	**276**	**-4,655**
	Cash flow hedge	-	-4
G11	**Income taxes**	-77	962
	For items that will not be reclassified to profit or loss	**-22**	**30**
	Gains and losses on remeasurements from benefit pension plans	-22	30
	Items that may later be reclassified to profit or loss	-55	932
	Measured at fair value	-55	931
	Cash flow hedge	-	1
	Other comprehensive income for the accounting period after taxes	**309**	**-3,846**
	Comprehensive income for the accounting period	**20,631**	**20,241**
	Shareholders of Oma Savings Bank Plc	20,512	20,361
	Non-controlling interest	119	-120
	Total	**20,631**	**20,241**

Consolidated Balance Sheet

Note	Assets (1,000 euros)	31 Dec 2018	31 Dec 2017
G4	Cash and cash equivalents	18,521	265,265
	Financial assets valuated at fair value through profit or loss	0	332
G5	Loans and advances to credit institutions	58,832	73,847
G5	Loans and advances to the public and public sector entities	2,527,016	2,137,868
G6	Financial derivatives	1,593	1,676
G7	Investment assets	272,253	194,253
	Shares of companies consolidated by the equity method	175	0
G8	Intangible assets	5,039	6,515
G9	Tanglible assets	16,547	17,348
G10	Other assets	12,286	28,337
G11	Deferred tax assets	1,342	1,128
G11	Current income tax assets	1,057	0
	Total assets	**2,914,661**	**2,726,567**

Note	Liabilities	31 Dec 2018	31 Dec 2017
G12	Liabilities to credit institutions	89,793	35,993
G12	Liabilities to the public and public sector entities	1,757,911	1,639,304
G6	Financial derivatives	0	2,222
G13	Debt securities issued to the public	714,863	736,961
G14	Subordinated liabilities	25,200	28,000
G15	Provisions and other liabilities	15,698	22,042
G11	Deferred tax liabilities	20,866	19,119
G11	Current income tax liabilities	0	1,441
	Total liabilities	**2,624,331**	**2,485,083**

G16	Equity	31 Dec 2018	31 Dec 2017
	Share capital	24,000	24,000
	Reserves	139,616	110,268
	Retained earnings	125,964	106,439
	Shareholders of Oma Savings Bank Plc	**289,580**	**240,706**
	Shareholders of Oma Savings Bank Plc	289,580	240,706
	Non-controlling interests	750	778
	Equity, total	**290,330**	**241,484**
	Total liabilities and equity	**2,914,661**	**2,726,567**

Group's off-balance sheet commitments

Note G27	Group's off-balance sheet commitments (1,000 euros)	31 Dec 2018	31 Dec 2017
	Guarantees and pledges	21,735	14,972
	Other commitments given to a third party	297	471
	Commitments given to a third party on behalf of a customer	**22,032**	**15,443**
	Undrawn credit facilities	187,244	188,634
	Irrevocable commitments given in favour of a customer	**187,244**	**188,634**
	Group's off-balance sheet commitments, total	**209,276**	**204,077**

Consolidated statement of changes in equity

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

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

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement (1,000 euros)	1–12/2018	1–12/2017
Cash flow from operating activities		
Profit/loss for the accounting period	20,322	24,087
Changes in fair value	-583	69
Depreciation and impairment losses on investment properties	200	317
Depreciation, amortisation and impairment losses on tangible and intangible assets	2,788	2,504
Gains and losses on sales of tangible and intangible assets	387	-57
Impairment losses	3,746	2,596
Income taxes	4,653	6,292
Adjustments to impairment losses	-	4
Other adjustments	865	-787
Adjustments to the profit/loss of the accounting period	12,056	10,938
Cash flow from operations before changes in receivables and liabilities	**32,378**	**35,025**
Increase (-) or decrease (+) in operating assets		
Debt securities	-74,917	-2,882
Loans and advances to credit institutions	-2,495	-1,176
Loans and advances to customers	-393,972	-349,626
Derivatives and hedge accounting	93	-48
Investment assets	-3,229	60,508
Other assets	15,734	-16,208
Total	**-458,787**	**-309,432**
Increase (+) or decrease (-) in operating liabilities		
Liabilities to credit institutions	53,800	1,736
Liabilities to customers	116,125	154,509
Debt securities issued to the public	-22,098	383,911
Subordinated liabilities	-	15,200
Provisions and other liabilities	-6,801	-2,227
Total	**141,027**	**553,129**
Paid income taxes	**-5,061**	**-2,470**
Cash flow from operating activities total	**-290,444**	**276,252**

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

Group's notes

G1 Risk Management notes

Oma Savings Bank focuses on retail banking operations and provides its clients with a broad range of banking services both through its own balance sheet as well as by acting as an intermediary for its partners' products. The intermediated products include credit, investment and loan insurance products. OmaSp is also engaged in mortgage banking operations.

Risk and solvency management processes are regulated by the Act on Credit Institutions, directly applicable EU legislation as well as the standards, regulations and instructions provided by the Financial Supervisory Authority.

The aim of solvency management is to secure the bank's risk-bearing capacity and the continuity of the bank's operation. The bank's strategy defines the bank's risk-bearing capacity and risk appetite and other risk management policies in relation to business objectives.

The essential risks are credit risks, market risks including interest rate and price risks, financing risks, property risks as well as strategic and operational risks.

Solvency management

The objective of the solvency management process is to ensure that the quantity and quality of capital are sufficient in relation to the nature, scope and diversity of the bank's operations, and are sufficient to cover all risks related to the bank's business operations and operating environment. To reach this objective, Oma Savings Bank comprehensively identifies and evaluates operational risks and matches its risk bearing capacity to the combined extent of risks posed to the bank. The internal capital needs, which are determined through the solvency management process, are based on the capital requirements of solvency regulations, Pillar I, and its external risks, such as the interest rate risk of the financial account, the market risk of the investment portfolio and business risk. In its internal evaluation process, the bank estimates the amount of capital sufficient to cover any unexpected losses emerging from risks that are external to Pillar I.

Stress tests

As a component of the solvency management process, the bank assesses its own risk position and the sufficiency of capital through stress tests. Stress tests are used to evaluate how various exceptionally serious but potential situations could impact the bank's ability to make profits, solvency and sufficiency of capital. Stress tests are used to identify key risks and assess the vulnerabilities of the bank with regard to the materialisation of these risks. The objective of the solvency management process is also to maintain and develop high-quality risk management operations.

Own funds and key figures for solvency

At the end of 2018, Oma Savings Bank's capital structure was strong and consisted mainly of core capital (CET1). Oma Savings Bank Group's own funds totalled (TC) 288.8 (247.7) million euros, when the total capital requirement was 157.5 (137.6) million euros. Tier 1 capital (T1) was 275.8 (229.9) million euros, which was as a whole core capital (CET1). Tier 2 capital (T2) was 13.0 (17.8) million euros consisting of debenture loans. Own funds were mainly increased by the funds raised 30.0 million euros in the institutional and public offering and profit for the financial period.

Risk-weighted items totalled 1,498.7 (1,309.7) million euros increased from the comparison period 14.4%. The increase in risk-weighted items is mainly explained by strong growth in corporate and private customers' credit loans. Oma Savings Bank Group's solvency ratio (TC) remained strong and was at the end of the period 19.3% (18.9%).The ratio of core capital (CET1) to risk-weighted items was 18.4% (17.6%).

The 2018 solvency figures are reported at Group level and the comparison period figures for 2017 at the parent company Oma Savings Bank level.

Credit and counterparty risks

The objective of credit risk management is to restrict the profit and solvency effects of risks stemming from customer responsibilities so that these risks remain at acceptable levels. The bank's Board of Directors make the most significant loan decisions. The Board has delegated loan authorisations to the bank's loan groups and other designated staff members. Loan decisions are made in accordance with the loan issuance instructions approved by the Board of Directors. The main rule is the principle of a minimum of two decision makers. Loan decisions are based on the customer's creditworthiness and financial standing as well as the fulfilment of other criteria, such as the collateral requirement.

Creditworthiness is also ensured by testing the ability to pay rising interest rates. Loans are mainly granted with security collaterals. Forms of collateral are carefully valued to a fair value and their fair values are regularly monitored by utilising statistics and thorough knowledge of the industry. The bank's Board of Directors has approved instructions on the valuation of different types of collateral and their collateral values, against which loans can be granted.

Credit risk is managed in the manner specified by the bank's credit risk strategy that determine the maximum amounts for risk concentrations and guide the direction of loan issuance by the customer sector, industry and credit ratings. Credit risk management is based on a good understanding and management of the customer relationship strong professionalism and correctness of documentation. Preparing for interest rate increase is done with fixed interest rate lending, and customers are offered ia. insurances for risk reduction. The aim is to avoid too high credit ratio when granting credits. When granting corporate loans, the financial statements are reviewed, the payment behavior and the development of the industries are monitored. The analysis made by the person in charge of the customer about the company's financial position and future prospects is an important criteria for credit lending.

The credit risk is reduced by requiring sufficient collateral from the customer which have separate instructions for evaluation and evaluation of the authorization. The valuation of the collateral follows the principle of prudence and the principle of credit lending independence. Different collateral has been defined valuation percentages, and the performance of collateral is monitored regulatory. Also covenants are used for corporate customers to ensure the financial position of the company and other possible issues considered important in assessing credit risk. The situation of problem customers is monitored regularly on a basis of a special tracking list.

The bank calculates on the loans the expected credit loss amount. The expected credit loss tracking is at three levels and the amount of expected credit loss is affected by delays credit repayment, changes in credit rating and credit collateral. Basically, the credit is on level one. If there is a change in the above factors, it is considered that the likelihood of credit risk has increased and credit is shifted to the next level. The bank follows the expected credit loss monthly. The calculation aims to evaluate the amount of loss to the bank if the customer dips insolvent and all collateral is realized. Expected credit loss calculation principles and definitions for significant credit risk increase and neglect can be found in note G2 Consolidated Financial Statements section Financial Instruments.

The bank is engaged in mortgage banking, which is why the bank monitors the development of the amount of eligible credit to secure refinancing through covered bonds. The breakdown of issued bonds are shown in note G13 and the LTV breakdown of the loans secured by covered bonds in note G26. The bank's key customer groups include private customers, small companies, agricultural entrepreneurs and housing cooperatives.

The credit and counterparty risk section figures are the balance sheet credit figures and do not include interests overdue. The exceptions are the overdue and non-performing receivables and debts with service flexibility, that include interests due. Due to difference in calculation criteria the figures of overdue and non-performing receivables and loan portfolio are not fully comparable with other data shown about credit portfolios. Breakdown of credit portfolio by risk category and credit risk concentrations is presented in the Group's G32 Financial Assets breakdown by risk category and credit risk concentration note.

The majority of the bank's borrowing is granted as loans to the bank's customers. At the end of 2018, the bank's loan portfolio totalled 2,538,6 (2,146,6) million euros, increasing by 392 million euros (18.3%) compared to the end of 2017. Private customers' share of total loans decreased during 2018. Private customers' share of total loans on the balance sheet was 59% (61%), business customers' share was 21% (20%), housing cooperatives' share was 10% (8%), and the share of agricultural entrepreneurs and others was 10% (11%). The majority, 58% (62%), of the bank's loans were granted as home collateral loans.

Loan portfolio per customer groups

Credit balance (1,000 euros)	2018	2017	Change, %
Private customer	1,502,435	1,307,369	14.9%
Company	528,739	438,939	20.5%
Housing cooperative	243,113	163,657	48.6%
Agriculture client	231,397	221,356	4.5%
Others	32,908	15,267	115.5%
Total	**2,538,593**	**2,146,588**	**18.3%**

In lending, risk concentrations are formed or can be formed, for example, when the loan portfolio contains a large amount of loans and other liabilities:

- to a single party
- to groups that consist of single parties or affiliated organisations
- to certain industries
- against certain collaterals
- whose maturity date is the same or
- whose product/instrument is the same.

The breakdown of the loan portfolio by industry is presented in the Group's G32 Financial Assets breakdown by risk category and credit risk concentration.

Credit risks are continuously monitored by keeping an eye on repayment delays and non-performing loans and the development of credit rating shares and individual customer ratings. Key account managers continuously monitor payment behaviour and customers' actions to keep track of the amounts of customer-specific liabilities and forms of collateral. The board receives an annual report on the 15 largest customer entities and a monthly report on the total amount of non-performing loans. The reports contain, for example, the amount and development of risks by customer entity, industry and credit rating. The bank has one customer entity whose liabilities exceed the limit set by the Credit Institution Act, namely 10% of the bank's own funds (socalled high customer risks). Based on completed reports, the risks associated with the bank's loans are low in terms of the annual income level and risk-bearing capacity. Non-performing loans and payment delays are continuously monitored.

Non-performing receivables remained at the same level as the previous year and accounted for 1.5% (1.2%) of the loan portfolio. At the end of the year, matured receivables (30–90 days) totalled 17.4. (14.6) million euros. Under certain circumstances, when a debtor faces financial difficulties, the customer can be granted concession from the original loan terms in the form of deferred amortisation or loan rearrangement to ensure the customer's ability to pay and avoid potential credit losses.

Granting forbearance requires that the customer's financial difficulties are short-term and temporary. The Group's forbearance receivables totalled 73.4 (70.6) million euros. In the confirmed financial statements 2017, the matured and non-performing loans as well as forbearance are reported with different criteria, such as interest handling, the cross-default condition and the credit portfolio used for reporting. In this respect, the figures are not comparable among themselves.

Matured and non-performing receivables

(1,000 euros)	2018*	Share %	2017*	Share %
Matured receivables, 30–90 days	17,419	0.7%	14,621	0.6%
Non-matured or matured less than 90 days	11,469	0.4%	11,975	0.5%
Non-performing receivables, 90–180 days	7,327	0.3%	3,971	0.2%
Non-performing receivables, 181 days–1 year	7,834	0.3%	3,614	0.1%
Non-performing receivables, > 1 year	11,587	0.4%	10,581	0.4%
Matured and non-performing receivables total	**55,636**	**2.1%**	**44,761**	**1.8%**
Performing receivables and matured receivables with forbearances	66,517	2.5%	58,492	2.4%
Defaulted receivables with forbearances	6,843	0.3%	12,081	0.5%
Loan servicing flexibility items total	**73,359**	**2.8%**	**70,574**	**2.8%**

* Figures include interest due on items.

The bank aims to prevent its private customers' from excessive indebtedness by calculating a customer's credit rating every time they are granted a new loan. The credit rating is affected by arrears, past payment behavior with the bank and repayment capacity.

To ensure that the credit rating is correct, the customer's liabilities with other financial institutions are also included in the calculations. If the credit rating is poor, particular attention will be paid to whether the loan can be granted, or the loan may not be granted at all.

Credit ratings for private customers

Credit ratings (1,000 euros)	2018	Share, %	2017	Share, %
AAA–A	894,445	59.5%	806,687	61.7%
B	427,310	28.4%	344,348	26.3%
C	112,303	7.5%	99,986	7.6%
D	48,615	3.2%	46,380	3.5%
Unclassified	19,762	1.3%	9,968	0.8%
Private customers	**1,502,435**	**100.0%**	**1,307,369**	**100.0%**

In terms of loans granted to business customers, the basis of customer evaluation is formed by an analysis of the financial statements, the customer's financial standing, solvency, competitive standing, the credit rating of the application as well as the offered collateral.

These form a foundation for loan decisions and the risk-based pricing of the loan. Additionally, the bank assesses the impact of the item for which financing is required on the customer's financial standing.

Credit ratings for companies and housing corporations

Credit ratings (1,000 euros)	2018	Share, %	2017	Share, %
AAA	26,722	3.5%	42,914	7.1%
AA+	284,974	36.9%	181,320	30.1%
AA	105,612	13.7%	59,844	9.9%
A+	140,965	18.3%	101,828	16.9%
A	124,911	16.2%	135,141	22.4%
B	44,092	5.7%	37,435	6.2%
C	40,709	5.3%	38,153	6.3%
D or unclassified	3,866	0.5%	5,960	1.0%
Companies and housing corporations	**771,852**	**100.0%**	**602,596**	**100.0%**

Market risk

Market risks mean the effects of changes in interest rates and market prices on the bank's profit and own funds. In trading, interest rate changes create a market risk that presents itself as a change in the market value of securities. Equity risk means, for example, the effect on profits caused by exchange rate changes of publicly quoted shares and fund units. The bank's objective in securities investments is to obtain a competitive profit on the invested capital in terms of the profit-to-risk ratio. The bank only invests in securities if the effect of changes in exchange rates will not jeopardise the bank's solvency or profitability.

Distribution of investment assets total

(1,000 euros)	31 Dec 2018		31 Dec 2017	
	Fair value	Share, %	Fair value	Share, %
Shares and other equity instruments	36,417	13.3%	33,380	17.2%
Debt securities	228,659	83.4%	152,636	78.6%
Investment properties	9,006	3.3%	8,236	4.2%
Investment assets total	**274,082**	**100.0%**	**194,252**	**100%**

The diversification of investments decreases the concentration risk caused by individual investments. The bank monitors the market values of securities acquired for investment purposes and the cash flows related to their transactions on a monthly basis. The board receives regular reports on the contents and balance of the securities portfolio.

The market risk associated with the securities portfolio is evaluated relative to the bank's profit and own funds. Limits and other arrangements have been deployed for the measurement and monitoring of market risks.

Interest rate risk

Oma Savings Bank operations consist of retail banking, in which interest risk plays an integral role. Interest risks arise out of the financial account, which consists of lending and borrowing, market-based refinancing as well as the investment and liquidity portfolio. Interest rate risks mean the effects of any interest rate changes on the bank's profit and solvency. The reasons for interest rate risks are the differing bases of interest on receivables and debts as well as the different interest adjustment dates or maturity dates. The bank's Board of Directors has granted the management the authority to use hedging derivatives. In order to minimise the interest rate risk, the bank utilises hedging derivative contracts, with more details provided under Derivative Contracts. The bank's interest rate risk is regularly communicated to the Board of Directors that has provided the maximum amounts for interest rate risks in its approved instructions.

The bank uses balance sheet analysis to measure the interest rate risk. It measures how a change of one and two percentage points in the forward interest affects the forecast of the net interest income during the next 1–60 months. The forecast is calculated at the time of reporting for the next five years with the forward rate available in the market. The amount of the open interest rate risk is measured by interest rate sensitivity, which takes into account the previously mentioned effect of interest rate shocks on net interest income in the coming years. In addition to this, the bank monitors the development of interest risk through several different scenarios that are used to simulate changes in the bank's deposits or loan base.

The bank's interest rate sensitivity to change of 1%

Interest rate sensitivity analysis, change of 1%-point in the yield curve (1,000 euros)		31 Dec 2018		31 Dec 2017
	Change -1%	Change +1%	Change -1%	Change +1%
Change 1–12 months	-1,780	6,002	-1,163	6,113
Change 13–24 months	-4,459	14,304	-1,906	13,902

Liquidity risk

Liquidity risk refers to the bank's ability to meet its obligations and commitments. Liquidity risks may arise from the uncontrollability or unpredictability of incoming and outgoing cash flows. An uncontrollable rise in funding costs can also be considered a liquidity risk. Liquidity risk may be further divided into a short-term liquidity risk and long-term funding risk. Financial risks are risks related to the availability and price of refinancing. This risk emerges when the maturities of receivables and debts differ. Financial risks arise also when receivables and debts are too greatly concentrated on individual counterparts. Financial risks are evaluated by maturity bands based on the difference of the receivables and debts in each band.

Liquidity risk is managed, for example, by keeping a sufficient amount of liquid funds to guarantee liquidity on hand. Financial risks are monitored by providing the board with reports on the bank's financial position and liquidity. Oma Savings Bank Plc acquires the refinancing it needs through deposits from its operating area and through other practical means such as collateralised and uncollateralised bond issues and certificates of deposit. As per the terms and conditions on deposit accounts, a significant portion of refinancing is spot-based. The bank's goal is to extend the maturity of its refinancing and maintain a large financial basis. 10% (9%) of the loans on the Group's balance sheet have durations exceeding 20 years. The bank's financial standing remained stable in 2018.

The bank maintains a good level of liquidity by investing its liquid funds mainly in marketable financial instruments. At the end of the year, the bank's liquidity coverage ratio (LCR) was 134.8% (280.3%). The reporting of LCR became Group-level in 2018. For the comparative period, 2017, the figure was reported on parent company level.

Derivative contracts

The bank protects its interest-bearing loans against interest rate fluctuations with derivatives and applies hedge accounting regulations in addition to regularly following the effectiveness of such hedging. On a monthly basis, the bank monitors risks related to derivatives, such as changes in fair values of derivatives compared to changes in the interest curve as well as changes in the bank's balance position and the sensitivity of net interest income to changes in interest rates.

Property risk

Property risk means risks related to impairment, revenue or damage to the property assets. Property investments are not a part of the bank's core business. Properties owned by the bank are mainly insured for their full values. The bank's investment properties have been evaluated with the purchase price allocation method, with which they have also been valued in the financial statements. The value of the investment property is low compared to the bank's balance and the bank's equities. Further, there are no such impairment pressures toward the property asset values that would have a strong impact on the bank's profit and solvency in the next few years. The bookkeeping values and fair values of the investment properties are listed in note G7: Investment assets.

The equity tied to properties in the Group's own use and to property companies' shares was 15.1 (15.0) million euros at the end of the year. Equity tied to investment property assets decreased over the previous accounting period and it was 7.2 (8.2) million euros, or 0.2% (0.3%) of the Group's ending balance.

Strategic and operational risks

Strategic risk refers to losses caused by any incorrectly chosen business strategies in terms of the development of the bank's operational environment. Efforts are made to minimise strategic risks by regularly updating the strategic and annual plans. Operational risks are losses that can be caused by internal deficiencies in systems, processes and the staff's actions, or external factors that impact operations. Efforts are made to minimise the occurrence of operational risks via continuous training of staff and an extensive code of conduct as well as procedures of internal controls, for example by separating preparation, decision-making, implementation and controls whenever possible. The bank has acquired specific insurance in preparation for potential operational risks in its banking operations and any potential losses caused by such risks. The widely used standard contract terms work to decrease the occurrence of legal risks. Continuity planning is in place to prepare for any risks related to malfunctions in information systems. Different security software are utilised to manage IT systems and applications, devices, and the data network which may be vulnerable to unauthorised use, computer viruses, and other harmful factors. Each year, the bank carries out a comprehensive risk assessment, which covers the bank's various operations and the operational and strategic risks related to them, and assesses the probability and potential impact of such risks. Operational risks are monitored by gathering information about financial losses and any abuse suffered by the bank. Management utilises reports on compliance generated by internal controls as well as information on any changes in the operational environment.

Internal audit

The Board of Directors has implemented an internal audit process at the bank and approved a review plan and reporting principles for the internal audit. The purpose of the internal audit is to evaluate the extent and sufficiency of the internal control within the bank's operational organisation as well as the monitoring and evaluation of the functionality of the risk management systems. The internal audit reports its observations to the Board and the CEO. The Board of Directors discusses the review summaries created by the internal audit.

Internal control

The purpose of the bank's internal control is to ensure that the bank has set goals for the various levels and that the objectives are achieved by following the agreed upon and finalised internal control instructions. Internal control means the self-observation of the management bodies and the organisation, conducted within the bank itself and it is mainly used to observe the status, quality and results of operations. Internal control is performed by the Board of Directors, CEO, managers and staff members. Additionally, all staff members are obligated to notify the upper organisational level of any discrepancies and illegal activities.

G2 Accounting principles for the consolidated financial statements

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

Oma Savings Bank Group comprises a parent company (Oma Savings Bank Plc) and its two subsidiaries (Real Estate company Lappeenrannan Säästökeskus and SAV-Rahoitus Oyj) and a joint venture PP-Laskenta Oy. At its meeting on February 28, 2019, the Board approved the financial statements and the report of Board of Directors for the period of January 1– December 31, 2018. The Annual General Meeting will approve them on April 29, 2019

1 About the accounting policies

Oma Savings Bank's (hereafter, the bank) consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), as approved in the European Union, and the SIC and IFRS interpretations. When the notes to the financial statements were prepared, the Finnish accounting and entity legislation as well as supplementary requirements of competent authorities' orders were also taken into account. The Group's consolidated financial statements (hereafter, the Group) are presented in thousands of euros unless otherwise specified. The figures in the notes are rounded so the combined amount of single figures may deviate from the figures presented in a table or a calculation. The accounting and functional currency of the Group and its companies is the euro. The Group's consolidated financial statements have been prepared based on the original acquisition expenses except for financial assets recognised at fair value through profit or loss, financial assets available for sale, hedged items in a fair value hedge (in terms of hedged risk) and hedging derivatives used in fair value or cash flow hedging, that have been valuated to the fair value.

In the beginning of the financial year January 1, 2018, the Group adopted the following new IFRS standards:

- IFRS 9 Financial Instruments that supersedes IAS 39 Financial Instruments standard. The adoption of IFRS 9 impact on the Group's financial position is described in note G35. Upon commissioning previous periods have not been restated the standard line. Accounting principles changes to included largely "Financial Instruments" section. The effect of the transition ison equity per 1 Jan 2018 was -880 thousand euros.
- The new IFRS 15 Revenue from Contracts with Customers standard that replacec the revenue recognition, for example, IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The standard is not expected to have material impact on the Group's income statement or financial standing.

2 Consolidation principles

Subsidiaries

The Group's financial statements include the parent company's and its subsidiaries' financial statements in which the bank has controlling authority. The bank has controlling authority when it, by having an interest in the company, is exposed to the variable profit of the investment or when it is entitled to its variable profit and it can influence this profit by exercising the authority it holds over the investment. Mutual ownership in the Group has been eliminated through the acquisition method. The consideration transferred, the identifiable assets of the acquired entity and debt accepted as liability are valuated at the fair value at the time of acquisition. Any goodwill is recognised in the amount by which the acquisition cost exceeds the Group's share of the fair value of acquired assets and liabilities at the time of acquisition. The costs related to the acquisition are recognised as expenditure. The amount of non-controlling interests has been valuated to the amount that is equivalent to the amount of non-controlling interest in terms of the identifiable net assets of the acquisition. The acquired subsidiaries are included in the consolidated financial statements from the moment that the Group takes control over them and the sold subsidiaries are included until control ceases. Internal transactions, receivables and liabilities, unrealised profits and internal profit distribution in the Group have been eliminated in the consolidated financial statements. Unrealised losses are not eliminated if the loss occurred due to impairment. The distribution of profit or loss for the period to the controlling and non-controlling interests of the parent company is presented on the separate income statement.

The distribution of comprehensive income for the period to the controlling and non-controlling interests of the parent company is presented on the income statement. Profit of loss for the period and comprehensive income are allocated to the controlling and non-controlling interests of the parent company, even if this resulted in the noncontrolling interest becoming negative. The share of equity belonging to non-controlling interest is presented as an item of its own on the balance sheet, as a part of equity.

Join Ventures

A joint ventures are considered to be joint ventures where the bank has joint control with other arrangement parties and the arrangement bring the bank the right to the net assets. Joint ventures have been consolidated using the equity methods. The investment is initially recognized at cost, after which the Group's share of the profit of the joint venture is included in the income statement. Similarly, the potential Group's share of other comprehensive income of the joint venture is recognized in the Group's comprehensive income.

3 Goodwill

Goodwill arising from the combination of business operations is recognised in the amount by which the combined amount of transferred compensation, non-controlling interest in the acquired item and the previously owned share exceed the fair value of the acquired net assets.

No depreciation is recognised in goodwill, but it is tested in case of impairment at least on every reporting day and whenever there is any indication that the value may have decreased. Goodwill is valuated in the initial acquisition value less impairment.

4 Financial instruments

4.1 Classification and valuation of financial assets

In connection with initial recognition, the item belonging to financial assets is valued at fair value in accordance with IFRS 9. If the item is an item not recognised at fair value through profit or loss, the transaction costs immediately resulting from the acquisition of the item are added to it or deducted from it.

Immediately after the initial recognition, a loss allowance concerning expected credit losses is recognised on the financial assets, if the financial asset is valued at amortised cost or fair value through other comprehensive income.

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

- valued at amortised cost,
- valued at fair value through other comprehensive income or
- financial assets valued at fair value through profit or loss.

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

4.1.1 Financial assets valued at amortised cost

Financial assets are valued at amortised cost when the contractual cash flows only include capital repayments and interest payments and the bank holds them as part of a business model whose objective is to collect contractual cash flows over the life of the contract.

4.1.2 Financial assets valued at fair value through other comprehensive income

Financial assets are valued at fair value through other comprehensive income when the contractual cash flows consist only of capital repayments and interest payments and the bank holds the financial asset as part of a business model whose objective is both collecting contractual cash flows and possibly selling the financial assets before the maturity date.

4.1.3 Financial assets valued at fair value through profit or loss

Financial assets are valued at fair value through profit or loss, unless they are valued at amortised cost or at fair value through other comprehensive income. Mainly financial assets whose business model is to trade actively and which have been acquired to generate earnings in the short term are recognised at fair value through profit or loss.

4.2 Equity-based instruments

Equity investments are recognised at fair value through profit or loss, unless the bank irrevocably chooses to measure an individual asset at fair value through other comprehensive income.

The group does not have equity-based investments valued at fair value through other comprehensive income.

4.2.1 Assessment of business models

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

The business model describes a portfolio-specific earnings model with the purpose of collecting only contractual cash flows, collecting contractual cash flows and cash flows from sales of financial assets or collecting cash flows from trading in financial assets.

4.2.2 Cash flow testing

If the business model is other than trading, the bank assesses whether the contractual cash flows are based solely on payment of principal and interest (SPPI test). If the cash flow criterion is not met, the financial asset is recognised at fair value through profit or loss.

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

All retail and company loans granted by the bank contain a prepayment feature. This feature does meet the cash flow testing criteria as, in connection with a prematurely repaid loan, the bank is entitled to collect reasonable compensation for the premature termination of the contract.

4.3 Impairment of financial assets

The impairment estimate, the expected credit loss (ECL), is recognised on all balance sheet items valued at amortised cost and recognised at fair value through other comprehensive income and on off-balance-sheet loan commitments and guarantee contracts.

For financial assets valued at amortised cost, a loss allowance for the expected credit loss is recognised in a separate account as a reduction in the carrying amount. The expected credit loss is recognised on the financial assets valued at fair value through other comprehensive income items in the fair value reserve in the other comprehensive income items. For off-balance-sheet items, the expected credit loss is recognised as a provision.

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

The expected credit losses are recognised for each date of reporting and they describe:

- an unbiased and probability-weighted monetary amount that is determined by evaluating a range of possible outcomes.
- the time value of money and
- reasonable and justifiable information that is available on the date of reporting without any excessive costs or efforts and which applies to past events, current circumstances and forecasts of the economic environment.

The financial assets used in the calculations are classified into three stages, which describe the weakening of the quality of the financial assets compared to the initial recognition.

Stage 1: Contracts whose credit risk has not grown since the initial recognition and for which a 12-month ECL is calculated.

Stage 2: Contracts whose credit risk has grown significantly since the initial recognition and for which a lifetime ECL is calculated.

Stage 3: Credit-impaired contracts for which a lifetime ECL is calculated.

4.3.1 Significant increase in credit risk

In assessing whether the credit risk related to a financial instrument has increased significantly, the change in the risk of a default occurring over the expected life of the financial instrument shall be observed. When carrying out this assessment, the entity shall compare the risk of default occurring over the expected life of the instrument at the reporting date with the risk of default at the date of initial recognition. A significant increase in credit risk leads to the transfer of the loan from stage 1 to stage 2. The bank uses both quantitative and qualitative indicators in credit risk assessment.

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

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

4.3.2 Definition of default

Oma Savings Bank has defined defaults as occurring in accordance with IFRS 9 in the following situations:

- contractual payments are 90 days late,
- a loan is non-performing or assigned to a collection agency,
- the customer is bankrupt or subject to debt restructuring or
- 20% or more of the customer's loans meet the above default conditions, as a result of which all of the customer's loans are considered to be in default.

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

4.3.3 Inputs of expected credit loss model

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

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

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

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

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

The management of the group monitors the development of the allowance for credit loss in each segment to ensure that the model properly reflects the amount of expected credit loss. If necessary, the management refines the calculation parameters.

4.3.4 Changing contractual cash flows

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

An example of a situation of this kind are changes made to the amortisation plan for a loan granted to the customer or granting deferred amortisation. Changes to the loan terms resulting from a customer's weakened solvency are treated as a significant growth in credit risk.

In connection with significant loan term changes, the loan is removed from the balance sheet and a new loan is recognised in its place. If the credit risk of the loan removed from the balance sheet has grown significantly, the new loan is recognised in the balance sheet as impaired due to the credit risk.

4.4 Recognising final credit losses

Financial assets are removed from the balance sheet when it is expected that payment on the loans will no longer be received and the final credit loss can be calculated. The previously recognised expected credit loss is reversed at the same time as the item is removed from the balance sheet and the final credit loss is recognised.

The loans are removed from the balance sheet when their collection proceedings have been finished or when the loan terms are changed significantly, for example in connection with refinancing. Payments received after the removal from the balance sheet are recognised through profit or loss in the item 'Impairment losses on financial assets, net'.

4.5 Classification and valuation of financial liabilities

At the time of the initial recognition, financial liabilities are classified in one of the following items:

- financial assets valued at amortised cost or
- recognised at fair value through profit and loss.

Financing liabilities are originally recognised in the statements at fair value. Later, financial liabilities, with the exception of liabilities recognised at fair value through profit and loss, are valued at amortised cost using the effective interest method. Transaction costs are included in the original bookkeeping value of financial liabilities valued at amortised cost. Transaction costs related to financial liabilities recognised at fair value through profit or loss are recognised as expenditure.

Financial liabilities valued at fair value through profit or loss are formed by derivative liabilities to which hedge accounting is not applied. At the reporting date, the group does not have derivative liabilities valued at fair value through profit or loss.

Liabilities to credit institutions, liabilities to the public and general government as well as debt securities issued to the public are recognised in other financial liabilities valued at amortised cost.

4.6 Netting of financial assets and liabilities

Financial assets have not been netted in the consolidated financial statements.

4.7 Items denominated in foreign currencies

Assets and liabilities tied to items denominated in foreign currencies outside of the Euro zone have been converted to euros as per the European Central Bank's average rate on the reporting day. On the income statement, foreign exchange differences that emerged during valuation have been recognised in net gains from investment operations.

4.8 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks as well as short-term deposits of less than three months.

4.9 Determing the fair value

Fair value is the price that could be received for the sale of an asset or that could be paid for assuming a debt between market parties in a common transaction occurring on the valuation date.

The fair value of a financial instrument is determined either utilising price quotes obtained from active markets or, if active markets do not exist, utilising a established valuation method. Markets are considered to be active if price quotes are easily and regularly available and if they reflect real and regularly reoccurring market transactions between parties that are independent of each other. The current bid price is used as the quoted market price of financial assets.

If there is an established valuation method in the markets for financial instruments for which a market price cannot be directly acquired, the fair value is based on the generally used calculation model of market price and on the input quotes used by the model.

If the valuation method is not well-established in the markets, a specific generally used valuation model for the product in question is used to determine the market value. Valuation models are based on generally utilised calculation methods and they cover all factors that parties in the markets would take into consideration when calculating prices. When determining the fair value, the utilised aspects are the prices of market transactions, discounted cash flows and the fair value at the time of financial statements of another, essentially similar instrument. The valuation methods take into account credit risk assessments, used discount rates, the possibility of prepayments and other factors that impact the valuation of the financial instrument's fair value.

The fair values of financial instruments are divided in three hierarchies according to how the fair value is determined:

Level 1: Fair values quoted in active markets for identical assets or liabilities.

Level 2: Fair values that have been determined by the use of input information other than quoted Level 1 prices that are verifiable for assets or liabilities either directly (e.g. as prices) or indirectly (e.g. derived from prices).

Level 3: Fair values that have been determined for assets or liabilities using inputs that are not essentially based on verifiable market prices.

The hierarchy levels of fair values are determined based on the lowest level of input that is significant for the investment item. The significance of an input is assessed against the item valuated at fair value in its entirety. Transfers between fair value hierarchy levels are determined to have occurred on the date when the event or change in circumstances occurred.

5 Derivatives and hedge accounting

Oma Savings Bank protects its interest-bearing loans against interest rate fluctuations with derivatives and applies hedge accounting regulations in addition to regularly following the effectiveness of such hedging and changes in fair values. In its hedge accounting, the bank applies the IFRS 9 standard's provision that makes it possible to continue to apply portfolio hedge accounting pursuant to the IAS 39 standard.

Interest rate swaps are used to hedge fixed-rate deposit stocks and stock derivatives have been used to hedge deposits, whose yield is tied to changes in stock value.

At the end of the accounting period, the group does not have derivatives that hedge the cash flow.

Derivative contracts are valued at fair value and changes in value are recognised through profit or loss or, if hedge accounting is applied, in other comprehensive income. The positive fair values of derivative contracts are presented in the balance sheet assets under 'Derivatives'. The credit valuation adjustment (CVA) is taken into account in the valuation of assets.

The negative fair values of derivative contracts are presented in the balance sheet's liabilities under the 'Derivative contracts' item. The debit valuation adjustment (DVA) is taken into account in the valuation. Derivative contracts are valued at fair value and hedge accounting is applied to them. The changes in the fair value of hedged items and hedging instruments designated for hedging the fair value are entered in the income statement item 'Net income on financial assets and liabilities' and in the balance sheet as an adjustment of the item in question. The interest expenses of hedge derivatives are presented under interest expenses and the income under interest income.

Derivatives are not created for the purpose of trading. Before beginning hedge accounting, the connection between hedging derivatives and instruments to be hedged (economic hedge relationship) and the effectiveness of hedging are documented.

6 Intangible assets

The most significant intangible assets in the consolidated financial statements are the information systems used in the banking operations and customer relationships related intangible assets.

Intangible assets are recognised on the balance sheet if it is likely that the expected financial benefit derived from the asset benefits the Group and the acquisition cost of the asset can be reliably determined.
The initial valuation is done at the acquisition cost that comprises the purchase price including all expenses that are direct results of preparing the asset item for its intended purpose. Expenses related to the use of the asset and the training of personnel are not included in the acquisition cost, nor are administrative expenses or other mutual general expenses. After the initial recognition, the intangible asset is recognised in the acquisition cost less depreciation and impairment.

Intangible assets are recognised on the balance sheet under "Intangible assets" and any depreciation is recognised on the income statement under "Depreciation and impairment losses on tangible and intangible assets".

The acquisition cost of intangible assets is recognised as depreciation in accordance with the of the financial retention period of the assets. Depreciations of intangible assets are commenced at the moment when the asset is ready for use. The financial useful life of intangible assets is reviewed annually.

The estimated financial useful lives are as follows:

- Information systems 3–5 years
- Customer relationships related to deposits 6 years
- Other intangible assets 3–5 years

Goodwill arising from the combination of business operations is recognised in the amount by which the combined amount of transferred compensation, non-controlling interest in the acquired item and the previously owned share exceed the fair value of the acquired net assets.

No depreciation is recognised in goodwill, but it is tested in case of impairment annually and whenever there is any indication that the value may have decreased. For this purpose, goodwill is allocated on units that produce cash flow. Goodwill is valuated in the initial acquisition value less impairment..

7 Tangible assets and investment properties

Based on the purpose of use, the Group's properties are divided into properties in own use and investment properties. The purpose of investment properties is to produce rental income or increases in capital value. If a property is both in own and investment use, the assets are presented separately only if they can be sold separately. In these cases, the division is based on the ratio of square feet in different uses.

If these parts could be sold separately, they are processed separately in bookkeeping by the purpose of use. If the parts cannot be sold separately, the property is treated as an investment property only if merely a small portion of the property is in own or personnel's use. The review is based on the ratio of the square feet of the premises that are used for different purposes.

If the parts cannot be sold separately, the premises are classified as per the purpose of use of the larger area in use. Property, plant and equipment are recognised on the balance sheet under "Tangible assets" and investment properties are recognised under "Investment assets". On the income statement, income related to properties in own use is recognised under "Other operating income" and the related expenses are recognised under "Other operating expenses". Depreciation and impairment losses from all property, plant and equipment are recognised under "Depreciation and impairment losses from tangible and intangible assets". Net income from investment properties, including all entered depreciations and impairment, are included in "Net income from investment activities". Gains or losses arising from disposal or retirement are recognised as a difference between received income and balance sheet value.

Property, plant and equipment as well as investment properties are valuated at acquisition cost less depreciation and impairment. Depreciations are based on estimates on the assets' financial useful lives. Depreciations are not performed for land. Asset-related expenses that arise after the initial acquisition are capitalised at the asset's bookkeeping value only if it is likely that the asset helps to accumulate bigger financial benefit than initially estimated or if its financial useful life is extended.

The estimated financial useful lives
are primarily as follows:

- Buildings 10–40 years
- Machines and equipment 5–8 years
- Other tangible assets 3–10 years

8 Rental agreements

The Group acts as a lessor using a different rental agreement in compliance with IAS 17 Leases standard for the apartment and business units it owns. Rental income is recognised as equal instalments on the income statement under "Net income from investment activities" or "Other operating income".

The Group acts as a lessee using a different rental agreement in compliance with IAS 17 Leases standard for the premises and IT equipment used in business operations. For the duration of the rental agreement, rental expenses are recognised in equal instalments on the income statement under "Other operating expenses".

9 Provision

Provisions are recognised when the Group has a legal or an actual obligation resulting from a previous event, the fulfilment of the obligation is likely and the management team can evaluate the amount of the obligation in a reliable manner. If it is certain that partial compensation for the obligation will be received from a third party, the compensation is recognised as a separate item. Provisions are reviewed annually on the date of reporting and adjusted if necessary. Provisions are valuated at the current value of the amount that is expected in order to fulfil the obligation.

10 Employee benefits

The Group's employee benefits as per the IAS 19 Employee Benefits standard comprise shortterm employee benefits, benefits related to the termination of employment and benefits after the employment has been terminated.

Short-term employee benefits are, for example, salaries and benefits in kind, annual holidays, performance rewards and additional insurance that are expected to be paid in full within 12 months from the end of the accounting period during which the employees perform the work in question.

Benefits based on the termination of employment comprise severance payments. Pension plans related to benefits after the employment has been terminated are classified as defined benefit plans and defined contribution plans. Defined benefits plans are, for the most part, agreements that include additional pension schemes.

In terms of defined contribution plans, the Group makes fixed pension insurance payments to pension insurance companies and there is no legal or actual obligation to make additional payments if the pension insurance company is unable to make payments on such benefits. Expenses are recognised as expenses during the relevant accounting period.

In terms of defined benefit plans, the Group has obligations after making payments during the accounting period. For defined benefit plans, liability is presented as the current value of obligations resulting from the plans on the date of reporting less the fair value of funds in the plans. The Group uses an external actuary to define the obligations resulting from benefits after employment has been terminated.

11 Entry principles

11.1 Interest income and expenses

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

11.2 Fee and commission income and expenses

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

Fee and comission expenses also include costs related to the acquisition of financing.

11.3 Net gains on investments

The following are recognised in net gains from investments: gains and losses from sales, valuation gains and losses, dividend income from financial instruments recognised at fair value through profit and loss, net income from financial assets available for sale and net income from investment properties. Dividend income has been recognised when an entitlement to dividend exists.

Additionally, net income from currency exchanges as well as net income from fair value hedge accounting are recognised under the same item.

12 Income taxes

Result-based taxes of the accounting period for companies in the Group, adjustments to taxes for previous accounting periods and changes in deferred taxes are recognised in the Group's income statement. Taxes are recognised on the income statement except for items that are directly related to equity or other items recognised in the comprehensive income statement. In these cases, the tax is also recognised under these items. Income taxes are recognised based on the estimated taxable income for the year.

Deferred taxes are calculated on the taxable temporary and deductible differences between bookkeeping and taxation. Deferred tax assets are recognised up to the amount for which there is likely to be future taxable income, against which the temporary difference can be applied. Deferred tax assets based on unused losses verified in taxation are recognised if the accumulation of taxable income is likely and the asset can be utilised.

13 Operating segments

The bank's banking operations form a segment as per the definition in the IFRS 8 Operating Segments standard. Based on the bank's business model and the nature of operations, the entire Group is treated as a reportable segment. The Board of Directors is the bank's highest decision-maker.

The most significant items of income in banking operations are net interest income, fee and commission income and income from investment activities. The most significant expenses are administrative expenses and other operating expenses. The banks customer based consists of a large number of customerships, and the amount of particular customer entity does not exceed 10% of the Group's total return. The bank performs operations only in the area of Finland.

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

Preparing financial statements in compliance with the IFRS standards requires the Group's management to make certain estimates and assumptions that impact the amounts of items presented in the financial statements and the information included in the accompanying notes. The essential estimates by the management team relate to the future and the material factors of uncertainty in terms of the date of reporting. They are closely related to, for example, the determination of fair value and the impairment of financial assets, loans and other receivables as well as tangible and intangible assets. Even though the estimates are based on management's best current perception, it is possible that the results deviate from the estimates used in the financial statements.

14.1 Impairment of financial assets

The model for impairment of financial assets brought by IFRS 9 requires management to make decisions, estimates and assumptions especially on the following topics:

- selecting and defining calculation models,
- assessing whether the credit risk related to a financial instrument has increased significantly after initial recognition,

taking into account forward-looking information in the recognition of expected credit losses.

14.2 Evaluation of fair value

The management team's discretion is also used in cases where the fair value of a financial instrument is determined through valuation methods. If no verifiable market inputs exist on which the used valuation methods can be based, the management team has to assess which other inputs to use to determine fair value. The principles used to determine fair value are described in more detail in paragraph Determining the fair value.

The management team decides when it considers the markets of financial instruments to be inactive. Additionally, it must be evaluated whether a single financial instrument is the object of active trading and whether the price information received from the market is a reliable indicator of the fair value of the financial instrument.

14.3 Impairment of non-financial assets

At each reporting period, management assesses intangible and tangible assets for impairment. Management judgement and estimations are required for determination of asset's recoverable amount, useful life and selection of appropriate discount rate.

14.4 Business combinations

Management judgement and estimates are used measuring fair values of shares transferred, assets acquired and liabilities assumed.

15 New IFRS Standards and interpretations not yet in effect

The Group has not yet applied the following new or updated standards and interpretations that have already been published by IASB. The Group will adopt them as of the effective date of each standard and interpretation or, if the effective date is other than the first day of the accounting period, from the beginning of the accounting period following the effective date.

15.1 New IFRS 16 Leases

The Group will start to apply the new IFRS 16 Leases standard from its mandatory adoption date of 1 January 2019.

The new standard replaces the current IAS 17 –standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as a right-of-use assets and lease liabilites. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contacts in which the lease term is 12 months or less, or to low value items i.e. assets of value about USD 5 000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. The standard will replace IAS 17 and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The new standard brings changes to recognition of the leased premises and equipment. IFRS 16 requires the lessees to recognise the lease agreements as lease liabilities and right-of-use assets on the balance sheet. A right-of-use asset recognized on the balance sheet is amoritsed and interest on leasing liability is expensed. The lessor accounting will remain mostly similar to current IAS 17, i.e. leases are classified as operating or finance leases.

Oma Savings Bank intends to apply IFRS 16 standard recognition exceptions and will not recognise leases having a lease term of 12 month or less and leases of low-value assets on the balance sheet. On transition the Group uses a modified retrospective approach. At transition the right-of-use asset is measured at the present value of the remaining lease payments discounted using the Group's incremental borrowing rate at the date of the transition.

The adoption of IFRS 16 does not affect significantly the financial position of the Group. As a result of the the adoption of the standard the Group's assets and liabilities will increase by approximately EUR 6 million.

Other published amendments to standards and interpretations is not expected to have significant impact on Oma Savings Bank's consolidated financial statements.

G3 Categorisation of financial assets and liabilities

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

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

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

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

G4 Cash and cash equivalents

(1,000 euros)	31 Dec 2018	31 Dec 2017
Cash in hand	7,626	7,131
Current account in the Bank of Finland	10,895	258,134
Cash and cash equivalents, total	**18,521**	**265,265**

G5 Loans and advances

(1,000 euros)	31 Dec 2018	31 Dec 2017
Loans and advances to credit institutions		
Deposits	40,884	58,394
Other	17,948	15,453
Loans and advances to credit institutions, total	**58,832**	**73,847**
Loans and advances to customers		
Loans	2,450,631	2,078,443
Used overdraft facilities	52,114	37,425
Loans intermediated through the State's assets	312	507
Credit cards	23,761	21,457
Bank guarantee receivables	198	36
Loans and advances to customers, total	**2,527,016**	**2,137,868**
Loans and advances total	**2,585,848**	**2,211,715**

IAS 39 Impairment losses on loans and receivables	31 Dec 2018	31 Dec 2017
Impairment losses January 1	n/a	8334
+ Increases to impairment losses	n/a	2,620
- Reversals of impairment losses	n/a	-2,157
+/- Change in impairment losses recorded on collective basis	n/a	-76
Impairment December 31	n/a	**8,720**
- Final credit losses	n/a	2,213
Credit losses December 31	n/a	**2,213**

IFRS 9 Expected credit losses – changes in credit loss provision

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

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

IFRS 9 Expected credit losses – changes in credit loss provision

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

G6 Financial derivatives and hedge accounting

Assets (1,000 euros)	31 Dec 2018	31 Dec 2017
Hedging fair value		
Interest rate derivatives	1,519	1,470
Other hedging derivatives		
Share and share index derivatives	74	206
Total derivative assets	**1,593**	**1,676**

Liabilities (1,000 euros)	31 Dec 2018	31 Dec 2017
Hedging fair value		
Interest rate derivatives	-	2,222
Total derivative liabilities	**-**	**2,222**
Change in the value of underlying item / Fair value hedge	**-1,884**	**598**
Change in the value of underlying item / Other hedging derivatives	**436**	**437**

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

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

G7 Investment assets

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

Changes in investment properties (1,000 euros)	31 Dec 2018	31 Dec 2017
Cost, January 1	**13,671**	**13,863**
+ Increases	554	350
- Decreases	-1,639	-542
+/- Transfers	49	0
Cost at the end of the period	**12,635**	**13,671**
Accumulated depreciation and impairment losses	**-5,435**	**-4,536**
+/- Accrued depreciation of decreases and transfers	186	-42
- Depreciation	-410	-521
+/- Impairment loss and their refunds	201	
+/- Other changes		-336
Accumulated depreciation and impairment losses at the end of the period	**-5,458**	**-5,435**
Bookkeeping value, January 1	**8,236**	**9,327**
Bookkeeping value at the end of the period	**7,176**	**8,236**

IFRS 9 Expected credit losses – changes in credit loss provision

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

Debt securities eligible for refinancing with central banks, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	Total
Expected credit losses January 1, 2018	**389**	**-**	**-**	**389**
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-1	9	-	7
Transfer to stage 3	-	-	-	-
New debt securities	161	16	-	176
Matured debt securities	-	-	-	-
Realised credit losses	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	-108	-	-	-108
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
Expected credit losses December 31, 2018	**440**	**25**	**-**	**464**

IAS 39, until December 31, 2017

Impairment losses on financial assets available for sale (1,000 euros)	Debt securities	Shares and other equity	Total
Impairment losses January 1, 2017	**0**	**1,366**	**1,366**
+ Increases to impairment losses	0	66	66
- Reversals of impairment losses	0	-41	-41
Impairment losses December 31, 2017	**0**	**1,391**	**1,391**

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

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

G8 Intangible assets

(1,000 euros)	31 Dec 2018	31 Dec 2017
Other intangible rights	3,816	4,834
Information systems	430	665
Customer relationships related to deposits	3,326	4,101
Other	60	68
Intangible assets on progress	269	727
Goodwill	954	954
Total intangible assets	**5,039**	**6,515**

Changes in intangible assets 2018 (1,000 euros)	In progress: intangible assets	Other intangible rights	Goodwill
Cost January 1	**727**	**8,023**	**954**
+ Increases	288	0	0
- Decreases	-122	0	0
+/- Transfers	-624	0	0
Cost December 31	**269**	**8,023**	**954**
Accrued amortisation and impairment loss January 1		-3,189	0
+/- Accrued amortisation of decreases and transfers		0	0
- Amortisation		-1,018	0
- Impairment			
+/- Other changes		0	0
Accrued amortisation and impairment loss December 31		**-4,207**	**0**
Bookkeeping value January 1	**727**	**4,832**	**954**
Bookkeeping value December 31	**269**	**3,815**	**954**

Changes in intangible assets 2017 (1,000 euros)	In progress: intangible assets	Other intangible rights	Goodwill
Cost January 1	**1,177**	**5,023**	**954**
+ Increases	0	3,000	0
+/- Transfers	-450	0	0
Cost December 31	**727**	**8,023**	**954**
Accrued amortisation and impairment loss January 1	0	-2,770	0
+/- Accrued depreciation of decreases and transfers	0	0	0
- Amortisation	0	-425	0
- Impairment	0	0	0
+/- Other changes	0	6	0
Accrued amortisation and impairment loss December 31	**0**	**-3,189**	**0**
Bookkeeping value January 1	**1,177**	**2,252**	**954**
Bookkeeping value December 31	**727**	**4,832**	**954**

G9 Tangible assets

(1,000 euros)	31 Dec 2018	31 Dec 2017
Properties in own use	15,130	15,029
Land and water areas	352	353
Buildings	14,778	14,676
Machinery and equipment	1,027	1,422
Other tangible assets	287	287
Assets under construction	103	609
Tangible assets, total	**16,547**	**17,348**

	Properties in own use			
Changes in tangible assets 2018	Land and water areas	Buildings	Machinery and equipment	Other tangible assets
Cost January 1	371	23,790	9,928	287
+ Increases	0	179	194	0
- Decreases	0	0	-137	0
+/- Transfers	0	1,203	0	0
Cost December 31	**371**	**25,172**	**9,985**	**287**
Accrued depreciation and impairment loss January 1	-19	-9,114	-8,506	0
+/- Accrued depreciation of decreases and transfers	0	0	38	0
- Depreciation		-1,280	-490	0
- Impairment	0	0	0	0
+/- Other changes	0	0	0	0
Accrued depreciation and impairment loss December 31	**-20**	**-10,394**	**-8,958**	**0**
Bookkeeping value January 1	**352**	**14,676**	**1,422**	**287**
Bookkeeping value December 31	**352**	**14,778**	**1,027**	**287**

Changes in tangible assets 2017 (1,000 euros)	Properties in own use: Land and water areas	Properties in own use: Buildings	Machinery and equipment	Other tangible assets
Cost January 1	408	22,360	9,419	288
+ Increases	0	272	585	
- Decreases	-37	-78	-76	-1
+/- Transfers	0	1,236	0	0
Cost December 31	**371**	**23,790**	**9,928**	**287**
Accrued depreciation and impairment loss January 1	-18	-7,693	-8,052	0
+/- Accrued depreciation of decreases and transfers	0	37	73	0
- Depreciation	0	-1,401	-527	0
- Impairment	0	-57	0	0
+/- Other changes	0	0	0	0
Accrued depreciation and impairment loss December 31	**-19**	**-9,114**	**-8,506**	**0**
Bookkeeping value January 1	**402**	**14,667**	**1,367**	**288**
Bookkeeping value December 31	**352**	**14,676**	**1,422**	**287**

G10 Other assets

(1,000 euros)	31 Dec 2018	31 Dec 2017
Receivables on payment transfers	32	23
Accrued income		
Interest	6,660	6,934
Other advance payments	0	127
Other accrued income	5,175	4,998
Other	419	16,254
Other assets, total	**12,286**	**28,337**

The 'other' item included receivables from sold shares held by the parent company, worth approx. 15.6 million euros in comparative period.

G11 Tax assets and liabilities

(1,000 euros)	31 Dec 2018	31 Dec 2017
Tax assets		
Current income tax assets	1,057	0
Deferred tax assets	1,342	1,128
Tax assets, total	**2,399**	**1,128**
Tax liabilities		
Current income tax liabilities	0	1,441
Deferred tax liabilities	20,866	19,119
Tax liabilities, total	**20,866**	**20,560**

Deferred tax assets	January 1, 2018	Impact of IFRS 9, January 1, 2018	Recognised through profit or loss	Recognised in other comprehen-sive income	December 31, 2018
Financial assets available for sale	49	-49	-	-	0
Financial assets recognised in other comprehensive income	-	48	56	0	104
Cash flow hedge	0	0		0	0
Tangible assets	455	0	-40	0	414
Defined benefit pension plans	121	0	-64	-22	35
Impairment	0	0		0	0
Confirmed losses	540	0	-48	0	491
Derivatives	75	0	-75	0	0
Other items	0	429	-133	0	297
Deferred tax assets, total	**1,240**	**428**	**-304**	**-22**	**1,342**

Deferred tax liabilities	January 1, 2018	Impact of IFRS 9, January 1, 2018	Recognised through profit or loss	Recognised in other comprehen-sive income	December 31, 2018
On taxable reserves	17,094	-	2,415	0	19,509
Financial assets available for sale	1,095	-1,095	-	-	0
Financial assets recognised in other comprehensive income	-	1,303	-643	0	659
Cash flow hedge	0	-	0	0	0
Intangible assets	0	-	0	0	0
Defined benefit pension plans	0	-	0	0	0
Derivatives	0		0	0	0
Acquisition of businesses	930	-	-265	0	665
Other items	0	-	32	0	32
Deferred tax liabilities, total	**19,119**	**208**	**1,539**	**0**	**20,866**

Deferred tax assets	January 1, 2017	Recognised through profit or loss	Recognised in other comprehen-sive income	December 31, 2017
Financial assets available for sale	368	-319	0	49
Cash flow hedge	3	-3	0	0
Tangible assets	190	136	0	326
Defined benefit pension plans	34	87	0	121
Impairment	212	-83	0	129
Confirmed losses	480	60	0	540
Derivatives	60	15	0	75
Other items	0	-112	0	0
Deferred tax assets, total	**1,347**	**-219**	**0**	**1,128**

Deferred tax liabilities	January 1, 2017	Recognised through profit or loss	Recognised in other comprehen-sive income	December 31, 2017
Taxable reserves	14,609	2,485	0	17,094
Financial assets available for sale	2,345	-1,250	0	1,095
Cash flow hedge	0	0	0	0
Intangible assets	0	0	0	0
Defined benefit pension plans	0	0	0	0
Derivatives	0	0	0	0
Acquisition of businesses	385	545	0	930
Other items	0	0	0	0
Deferred tax liabilities, total	**17,339**	**1,780**	**0**	**19,119**

G12 Liabilities to the public and public sector entities and liabilities to credit institutions

(1,000 euros)	31 Dec 2018	31 Dec 2017
Liabilities to credit institutions		
Repayable on demand	11,871	14,644
Other than repayable on demand	77,923	21,349
Liabilities to credit institutions, total	**89,793**	**35,993**
Liabilities to the public and public sector entities		
Deposits	1,755,760	1,639,422
Repayable on demand	1,542,386	1,420,786
Other	213,375	218,636
Other financial liabilities	267	479
Repayable on demand	0	0
Other than repayable on demand	267	479
Changes in fair value in terms of borrowing	1,884	-598
Liabilities to the public and public sector entities, total	**1,757,911**	**1,639,304**
Liabilities to the public and public sector entities and liabilities to credit institutions, total	**1,847,704**	**1,675,350**

G13 Debt securities issued to the public

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

Maturity of bonds	Nominal value	Interest	Year of issue	Due date	Bookeeping value 2018	Bookeeping value 2017
Oma Säästöpankki Oyj 16.4.2018	100,000	(margin 0.930%) / variable	2015	16.4.2018	-	99,980
Oma Sp Oyj 6.5.2019	110,000	(margin 1.000%) / variable	2016	6.5.2019	109,978	109,916
Oma Sp Oyj 3.4.2020	125,000	(margin 0.880%) / variable	2017	3.4.2020	124,919	124,855
Oma Sp Oyj 12.12.2022	350,000	0.125% / fixed	2017–2018	12.12.2022	348,010	248,294
					582,908	**583,045**

Weighted average nominal interest rate 0.345% (0.639%)

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

G14 Subordinated liabilities

(1,000 euros)	31 Dec 2018	31 Dec 2017
Capital loans	200	200
Debentures	25,000	27,800
Subordinated liabilities, total	**25,200**	**28,000**

Details of liabilities	31 Dec 2018	31 Dec 2017	Interest %	Due date
Savings Banks' debenture loan I/2013		2,800	2.35%	15.5.2018
Oma Sp debenture loan I/2014	10,000	10,000	2.65%	20.5.2019
Oma Sp debenture loan I/2017	15,000	15,000	1.25%	1.2.2023
	25,000	**27,800**		

Amount included in own funds	31 Dec 2018	31 Dec 2017
Oma Sp debenture loan I/2014	767	2,766
Oma Sp debenture loan I/2017	12,265	15,000
Total	**13,031**	**17,766**

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

Regulations on loan priorities and potential exchanging of loans for shares:
Loans have been issued as a debenture loan in accordance with Article 34 of the Promissory Notes Act (622/47). These loans are subordinated to the issuer's other loans.

G15 Provisions and other liabilities

(1,000 euros)	31 Dec 2018	31 Dec 2017
Provisions		
Pension provisions	176	313
Expected credit loss from irrevocable commitments given in favour of a customer.	594	0
Provisions total	**770**	**313**
Other liabilities		
Liabilities on payment transfers	6,371	14,909
Accruals	8,455	6,463
Interest payable	1,352	1,321
Advance interest payments received	1,505	1,359
Other accruals	5,512	3,716
Advance payments received	86	67
Other	103	358
Other liabilities total	**14,928**	**21,729**
Provisions and other liabilities total	**15,698**	**22,042**

Changes in provisions	31 Dec 2018	31 Dec 2017
Provisions January 1	**313**	**427**
Decrease in defined benefit pension plans	-137	-114
Expected credit loss from irrevocable commitments given in favour of a customer.	594	0
Provisions December 31	**770**	**313**

Provisions are formed by defined benefit pension plans, which are described in more detail in note G29 Pension liability.

G16 Equity

(1,000 euros)	31 Dec 2018	31 Dec 2017
Share capital	24,000	24,000
Non-restricted reserves	139,616	110,268
Fair value reserve	2,220	4,181
Measured at fair value	2,220	4,181
Cash flow hedge	0	0
Reserve for invested non-restricted equity	137,396	106,087
Other non-restricted reserves	0	0
Retained earnings	125,964	106,439
Retained earnings (loss)	105,761	82,231
Profit (loss) for the accounting period	20,203	24,208
Equity, total	**289,580**	**240,706**
Shareholders of Oma Savings Bank Plc	289,580	240,706
Non-controlling interests	750	778
Equity, total	**290,330**	**241,484**

Movements in the fair value reserve	2018	2017
Fair value reserve December 31, 2017	4,181	
Impact of IFRS 9, January 1 2018	-2,181	
Fair value reserve January 1	1,999	7,907
Change in fair value, shares and other equity instruments	0	-3,629
Change in fair value, other financial instruments	212	-1,029
Deferred taxes	74	932
Transfers between items	-64	0
Fair value reserve December 31	**2,220**	**4,181**

Movements in cash flow hedge	2018	2017
Cash flow hedge January 1	0	3
Deferred taxes	0	0
Transfers between items	0	-3
Cash flow hedge December 31	**0**	**0**

Shares and shareholder right

The number of outstanding shares is 29 585 000 in total and the number of votes per share is 1 vote / share. The shares do not have a nominal value.

Ownership is divided as follows:

	Ownership 31 Dec 2018		Ownership 31 Dec 2017	
	Number of shares	% in shares	Number of shares	% in shares
Etelä-Karjalan Säästöpankkisäätiö	10,425,000	35.2	11,100,000	44.2
Parkanon Säästöpankkisäätiö	3,400,000	11.5	3,400,000	13.6
Töysän Säästöpankkisäätiö	3,000,000	10.1	3,000,000	12.0
Kuortaneen Säästöpankkisäätiö	2,000,000	6.8	2,000,000	8.0
Hauhon Säästöpankkisäätiö	1,680,000	5.7	1,680,000	6.7
Rengon Säästöpankkisäätiö	1,120,000	3.8	1,120,000	4.5
Suodenniemen Säästöpankkisäätiö	800,000	2.7	800,000	3.2
Elo Keskinäinen työeläkevakuutusyhtiö	788,405	2.7	-	-
Pyhäselän Oma Osuuskunta	758,850	2.6	758,850	3.0
Joroisten Oma Osuuskunta	689,150	2.3	689,150	2.7
10 largest shareholders	**24,661,405**	**83.4**	**24,548,000**	**97.9**
Others	4,923,595	16.6	539,200	2.1
Total	**29,585,000**	**100.0**	**25,087,200**	**100.0**

The figures for 2017 have been changed to be comparable, taking into account the split in November 2018.

The company's Extraordinary General Meeting held on 9 November 2018 decided on the splitting of shares by issuing shareholders with new shares without payment in proportion with their holdings so that 49 new shares were issued per share. After the shares were distributed, the total number of shares in the company came to 29,596,700 shares.

The company carried out an IPO between 19 November-29 November 2018. The subscription price was EUR 7.00 per share and a total of 4,500,000 shares were subscribed.

The Board of Directors approved the completed, fully paid subscriptions on November, 2018 and the new shares were entered in the Trade Register for the public and institutional offer on 29 November, 2018 and for the personnel offer on December 17, 2018.

Subscription payments, worth EUR 31.3 million, were entered in their entirety in the reserve for invested non-restricted equity in accordance with the share issuance terms.

In addition to the IPO, in June 2018, the company implemented an issue of 9,500 shares targeted at the personnel (split-adjusted figure), as a follow up to the personnel offering carried out in November 2017.

The company itself holds 11,700 shares.

The company has no different share classes, all shares carry the same rights.

The issued shares will entitle to shareholder rights and shareholder rights commence when the shares have been entered in the Trade Register.

All shares carry the same shareholder rights.

The board has no valid authorisation to issue a rights issue, a convertible loan, or stock options.

Non-restricted reserves

Fair value reserve

The fair value reserve includes the change in fair value of financial assets recognised at fair value through other comprehensive income less deferred taxes. The items recognised in the reserve are transferred to the income statement, when a security available for sale is sold or when impairment is recognised. The net change of the value of interest derivatives hedged by cash flow can also be recognised in the reserve when this net change of value is found to be effective and adjusted by deferred taxes. Changes in value are realised in the income statement for the accounting period during which cash flows being hedged occur.

Reserve for invested non-restricted equity

The assets raised in the institutional and public offerings and personnel offerings in 2017–2018 are entered in the reserve for invested non-restricted equity. In addition, the reserve for invested non-restricted equity includes the assets gained from issued shares in connection with reorganisations in previous accounting periods.

Retained earnings

Retained earnings are earnings accrued over previous accounting periods that have not been distributed as dividends to owners. Retained earnings also include voluntary reserves included in the separate financial statements and the depreciation difference, minus deferred tax liabilities. In 2018, EUR 2.1 million was issued as dividends.

G17 Net interest income

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

G18 Fee and commission income and expenses

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

In the financial year 2018, EUR 1,549 expenses related to IPO are included in fee and commission expenses.

G19 Net income on financial assets and financial liabilities

IFRS 9, as of January 1, 2018	31 Dec 2018	31 Dec 2017
Net income on financial assets recognised at fair value		
On debt securities		
Gains/losses on sale	-116	n/a
Valuation gains and losses	-104	n/a
Debt securities total	**-220**	**n/a**
Shares and other equity instruments		
Dividend income	1,289	n/a
Gains/losses on sale	-90	n/a
Valuation gains and losses	-712	n/a
Shares and other equity instruments total	**486**	**n/a**
Net income on financial assets recognised at fair value, total	**266**	**n/a**
Net income on financial assets recognised in other comprehensive income at fair value		
On debt securities		
Capital gains and losses	-4	n/a
Difference in valuation reclassified from the fair value reserve to the income statement	396	n/a
Debt securities total	**393**	**n/a**
Net income on financial assets recognised in other comprehensive income at fair value, total	**393**	**n/a**

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

Net income from investment properties (1,000 euros)	31 Dec 2018	31 Dec 2017
Rent and dividend income	818	930
Capital gains and losses	-387	53
Other gains from investment properties	10	10
Maintenance expenses	-919	-831
Depreciation and impairment on investment properties	-200	-317
Rent expenses on investment properties	-13	-12
Net income from investment properties, total	**-691**	**-168**
Net gains on trading in foreign currencies	**45**	**-194**
Net gains from hedge accounting	**744**	**-51**
Net income from trading	**-202**	**34**
Net income on financial assets and financial liabilities, total	**556**	**10,780**

G20 Other operating income

(1,000 euros)	2018	2017
Rent income from properties in own use	61	59
Other income from banking operations	1,832	2,648
Other	0	41
Total other operating income	**1,893**	**2,748**

G21 Personnel expenses

(1,000 euros)	2018	2017
Salaries and rewards	-13,340	-10,794
Pensions	-2,370	-1,905
Defined contribution plans	-2,355	-2,093
Defined benefit plans	27	263
Other fixed post-employment benefits	-42	-75
Other social security expenses	-611	-439
Personnel expenses, total	**-16,321**	**-13,137**

Number of employees December 31	2018	2017
Full time	237	229
Part time	6	13
Temporary	50	28
Total	**293**	**270**
Average number of employees in accounting period	**288**	**264**

Details about the employment benefits and loans of the related parties are presented in note G34 'Management compensation and related party transactions'.

G22 Other operating expenses

(1,000 euros)	2018	2017
Other personnel expenses	-1,611	-1,726
Office expenses	-2,452	-1,758
Data administration and IT expenses	-11,372	-11,069
Telephony expenses	-1,172	-1,075
Marketing expenses	-2,616	-2,610
Rent expenses	-2,233	-535
Expenses from properties in own use	-1,531	-1,331
Insurance and security expenses	-1,442	-1,330
Monitoring, control and membership fees	-494	-602
Other	-3,205	-3,434
Other operating expenses, total	**-28,128**	**-25,470**

Auditors' fees

(1,000 euros)	2018	2017
KPMG Oy Ab		
Statutory audit	394	71
Services related to auditing	51	1
Other services	334	48
Total	**779**	**120**

G23 Depreciation, amortisation and impairment losses on tangible and intangible assets

(1,000 euros)	2018	2017
On buildings	-379	-603
Machinery and equipment	-490	-507
Intangible assets	-1,010	-510
Amortisations on other long-term assets	-842	-395
Depreciations on the capitalised expenses of condominiums	-68	-36
Impairment on properties in own use	0	-453
Total depreciation, amortisation and impairment losses	**-2,787**	**-2,504**

G24 Impairment losses of financial assets

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

The cash flow calculations of the expected credit losses are presented in notes G5 Loans and receivables and G7 Investment assets.

G25 Income taxes

(1,000 euros)	2018	2017
Income tax for accounting period	-2,563	-3,597
Income tax on primary operations	-2,540	-3,571
Other direct taxes	-23	-26
Taxes for the previous accounting periods	-13	-314
Change in deferred tax assets	-842	48
Change in deferred tax liabilities	-1,236	-2,430
Total income taxes	**-4,653**	**-6,292**
Income tax rate	**20%**	**20%**
Accounting profit before taxes	**24,976**	**30,379**
Proportion of the result in accordance with tax rate	-4,995	-6,076
+ Tax-exempt income on the income statement	452	228
- Non-deductible expenses on the income statement	-60	-98
- Taxable income not included in the income statement	-26	46
+ Deductible expenses not included in the income statement	5	6
- Unrecognised under losses: deferred tax assets	-16	-84
+/- Taxes for previous accounting periods	-13	-314
Taxes on income statement	**-4,653**	**-6,292**

G26 Guarantees granted and received

(1,000 euros)	31 Dec 2018	31 Dec 2017
Collaterals given		
Given for own liabilities and provisions	494,741	373,427
Other collaterals given	0	0
Guarantees granted, total	**494,741**	**373,427**

Guarantees granted are loan receivables given as collateral for an issued bond. Nominal value of covered bond is 348 million euros in January 31, 2018.

(1,000 euros)	31 Dec 2018	31 Dec 2017
Collaterals received,		
Property collateral	2,316,538	1,985,382
Cash collateral	3,986	4,307
Guarantees received	66,598	50,129
Others	30,919	22,412
Guarantees received, total	**2,418,041**	**2,062,230**

G27 Off-balance sheet commitments

(1,000 euros)	31 Dec 2018	31 Dec 2017
Guarantees	21,735	14,972
Loan commitments	187,244	188,634
Other	297	471
Off-balance sheet commitments, total	**209,276**	**204,077**

In September 2018,Oma Savings Bank signed contracts for the acquisition of new premises in Seinäjoki in 2019. The total purchase price of the contract was EUR 2.3 million.

G28 Pension liability

(1,000 euros)	31 Dec 2018	31 Dec 2017
Expenses on the income statement	29	34
The current service cost	25	29
Net interest	4	5
Remeasurements	-110	149
Comprehensive income for the accounting period	**-81**	**183**

	2018	2017
Current value of obligation January 1	**3,036**	**3,087**
The current service cost	25	29
Interest expense	45	51
Actuarial gains (-) and losses (+) on experienced changes	4	-56
Actuarial gains (-) and losses (+) on changes in financial assumptions	-129	140
Actuarial gains (-) and losses (+) on changes in demographic assumptions		0
Benefits paid	-186	-215
Acquisitions/sale	-182	0
Current value of obligation December 31	**2,613**	**3,036**

	2018	2017
Fair value of funds under the plan January 1	**2,723**	**2,660**
Interest income	41	46
Return on assets in the plan excl. item belonging in the interest expense/income	-15	-65
Benefits paid	-186	-215
Acquisitions/sale	-182	0
Employer contributions	56	297
Fair value of funds under the plan December 31	**2,437**	**2,723**

	2018	2017
Present value of obligation	2,613	3,036
Fair value of plan assets	2,437	2,723
Liability on the balance sheet December 31	**176**	**313**

	2018	2017
Liability on the balance sheet January 1	313	427
Expenses on the income statement	29	34
Payments made into the plan	-56	-297
Remeasurements in other comprehensive income items	-110	149
Acquisitions/sale		0
Liability on the balance sheet December 31	**176**	**313**

Actuarial assumptions	1–12/2018	1–12/2017
Discount rate,%	1.70%	1.55%
Wage development,%	2.00%	2.00%
Increase in pension,%	1.75%	1.95%
Inflation,%	1.50%	1.70%

Sensitivity Analysis 2018	Defined Benefit Obligation	
Effect of a change in assumptions used	increase	decrease
Discount rate (0.5% change)	-7.10%	8.00%
Future pension increase (0.25% change)	3.00%	-2.90%
	Fair Value of Plan Assets	
Effect of a change in assumptions used	increase	decrease
Discount rate (0.5% change)	-6.40%	7.10%
Future pension increase (0.25% change)	0.00%	0.00%

Sensitivity Analysis 2017	Defined Benefit Obligation	
Effect of a change in assumptions used	increase	decrease
Discount rate (0.5% change)	-7.00%	7.90%
Future pension increase (0.25% change)	3.00%	-2.80%
	Fair Value of Plan Assets	
Effect of a change in assumptions used	increase	decrease
Discount rate (0.5% change)	-6.40%	7.20%
Future pension increase (0.25% change)	0.00%	0.00%

Duration based on weighted average of obligations is 14.7 years.

In 2019, the Group expects to pay approximately 26 thousand euros into its defined benefit pension plans.

In addition to the statutory pension scheme, Oma Savings Bank provides defined benefit pension plans to the management team, key personnel in certain leading roles, and employees who were members of Säästöpankkien Eläkekassat (Savings Banks' Pension Fund) when its operation ceased on December 31, 1992. For these plans, the retirement age is 60-65 years and the amount of pension is 60% of the salary eligible for pension.

In the pension scheme, the amount of assets describes the part of the obligation for which the insurance company is liable, and it is calculated using the same discount rate as the liability. The assets included in the scheme include 100% acceptable insurance policies. Because the liabilities have been insured, the company is not liable for significant risks. The company remains primarily liable for increases in pensions tied to the employment pension index and the effect of changes in the discount rate and pay increases on the net liabilities.

The assets of defined benefit plans managed in insurance companies are part of the insurance companies' investment assets and the investment risk lies with the insurance company.

G29 Operating lease obligations

The Group as lessee, payable minimum rent (1,000 euros)	2018	2017
Less than 1 year	1,117	838
1–5 years	3,241	1,330
Over 5 years	90	467
Total	**4,448**	**2,635**

The Group has rented premises and IT equipment to use mainly for business operations.

The Group as a lessor, receivable minimum rent (1,000 euros)	2018	2017
Less than 1 year	248	227
1–5 years	197	144
Over 5 years	600	-
Total	**1,045**	**371**

The Group has rented out apartments and business premises it owns.

G30 Offsetting financial assets and financial liabilities

(1,000 euros)	Monetary amounts not netted in the Balance Sheet			
	Financial instruments	Received security collateral	Received cash collateral	Net amount
Financial assets December 31, 2018				
Derivative assets	1,593	-	-	1,593
Others				-
Total financial assets	**1,593**	**-**	**-**	**1,593**

	Monetary amounts not netted in the Balance Sheet			
	Financial instruments	Granted security collateral	Granted cash collateral	Net amount
Financial liabilities December 31, 2018				
Derivative liabilities	-	0	-	-
Others	0	0	0	0
Total financial liabilities	**-**	**0**	**0**	**-**

(1,000 euros)	Monetary amounts not netted in the Balance Sheet			
	Financial instruments	Received security collateral	Received cash collateral	Net amount
Financial assets December 31, 2017				
Derivative assets	1,676	0	1,000	676
Others	0	0	0	-
Total financial assets	**1,676**	**0**	**1,000**	**676**

	Monetary amounts not netted in the Balance Sheet			
	Financial instruments	Granted security collateral	Granted cash collateral	Net amount
Financial liabilities December 31, 2017				
Derivative liabilities	2,222	0	-	2,222
Others	0	0	0	-
Total financial liabilities	**2,222**	**0**	**0**	**2,222**

G31 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"

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

Items repeatedly valuated at fair value December 31, 2018

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

Items repeatedly valuated at fair value December 31, 2017

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

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

Investment transactions in 2018, categorised to Level 3

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

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

Sensitivity analysis for financial assets on Level 3, December 31, 2018

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

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

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

Investment transactions in 2017, categorised as Level 3

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

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

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

Sensitivity analysis for financial assets on Level 3, 2017

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

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

G32 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 an 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 (1,000 euros)	Stage 1	Stage 2	Stage 3	31 Dec 2018
Risk rating 1	1,630,365	109,425	7,999	**1,747,789**
Risk rating 2	570,286	61,729	5,899	**637,914**
Risk rating 3	120,267	51,178	3,089	**174,535**
Risk rating 4	20,544	56,698	17,519	**94,760**
No rating	7,167	499	754	**8,420**
Capital items by risk category, total	**2,348,629**	**279,529**	**35,259**	**2,663,418**
Loss allowance	1,991	1,938	7,592	**11,521**
Total	**2,346,639**	**277,591**	**27,667**	**2,651,897**

On debt securities (1,000 euros)	Stage 1	Stage 2	Stage 3	31 Dec 2018
Risk rating 1	199,830	-	-	**199,830**
Risk rating 2	2,951	-	-	**2,951**
Risk rating 3	-	-	-	**-**
Risk rating 4	-	-	-	**-**
No rating	17,669	8,578	-	**26,247**
Capital items by risk category	**220,450**	**8,578**	**-**	**229,028**
Loss allowance	499	49	-	**548**
Total	**219,951**	**8,529**	**-**	**228,480**

Loans and receivables and off-balance sheet commitments (1,000 euros)	Risk rating 1	Risk rating 2	Risk rating 3	Risk rating 4	No rating	Total
Companies	661,070	93,515	33,845	38,037	2,346	**828,814**
Agriculture	17,985	2,283	896	1,103	56	**22,323**
Real estate	376,998	30,245	16,428	11,775	604	**436,050**
Construction	40,339	13,664	2,751	4,542	310	**61,606**
Wholesale and retail	58,673	12,941	3,853	5,639	357	**81,463**
Industry		4,035	4,727	5,526	350	**46,895**
Transportation and storage	13,914	4,811	1,783	946	-	**21,453**
Others	120,905	25,536	3,408	8,506	669	**159,024**
General government	19	10	-	-	150	**179**
Non-profit organizations	8,881	801	45	133	631	**10,491**
Finance and insurance	23,789	579	-	-	27	**24,395**
Households	1,054,029	543,009	140,645	56,590	5,266	**1,799,539**
Total December 31, 2018	**1,747,789**	**637,914**	**174,535**	**94,760**	**8,420**	**2,663,418**

G33 Subsidiaries included in consolidated accounts

The Oma Savings Bank Group comprises a parent company (Oma Savings Bank Plc) and its fully owned subsidiary (Real estate company Lappeenrannan Säästökeskus) and SAV-Rahoitus Oyj, of which the Group owns 50.7%.

Subsidiaries consolidated with Oma Savings Bank Group

	Domicile	Consolida-tion method	The Group's share of ownership	
			31 Dec 2018	31 Dec 2017
Real Estate company Lappeenrannan Säästökeskus	Lappeenranta	Subsidiary	100.00%	100.00%
SAV-Rahoitus Oyj	Helsinki	Subsidiary	50.73%	49.75%
Paikallispankkien PP-Laskenta Oy	Helsinki	Joint venture	25.00%	0.00%

G34 Management compensation and related party transactions

Related parties refer to key personnel in leading positions at Oma Savings Bank and their family members, as well as subsidiaries, joint ventures and companies, where key personnel in leading positions have controlling authority or considerable influence, and entities that have considerable influence in Oma Savings Bank Plc.

Key personnel include Board members, Managing Director, Deputy Managing Director 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.

Compensation received by key personnel in the management team	**Salaries and rewards**		**Statutory pension costs**		**Cost for voluntary supplementary pension**	
(1,000 euros)	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Pasi Sydänlammi, Managing Director	354	354	61	64	**40**	**40**
Pasi Turtio, Deputy Managing Director	221	190	38	34	**13**	**13**
The rest of the management team*	430	364	75	65	-	-
Total	**1,006**	**908**	**174**	**163**	**53**	**53**

In addition to the short-term employment benefits reported in the table below, the management has not been paid any post-employment benefits or share-based benefits.

Compensation received by Board members (1,000 euros)						
Hemminki Aila	16	10	3	2	-	-
Jaskari Aki	16	16	3	3	-	-
Kokkala Timo	16	16	3	3	-	-
Korpinen Heli	15	15	3	3	-	-
Mäkynen Jyrki	18	17	3	3	-	-
Partanen Jarmo	303	303	53	54	-	**17**
Salmi Jarmo	16	16	3	3	-	-
Yli-Kaatiala Ari	-	6	-	1	-	-
Total	**400**	**399**	**69**	**72**	-	**17**

*The rest of the management team: Juutilainen Helena, Liiri Sarianna, Markkanen Kari-Mikael, Sillanpää Minna

The Managing Director and Deputy Managing Director are entitled to a statutory pension and the retirement age is determined based on the statutory earnings-related pension system. The statutory pension expenditure for the Managing Director and Deputy Managing Director in 2018 was altogether EUR 100 thousand (EUR 98 thousand in 2017).

The Managing Director and Deputy Managing Director additionally have voluntary pension insurance taken out by the company, based on which old-age pension will be paid upon application based on the insurance terms and conditions when the insured is 60 years and 1 month to 70 years of age. The pension amount is calculated based on the calculation bases, insurance terms and conditions and the insurance savings accrued for the insured according to the price list. If the insured dies or becomes permanently disabled, the beneficiary is paid a lump sum as compensation based on the insurance terms and conditions, which is 100% of the insured's insurance savings. The voluntary pension expenses for the Managing Director and Deputy Managing Director in 2018 were altogether EUR 53 thousand (EUR 53 thousand in 2017).

Related party transactions	31 Dec 2018		
(1,000 euros)	Key personnel and their family members	Joint venture	Other related parties
Loans	4,155	-	1,743
Deposits	849	-	6,557
Guarantees	100	-	100
Received interests	25	-	49
Paid interests	1	-	10
Service fees	4	-	19
Services bought	-	467*)	-

*) period 8-12/2018

Related party transactions	31 Dec 2017		
(1,000 euros)	Key personnel and their family members	Joint venture	Other related parties
Loans	2,876	-	1,983
Deposits	986	-	6,796
Guarantees	100	-	100
Received interests	17	-	41
Paid interests	1	-	4
Service fees	2	-	12
Services bought	-	-	-

Personnel offering

In connection with the Initial Public Offering the personnel of Oma Savings Bank Plc subscribed 213 483 shares in the personnel offering. The subscription price of EUR 6.30 per share was 10% lower than the substriction price for other shares subscribed in IPO. The discount 149 thousand euros given to the personnel has been accounted as share-based payments and it has been fullu recorded as personnel expenses.

G35 Business combinations

Acquisitions during the 2018 accounting period

On 31 August 2018, Oma Savings Bank, together with Aktia Bank, the POP Bank Group and the Savings Bank Group acquired the entire share capital of PP-Laskenta Oy. PP-Laskenta Oy for local banks is a nationally operating financial administration service centre, which produces financial administration and regulatory reporting services for financial operators. PP-Laskenta's new owners are PP-Laskenta's customers. Oma Savings Bank owns 25.0% of the acquired company.

The acquired shares and goodwill resulting from the trade are recognised in the consolidated balance sheet in the item 'Holdings in companies consolidated using the equity method'.

Acquisitions during the 2017 accounting period

Oma Savings Bank Plc and S-Pankki Oy entered into an agreement on the transfer of S-Pankki's small and medium-sized operations as well as the agricultural and forestry operations to Oma Savings Bank Plc as of 27 April 2017. Business operations were transferred to Oma Savings Bank on 30 November 2017. A press release about the transaction was published on 27 April 2017.

In connection to the transaction, 15 employees were transferred to Oma Savings Bank from S-Pankki.

The identifiable customer relationships acquired during the process of combining business operations are valued at fair value at the time of acquisition, and the intangible asset formed by customer relationships is recognised as a straight-line depreciation expense during the expected financially useful life. The estimated financially useful life of customer relationships is six years based on the maturity of the transferable loans and receivables.

Values of assets acquired and liabilities assumed (1,000 euros)	31 Dec 2018	31 Dec 2017	
(1,000 euros)	Recognised-value	Recognised-value	Note
Loans and advances to the public and general government	0	value	G5
Liabilities to the public and general government	0	84,163	G12
Provisions and other liabilities	0	105	G15
Acquired net assets	**0**	**62,643**	
Transferred consideration	**0**	**65,643**	
Acquisition cost allocated to customer relationships	**0**	**3,000**	G8

G36 impacts of the IFRS 9 standard

Oma Savings Bank implemented the Financial Instruments standard on January 1, 2018. The comparative data for previous accounting periods were not adjusted, and therefore the adjustments to the bookkeeping values of the financial assets resulting from the implementation of the standard are recognised in the equity of the opening balance. The accounting principles that comply with the standard are presented in the interim report's note G2 Accounting principles.

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

	31 Dec 2017	Change	1 Jan 2018
Fair value reserve	4,181		
Revalution			
Expected credit losses		484	
Debt securities, valuation held to maturity, reclassified		562	
Reclassification			
Fair value reserve reclassification		-3,773	
Change in deferred tax		545	
Total	**4,181**	**-2,181**	**1,999**
Retained earnings (loss)	**106,439**		
Revaluation		-	
Impairment withdrawal December 31, 2017			
IAS 39 Realised impairment		7,587	
IAS 39 Impairment on loan and receivable categories		1,222	
Impairment withdrawal, total December 31, 2017		**8,810**	
Expected credit losses			
IFRS 9 Expected credit losses, lending		-9,762	
IFRS 9 Expected credit losses, categorised at amortisation		-	
IFRS 9 Expected credit losses, recognised in other comprehensive income at fair value		-484	
IFRS 9 Off-balance sheet commitments		-710	
Expected credit losses, total		**-10,956**	
Reclassification			
Fair value reserve reclassification		3,773	
Expected credit losses, total		**3,773**	
Change in deferred tax		**-325**	
Retained earnings (loss)	**106,439**	**1,301**	**107,740**
Equity, total*	**240,706**	**-747**	**239,959**
Amount of non-controlling interest	**778**	**-133**	**645**
Group, total	**241,484**	**-880**	**240,604**

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

* December 31, 2017 solvency has been reported at the parent company level.

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

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

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

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

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

Financial liabilities	IAS 39 bookkeeping value 31 Dec 2017	Reclassi-fication	Revaluation	IFRS 9 bookkeeping value 1 Jan 2018
Amortised cost				
Liabilities to credit institutions	35,993	-	-	35,993
Liabilities to the public	1,639,304	-	-	1,639,304
Debt securities issued	764,961	-	-	764,961
Other liabilities	42,602	-	807*	43,408
Balance sheet January 1, 2018	2,482,860	-	807	2,483,667
Amortised cost, total	**2,482,860**	**-**	**807**	**2,483,667**
Recognised at fair value through profit or loss				
Debt securities issued	-	-	-	-
Financial liabilities held for trading	-	-	-	-
Derivative instruments	2,222	-	-	2,222
Balance sheet January 1, 2018	2,222	-	-	2,222
Recognised at fair value through profit or loss, total	**2,222**	**-**	**-**	**2,222**
Total financial liabilities	**2,485,083**	**-**	**807**	**2,485,890**

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

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

	Classification IAS 39	Classification IFRS 9	Bookkeeping value IAS 39 31 Dec 2017	Bookkeeping value IFRS 9 1 Jan 2018
Cash and cash equivalents	Loans and other receivables	Amortised cost	265,265	265,265
Loans and advances to credit institutions	Loans and other receivables	Amortised cost	73,847	73,847
Loans and advances to the public	Loans and other receivables	Amortised cost	2,137,869	2,137,158
Derivative instruments	Recognised at fair value through profit or loss	Recognised at fair value through profit or loss	1,676	1,676
Investments	Loans and other receivables	Amortised cost	38,456	38,456
Investments	Financial assets available for sale	Recognised at fair value through profit or loss	145,572	145,572
Investments	Recognised at fair value through profit or loss	Amortised cost	332	332
Investments	Investments held to maturity	Recognised at fair value through profit or loss	1,989	2,552
Investments	Financial assets available for sale	Amortised cost	-	-
Other assets			29,465	29,986
Total assets *			**2,694,469**	**2,694,841**

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

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

	Classification IAS 39	Classification IFRS 9	Bookkeeping value IAS 39 31 Dec 2017	Bookkeeping value IFRS 9 1 Jan 2018
Liabilities to credit institutions	Other financial liabilities	Amortised cost	35,994	35,994
Liabilities to the public	Other financial liabilities	Amortised cost	1,639,305	1,639,305
Debt securities issued	Other financial liabilities	Amortised cost	764,961	764,961
Derivative instruments	Recognised at fair value through profit or loss	Recognised at fair value through profit or loss	2,223	2,223
Other liabilities			42,602	43,409
Total liabilities *			**2,485,083**	**2,485,890**

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

G37 Events after the Financial Statements

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

G38 Comparable key figures and calculation of key figures

Oma Savings Bank Plc presents in its financial reporting historical financial performance, alternative indicators describing their position or cash flows (Alternative Performance Measures, APM). Alternative key figures are by the European Securities and Markets Authority (ESMA) guidelines. Alternative key figures are not in IFRS standards, capital adequacy regulations (CRD / CRR) or Solvency II (SII) or designated key figures. The bank presents alternative key figures as additional information prepared in accordance with IFRS in the consolidated income statement, consolidated balance sheets and the Group cash flow calculations.

The bank believes alternative key figures give meaningful and useful information on the bank to investors, the securities market analysts and others from the company's performance, the financial position and cash flows.

Alternative key figures used by Oma Savings Bank Plc:

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

Operating income/loss

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

Operating income, total

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

Total operating expenses

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

Liquidity coverage ratio (LCR) %

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

Cost-income ratio, %

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

Comparable cost-income ratio, %

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

Comparable profit before taxes

Profit/loss before taxes without items effecting comparability

Return on equity, (ROE) %

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

Comparable return on equity, (ROE) %

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

Return on assets (ROA) %

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

Equity ratio, %

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

Solvency ratio (TC) %

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

Core capital ratio, (CET1) %

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

Tier 1 equity ratio, (T1) %

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

Earnings per share (EPS), EUR

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

Comparable earnings per share (EPS), EUR

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

Oma Savings Bank Plc's financial statements

Oma Savings Bank Plc's financial statements

Oma Savings Bank Plc Income statement

(1,000 euros)	1.1.–31.12.2018	1.1.–31.12.2017	Note
Interest income	55,303	46,179	P26
Interest expenses	-6,561	-7,232	P26
Net interest income	**48,742**	**38,947**	
Income from equity investments	1,289	972	P27
Fee and commission income	28,472	24,218	P28
Fee and commission expenses	-5,506	-3,453	P28
Net income from securities trading and foreign currency trading	-1,401	-238	P29
Net income from assets recognised at fair value through fair value reserve	393	10,186	P30
Net income from hedge accounting	744	-51	P31
Net income from investment properties	-559	-647	P33
Other operating income	1,601	1,580	P32
Administrative expenses	**-35,562**	-30,154	
Personnel expenses	-15,804	-12,823	P34
Other administrative expenses	-19,757	-17,330	P35
Depreciation, amortisation and impairment on tangible and intangible assets	-2,209	-1,746	P36
Other operating expenses	-7,709	-6,662	P32
Expected credit loss from financial assets recognised at amortised cost	-3,194	-2,337	P37
Expected credit loss and impairment loss from other financial assets	-64	-24	P37
Operating profit	**25,038**	**30,592**	
Appropriations	-12,074	-12,424	
Income taxes	-2,204	-3,911	
Profit (loss) from ordinary activites after taxes	**14,258**	**14,258**	
Profit (loss) for the period	**10,760**	**14,258**	

Oma Savings Bank Plc Balance sheet

Assets

(1,000 euros)	31 Dec 2018	31 Dec 2017	Note
Cash and cash equivalents	18,521	265,265	
Debt securities eligible for refinancing with central banks	195,344	106,868	
Loans and advances to credit institutions	58,782	73,806	P3
Loans and advances to the public and general government	2,524,529	2,137,579	P3
Debt securities	33,315	46,100	P4
General government	4,679	2,281	
From others	28,636	43,819	
Shares and other equity	38,107	34,850	P5
Derivative contracts	1,593	1,898	P6
Intangible assets	6,741	8,271	P7
Tangible assets	22,685	23,788	
Investment property and shares and interests in investment property	8,265	9,140	P8
Other property and shares and interests in property companies	13,156	12,995	P8
Other tangible assets	1,264	1,653	
Other assets	304	15,915	P10
Accrued income and prepayments	12,848	11,670	P11
Deferred tax assets	371	316	P17
Assets, total	**2,913,141**	**2,726,325**	

Liabilities and equity

(1,000 euros)	31 Dec 2018	31 Dec 2017	Note
Liabilities			
Liabilities to credit institutions	89,793	35,993	P12
Liabilities to the public and general government	1,757,928	1,639,357	P12
Deposits	1,757,661	1,638,877	
Other liabilities	267	479	
Debt securities issued to the public	712,873	736,961	P13
Derivative contracts and other liabilities held for trading	0	2,222	
Other liabilities	7,024	15,220	P14
Accrued expenses and deferred income	8,305	7,709	P15
Subordinated liabilities	25,000	27,800	P18
Deferred tax liabilities	659	1,095	P17
Liabilities, total	2,601,582	2,466,357	
Appropriations			
Voluntary provisions	97,544	85,470	P14
Appropriations, total	97,544	85,470	
Equity			P24
Share capital	24,000	24,000	P25
Other restricted reserves		4,181	
Fair value reserve	2,220	4,181	
Non-restricted reserves	137,488	106,087	
Reserve for invested non-restricted equity	137,488	106,087	
Retained earnings (loss)	39,548	25,972	
Profit (loss) for the period	10,760	14,258	
Equity, total	214,015	174,497	
Liabilities and equity, total	**2,913,141**	**2,726,325**	

Off-balance sheet commitments

(1,000 euros)	31 Dec 2018	31 Dec 2017
Commitments given to a third party on behalf of a customer	**22,032**	**15,443**
Guarantees and pledges	21,735	14,972
Other	297	471
Irrevocable commitments given in favour of a customer	**188,532**	**189,855**
Other	188,532	189,855

Oma Savings Bank Plc Cash flow statement

(1,000 euros)	1.1.–31.12.2018	1.1.–31.12.2017
Cash flow from operating activities		
Operating income after taxes	**10,760**	**14,258**
End-of-period adjustments*	**20,828**	**18,420**
Increase (-) or decrease (+) in receivables from operating activities	**-456,035**	**-312,038**
Debt securities	-74,917	-2,882
Loans and advances to credit institutions	-2,495	-1,176
Loans and advances to the public and general government	-391,038	-352,472
Shares and other equity	-3,229	60,508
Other assets	15,644	-16,016
Increase (+) or decrease (-) in liabilities from operating activities	**139,031**	**543,121**
Liabilities to credit institutions	53,800	1,736
Liabilities to the public and general government	116,090	159,732
Debt securities issued to the public	-24,088	383,911
Other liabilities	-6,771	-2,259
Paid income taxes	-5,061	-2,470
Cash flow from operating activities, total	**-290,479**	**261,291**
Cash flow from investing activities		
Investments in shares and other equity, increases	-220	-36
Investments in shares and other equity, decreases	19	0
Investments in tangible and intangible assets	-1,144	-5,178
Transfers of tangible and intangible assets	1,129	1,187
Cash flow from investing activities, total	**-215**	**-4,027**

(1,000 euros)	1.1.–31.12.2018	1.1.–31.12.2017
Cash flow from financing activities		
Subordinated liabilities, increases	0	15,000
Subordinated liabilities, decreases	-2,800	-4,800
Dividends paid	-2,112	-1,576
Other monetary increases in equity items	31,344	2,577
Cash flow from financing activities, total	**26,432**	**11,201**
Net change in cash and cash equivalents	**-264,262**	**268,465**
Cash and cash equivalents at the beginning of the period	323,617	55,152
Cash and cash equivalents at the end of the period	59,355	323,617
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash and cash equivalents	18,521	265,265
Receivables from credit institutions repayable on demand	40,834	58,353
Total	**59,355**	**323,617**
Additional information on the cash flow statement		
Received interests	55,581	45,952
Paid interests	6,426	6,202
Dividends received	1,289	972
***End-of-period adjustments:**		
Appropriations	12,074	12,424
Taxes on income statement	2,204	3,911
Changes in fair value	-583	69
Expected credit losses and impairment losses	3,258	n/a
Depreciation, amortisation and impairment loss on intangible and tangible assets	2,374	2,520
Other adjustments	1,501	-503
Total	**20,828**	**18,420**

Parent company's notes

P1 Parent company's accounting principles

The parent company Oma Savings bank Plc compiles its separate financial statements in accordance with the regulations in the Bookkeeping and Credit Institutions Act, the Decree of the Ministry of Finance on Credit Institutions' Financial Statements and Consolidated Statements (698/2014), and Financial Supervisory Authority's Regulations and Instructions 2/2016 Financial Sector's Accounting, Financial Statements and Annual Report.

1 Items denominated in foreign currencies

Assets and liabilities tied to items denominated in foreign currencies outside of the Euro zone have been converted to euros as per the European Central Bank's final rate on the last day of the accounting period. In the income statement, foreign exchange differences emerged during valuation have been recognised in net gains or net losses on trading in foreign currencies.

When the supervised entity classifies financial assets in classes pursuant to IFRS 9.4.1.2A and 4.1.4, amounts to be recognised through other comprehensive income must be recognised in the fair value reserve in financial statements drawn up in accordance with national legislation. (Adopted 29 Jan 2018, entered into force 15 Jan 2018)

The sections IFRS 9.6.5.11–12 and IFRS 9.B6.6.9. and B.6.6.15 refer to the cash flow hedge reserve. This item is recognised in the fair value reserve. (Adopted 29 Jan 2018, entered into force 15 Feb 2018)

2 Financial instruments

2.1 Classification and valuation of financial assets

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

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

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

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

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

2.1.1 Financial assets valuated at amortised cost

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

2.1.2 Financial assets valuated at fair value through other comprehensive income

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

2.1.3 Financial assets valuated at fair value through profit or loss

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

2.2 Equity-based instruments

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

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

2.2.1 Assessment of business models

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

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

2.2.2 Cash flow testing

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

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

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

2.3 Impairment of financial assets

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

llowance for financial assets valuated at the amortised cost is recognised in a separate account as a deduction to the bookkeeping value. Expected credit loss of financial assets valuated at fair value through other comprehensive income is recognised in the fair value reserve in other comprehensive income. Expected credit loss of off-balance-sheet items is recognised as a provision. The expected credit loss is calculated for the entire effective period of the financial asset when, on the date of reporting, the default risk related to financial assets has significantly increased since its initial recognition. In other cases, the expected loss is calculated based on the assessment that default of payment will occur within 12 months of the date of reporting.

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

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

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

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

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

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

2.3.1 Significant increase in credit risk

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

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

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

2.3.2 Definition of default

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

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

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

2.3.3 Expected credit loss calculation parameters and inputs

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

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

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

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

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

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

2.3.4 Changing of contractual cash flows

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

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

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

2.4 Recognition of the final credit loss

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

2.5 Classification and valuation of financial liabilities

At the time of the initial recognition, financial liabilities are classified in one of the following items:

- financial assets valued at amortised cost, or
- recognised at fair value through profit and loss.

Financing liabilities are originally recognised in the statements at fair value. Later, financial liabilities, with the exception of liabilities recognised at fair value through profit and loss, are valued at amortised cost. Transaction costs are included in the original book value of financial liabilities valued at amortised cost. Transaction costs related to financial liabilities recognised at fair value through profit or loss are recognised as expenditure.

Financial liabilities valued at fair value through profit or loss are formed by derivative liabilities to which hedge accounting is not applied. At the reporting date, the group does not have derivative liabilities valued at fair value through profit or loss.

Liabilities to credit institutions, liabilities to the public and general government as well as debt securities issued to the public are recognised in other financial liabilities valued at amortised cost.

2.6 Offsetting financial assets and liabilities

Financial assets have not been netted in the bank's financial statements.

2.7 Items denominated in foreign currencies

Assets and liabilities tied to items denominated in foreign currencies outside of the Euro zone have been converted to euros as per the European Central Bank's average rate on the reporting day. On the income statement, foreign exchange differences that emerged during valuation have been recognised in net gains from investment operations.

2.8 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks as well as short-term deposits of less than three months.

2.9 Determining the fair value

Fair value is the price that could be received for the sale of an asset or that could be paid for assuming a debt between market parties in a common transaction occurring on the valuation date.

The fair value of a financial instrument is determined either utilising price quotes obtained from active markets or, if active markets do not exist, utilising an established valuation method. Markets are considered to be active if price quotes are easily and regularly available and if they reflect real and regularly reoccurring market transactions between parties that are independent of each other. The current bid price is used as the quoted market price of financial assets.

If there is an established valuation method in the markets for financial instruments for which a market price cannot be directly acquired, the fair value is based on the generally used calculation model of market price and on the input quotes used by the model.

If the valuation method is not well-established in the markets, a specific generally used valuation model for the product in question is used to determine the market value. Valuation models are based on generally utilised calculation methods and they cover all factors that parties in the markets would take into consideration when calculating prices. When determining the fair value, the utilised aspects are the prices of market transactions, discounted cash flows and the fair value at the time of financial statements of another, essentially similar instrument. The valuation methods take into account credit risk assessments, used discount rates, the possibility of prepayments and other factors that impact the valuation of the financial instrument's fair value.

The fair values of financial instruments are divided in three hierarchies according to how the fair value is determined:

Level 1: Fair values quoted in active markets for identical assets or liabilities.

Level 2: Fair values that have been determined by the use of input information other than quoted Level 1 prices that are verifiable for assets or liabilities either directly (e.g. as prices) or indirectly (e.g. derived from prices).

Level 3: Fair values that have been determined for assets or liabilities using inputs that are not essentially based on verifiable market prices.

The hierarchy levels of fair values are determined based on the lowest level of input that is significant for the investment item. The significance of an input is assessed against the item valued at fair value in its entirety. Transfers between fair value hierarchy levels are determined to have occurred on the date when the event or change in circumstances occurred.

3 Derivatives and hedge accounting

Oma Savings Bank protects its interest-bearing loans against interest rate fluctuations with derivatives and applies hedge accounting regulations in addition to regularly following the effectiveness of such hedging and changes in fair values. In its hedge accounting, the bank applies the IFRS 9 standard's provision that makes it possible to continue to apply portfolio hedge accounting pursuant to the IAS 39 standard.

Interest rate swaps are used to hedge fixed-rate deposit stocks and stock derivatives have been used to hedge deposits, whose yield is tied to changes in stock value.

At the end of the accounting period, the bank does not have derivatives that hedge the cash flow.

Derivative contracts are valued at fair value and changes in value have been recognised on the balance sheet and the income statement. The positive fair values of derivative contracts are recognised in the balance sheet's assets' item 'Derivative contracts'. The credit valuation adjustment (CVA) is taken into account in the valuation of assets.

The negative fair values of derivative contracts are presented under 'Derivative contracts and other liabilities held for trading' in the balance sheet's liabilities. The debit valuation adjustment (DVA) is taken into account in the valuation.

Derivative contracts are valued at fair value and hedge accounting is applied to them. The changes in the fair value of hedged items and hedging instruments designated for hedging the fair value are entered in the income statement item 'Net income from hedge accounting' and in the balance sheet as an adjustment of the item in question. The interest expenses of hedge derivatives are presented under interest expenses and the income under interest income.

Derivatives are not created for the purpose of trading. The connection between hedging derivatives and instruments to be hedged (hedge relationship) and the effectiveness of hedging are documented.

4 Tangible and intangible assets

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

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

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

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

The bank's key investment properties have been evaluated by property with the purchase price allocation method or the yield value method. The estimates of the yield value method are based on the amounts of net rent income from the property and the yield requirement of property markets. The fair values of investment properties are listed in note P8.

5 Appropriations

5.1 Depreciation difference and tax-based provisions

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

Tax-based provisions, such as credit loss provisions, are used in the planning of the bank's financial statements and taxes. As such, the amounts of tax-based provisions and their changes do not depict the risks faced by the bank.

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

6 Off-balance sheet commitments

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

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

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

7 Interest income and expenses

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

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

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

8 Impairment losses of financial assets

8.1 Loans and other receivables

Impairment on loans and other receivables is recognised in impairment losses when there has been objective evidence that there will be no payments on the principal or the interest of the loan or the other receivable and the collateral on the receivable is not sufficient to cover for the loan or the other receivable. The evaluation of objective evidence is based on the evaluation of the sufficiency of the customer's insolvency and collateral. When recognising impairment, the collateral is valuated to the amount that could be expected to be recovered at the time of realisation. The amount of impairment loss is determined as the difference between the bookkeeping value of the receivable and the estimated current value of future cash flows accrued from the receivable, taking the collateral's fair value into account. The original effective interest rate of the receivable is used as the discounted rate of interest.

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

8.2 Investments held to maturity

If, at the end of the accounting period, there is objective evidence that the value of debt securities classified as investments held to maturity may have decreased, an impairment review is performed on the debt security. If the review determines that the value has decreased, for example, due to the issuer's increased credit risk, the impairment of value is recognised through profit or loss in the item Impairment losses on other financial assets.

The amount of impairment losses is determined as the difference between the bookkeeping value of the receivable and the estimated current value of future cash flows accrued from the receivable. The original effective interest rate of the receivable is used as the discounted rate of interest.

8.3 Financial assets available for sale

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

For debt securities, the amount of impairment loss is determined as the difference between the bookkeeping value of the receivable and the estimated current value of future cash flows accrued on the receivable. The original effective interest rate of the receivable is used as the discounted rate of interest. The reversal of impairment loss on debt securities is recognised through profit or loss. The amount of impairment loss on shares and other equity is estimated as the difference between their bookkeeping value and the value that the bank expects not to recover. The impairment loss on shares and other equity cannot be reversed through profit or loss, but the change in value is recognised in the fair value reserve.

9 Depreciation principles

The acquisition costs of buildings and other wearable tangible and intangible assets are depreciated based on the financial holding time in equal instalments and in accordance with a previously created depreciation plan. The depreciation time is 10–40 years for buildings and 5–8 years for machinery and equipment.

Depreciations are not performed for land. Development expenses and licences of computer software are added under Intangible rights and depreciated within 3–5 years. Long-term expenses are depreciated during their useful life of 3–5 years.

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

The bank has not recognised income or expenses from other than ordinary activities. If the exact sum of a future loss or cost is not known, it must be entered as a statutory provision in the bank's balance sheet.

11 Taxes

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

12 Financial assets

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

P2 Categorisation of financial assets and liabilities

Financial assets December 31, 2018 (1,000 euros)	Amortised cost	Recognised at fair value through profit or loss	Recognised at fair value through fair value reserve	Bookkeeping value, total	Fair value
Cash and cash equivalents	18,521			18,521	18,521
Loans to credit institutions	58,782			58,782	58,782
Loans to the public and public sector entities	2,524,245			2,524,245	2,524,245
- Loss allowance, total	10,909			10,909	10,909
Debt securities		179	228,480	228,659	228,659
Shares and other equity		38,107		38,107	38,107
Derivatives		1,593		1,593	1,593
Loans to the public and general government		284		284	284
Assets total	**2,601,549**	**40,163**	**228,480**	**2,870,192**	**2,870,192**

Financial liabilities December 31, 2018 (1,000 euros)	Amortised cost	Recognised at fair value through profit or loss	Bookkeeping value, total	Fair value
Loans and advances to credit institutions	89,793		89,793	89,793
Loans to the public and public sector entities	1,757,928		1,757,928	1,757,928
Subordinated loans	25,000		25,000	25,000
Debt securities issued to the public	712,873		712,873	712,873
Financial liabilities total	**2,585,594**	**-**	**2,585,594**	**2,585,594**

Financial assets December 31, 2017 (1,000 euros)	Loans and receivables	Held to maturity	Recognised at fair value through profit or loss	Available for sale	Bookkeeping value, total	Fair value
Financial assets total	**2,211,384**	**1,989**	**2,230**	**185,497**	**2,401,101**	**2,401,101**

Financial liabilities December 31, 2017 (1,000 euros)	Amortised cost	Recognised at fair value through profit or loss	Bookkeeping value, total	Fair value
Loans and advances to credit institutions	35,993		35,993	35,993
Loans to the public and public sector entities	1,639,357		1,639,357	1,639,357
Subordinated loans	27,800		27,800	27,800
Debt securities issued to the public	736,961		736,961	736,961
Financial derivatives		2,222	2,222	2,222
Financial liabilities total	**2,440,111**	**2,222**	**2,442,333**	**2,442,333**

P3 Loans and advances to credit institutions and to the public and general government

Loans and advances to credit institutions (1,000 euros)	2018	Expected credit loss allowance	2017
Repayable on demand	**40,833**	**-**	**58,353**
From the central financial institution	39,708	-	41,741
From domestic credit institutions	1,125	-	16,611
Other	17,948	-	15,453
Minimum reserve deposit	17,948	-	15,453
Total	**58,782**	**-**	**73,806**

Loans and advances to the public and general government (1,000 euros)	2018	Expected credit loss allowance	2017
Companies and housing associations	753,509	4,508	569,483
Financial and insurance institutions	22,588	160	6,371
Public bodies	29	0	229
Households	1,738,405	6,141	1,553,013
Non-profit organisations serving households	9,999	100	8,483
Total	**2,524,529**	**10,909**	**2,137,579**
- of which subordinated receivables	284	0	184

Impairment losses recognised during the accounting period (1,000 euros)	2018	2017
Impairment losses at the beginning of the accounting period	n/a	8,447
+ loan-specific impairment losses recognised during the accounting period	n/a	2,596
+ / - group-specific impairment losses recognised during the accounting period	n/a	-76
- loan-specific impairment losses reversed during the accounting period	n/a	-768
- loan-specific impairment loss has been recognised previously	n/a	-1,389
Impairment losses at the end of the accounting period	**n/a**	**8,810**

Matured and non-performing receivables (1,000 euros)	2018	2017
- Matured and non-performing receivables (1,000 euros)	26,748	18,166
- of which likely to be left unpaid, which are not outstanding or outstanding for less than 90 days	9,205	11,975
The contractual remaining amount of financial assets, which have been written off during the reporting period as final credit loss and which are still subject to collection proceedings	10,403	-
Final amount of recognised credit loss on receivables during the accounting period	1,716	1,791
Matured and non-performing receivables, total	**35,953**	**30,141**

Figures for matured and non-performing receivables are now presented in accordance with regulatory reporting (Finrep) also for the comparable period. In the approved Financial Statements 2017, matured and non-performing loans and forbearance have not been fully reported in accordance with regulatory reporting specifications (e.g. the handling of interest, the cross-default clause and the loan portfolio used in reporting).

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

Loans and advances to the public and general government, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	Total
Expected credit losses January 1, 2018	**1,075**	**1,655**	**6,771**	**9,501**
Transfer to stage 1	92	-418	-103	-430
Transfer to stage 2	-105	271	-323	-157
Transfer to stage 3	-104	-59	3,083	2,920
New debt securities	871	629	137	1,637
Matured debt securities	-239	-233	-2,412	-2,885
Realised credit losses	-4	-0	-1,178	-1,183
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	-156	-384	1,529	989
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	356	-	356
Expected credit losses December 31, 2018	**1,429**	**1,817**	**7,503**	**10,749**

Off-balance sheet commitments (1,000 euros)	Stage 1	Stage 2	Stage 3	Total
Expected credit losses January 1, 2018	**311**	**331**	**84**	**726**
Transfer to stage 1	194	-193	-1	0
Transfer to stage 2	-5	7	-2	-
Transfer to stage 3	-1	-0	1	-0
New debt securities	195	72	60	327
Matured debt securities	-296	-46	-53	-394
Realised credit losses	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	4	-50	0	-46
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
Expected credit losses December 31, 2018	**402**	**121**	**89**	**612**

P4 Debt securities

(1,000 euros)	2018		
	Total	Of which central bank funding entitling debt securities	Loss allowance
Recognised at fair value through profit and loss	**179**		
Other	179		0
Recognised at fair value through fair value reserve	**228,480**	**195,344**	**548**
Publicly quoted	226,897	195,344	492
Other	1,583		56
Total	**228,659**	**195,344**	**548**
of which subordinated receivables	179		

(1,000 euros)	2017	
	Total	Of which central bank funding entitling debt securities
Debt securities held for trading	332	0
Other	332	0
Debt securities available for sale	150,647	104,879
Publicly quoted	148,116	104,879
Other	2,531	0
Debt securities held to maturity	1,989	1,989
Publicly quoted	1,989	1,989
Total	**152,968**	**106,868**
of which subordinated receivables	3,605	0

Debt securities, amortised (1,000 euros)	Stage 1	Stage 2	Stage 3	Total
Expected credit losses January 1, 2018	**389**	**-**	**-**	**389**
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-1	9	-	7
Transfer to stage 3	-	-	-	-
New debt securities	161	16	-	176
Matured debt securities	-	-	-	-
Realised credit losses	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	-108	-	-	-108
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
Expected credit losses December 31, 2018	**440**	**25**	**-**	**464**

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

P5 Shares and other equity

(1,000 euros)	2018	2017
Recognised at fair value through profit or loss		
Publicly quoted	15,200	n/a
Other	22,908	n/a
Recognised at fair value through profit or loss, total	**38,107**	n/a
Of which in credit institutions	4,179	n/a
Of which in other companies	33,928	n/a
At amortised cost:		
Shares and holdings in participation companies		
In credit institutions	0	n/a
Other companies	9,640	n/a
Total	**9,640**	n/a

Shares and holdings in group companies (1,000 euros)		
In credit institutions	0	n/a
In other companies	200	n/a
Total	**200**	**n/a**

(1,000 euros)	2018	2017
Shares and other equity available for sale	n/a	**34,850**
Publicly quoted	n/a	13,147
Others	n/a	21,703
Shares and other equity, total	n/a	**34,850**
Of which in credit institutions	n/a	12,321
Of which in other companies	n/a	22,530
Financial assets		
Investments held to maturity	n/a	1,989
Loans and other receivables	n/a	2,211,384
Financial assets available for sale	n/a	185,497
Recognised at fair value through profit or loss	n/a	2,230
Total	**n/a**	**2,401,101**

P6 Derivative contracts

Nominal values of derivative contracts				
(1,000 euros)		2018		
Residual maturity	**less than 1 year**	**1–5 years**	**over 5 years**	**Total**
Hedging derivative contracts	23,543	424,172	0	447,715
Fair value hedge				
Interest rate derivatives				
Interest rate swaps	5,000	365,000	0	370,000
Other hedging derivatives				
Stock derivatives	18,543	59,172	0	77,715

Nominal values of derivative contracts				
(1,000 euros)		2017		
Residual maturity	**less than 1 year**	**1–5 years**	**over 5 years**	**Total**
Hedging derivative contracts				
Fair value hedge	38,422	314,767	0	353,189
Interest rate derivatives				
Interest rate swaps	15,000	270,000	0	285,000
Other hedging derivatives				
Stock derivatives	23,422	44,767	0	68,189

Fair values of derivative contracts	2018		2017	
(1,000 euros)	Assets	Liabilities	Assets	Liabilities
Hedging derivative contracts				
Fair value hedge	1,519	-	1,556	2,222
Interest rate derivatives	1,772	-	1,556	2,222
CVA and DVA adjustments	-252	-	-	-
Other hedging derivatives	74	-	342	-
Stock derivatives	250	-	342	-
CVA and DVA adjustments	-176	-	-	-
Total	**1,593**	**0**	**1,898**	**2,222**

Profit or loss resulting from the hedged risk of the hedging instrument	2018	2017
(1,000 euros)		
Change in the value of hedged object	1,447	-1,035

P7 Intangible assets

(1,000 euros)	2018	2017
IT expenses	430	665
Goodwill	2,500	3,000
Other intangible assets	3,811	4,606
Total	**6,741**	**8,271**

Intangible assets	2018	2017
Acquisition cost January 1	15,203	11,050
+ increases during the accounting period	351	4,234
- decreases during the accounting period	-161	-81
Acquisition cost December 31	15,393	15,203
Accrued amortisation and impairment January 1	-6,932	-6,230
+/- accrued amortisation on decreases and transfers	0	26
- amortisation during the accounting period	-1,720	-728
Accrued amortisation and impairment December 31	-8,652	-6,932
Bookkeeping value December 31	**6,741**	**8,271**
Bookkeeping value January 1	8,271	4,820

P8 Tangible assets

(1,000 euros)	2018 Bookkeeping value	2018 Fair value	2017 Bookkeeping value	2017 Fair value
Land and water				
In own use	352	-	352	-
Used for investments	640	640	161	161
Total	**991**	**640**	**513**	**161**
Buildings				
In own use	619	-	636	-
Used for investments	452	452	465	465
Total	**1,070**	**452**	**1,102**	**465**
Shares and other equity in property companies				
In own use	12,186	-	12,007	-
Used for investments	7,174	9,006	8,513	9,648
Total	**19,359**	**9,006**	**20,519**	**9,648**
Other tangible assets	1,264		1,653	
Tangible assets, total	**22,685**		**23,788**	

Investment properties have been measured at acquisition cost.

P9 Changes in tangible assets during the accounting period

(1,000 euros)	2018 Investment properties and investment property shares	Other properties and property shares	Other tangible assets	Total
Acquisition cost January 1	12,773	17,401	9,356	39,530
+ increases during the accounting period	545	251	194	990
- decreases during the accounting period	-1,639	0	-137	-1,776
Acquisition cost December 31	11,679	17,652	9,413	38,743
Accrued depreciation and impairment January 1	-3,634	-4,406	-7,702	-15,742
+/- accrued depreciation on decreases and transfers	300	0	38	338
- depreciation during the accounting period	-80	-89	-484	-654
Accrued depreciation and impairment December 31	-3,414	-4,495	-8,149	-16,058
Bookkeeping value December 31	**8,265**	**13,156**	**1,264**	**22,685**
Bookkeeping value January 1	9,140	12,995	1,653	23,788

(1,000 euros)	2017 Investment properties and investment property shares	Other properties and property shares	Other tangible assets	Total
Acquisition cost January 1	13,202	17,784	9,389	40,375
+ increases during the accounting period	3	10	553	566
- decreases during the accounting period	-803	-22	-587	-1,412
+/- transfers between items	371	-371	0	0
Acquisition cost December 31	12,773	17,401	9,356	39,530
Accrued depreciation and impairment January 1	-3,121	-3,792	-7,772	-14,684
+/- accrued depreciation on decreases and transfers	177	-13	569	733
- depreciation during the accounting period	-82	-92	-500	-674
- impairment during the accounting period	-608	-509	0	-1,117
Accrued depreciation and impairment December 31	-3,634	-4,406	-7,702	-15,742
Accrued appreciations January 1	0	0	0	0
+/- Appreciations and reversals of appreciations during the accounting period	0	0	0	0
Bookkeeping value December 31	**9,140**	**12,995**	**1,653**	**23,788**
Bookkeeping value January 1	10,081	13,992	1,618	25,691

P10 Other assets

(1,000 euros)	2018	2017
Receivables on payment transfers	32	23
Receivables from sold shares	-	15,571
Other	272	321
Total	**304**	**15,915**

The 'other' item included receivables from sold shares held by the parent company, worth approx. 15.6 million euros in comparative period.

P11 Accrued income and prepayments

(1,000 euros)	2018	2017
Interests	6,494	6,794
Other	6,354	4,876
Total	**12,848**	**11,670**

P12 Liabilities to the public and general government and liabilities to credit institutions

Liabilities to the public and general government (1,000 euros)	2018	2017
Deposits	**1,757,661**	**1,638,877**
Repayable on demand	1,544,286	1,420,241
Other	213,375	218,636
Other liabilitites		
Other	267	479
Total	**1,757,928**	**1,639,357**

Liabilities to credit institutions (1,000 euros)	2018	2017
Repayable on demand	11,871	14,644
Other	77,923	21,349
Total	**89,793**	**35,993**

P13 Debt securities issued to the public

(1,000 euros)	2018 Bookkeeping value	2018 Nominal value	2017 Bookkeeping value	2017 Nominal value
Certificates of deposit	129,965	130,000	153,916	154,000
Bonds	582,908	585,000	583,045	585,000
Total	**712,873**	**715,000**	**736,961**	**739,000**

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

Average nominal interest rate 0.345% (0.639%)

Maturity of deposit certificates	less than 3 months	3–6 months	6–9 months	9–12 months	Bookkeeping value, total
December 31, 2018	104,983	24,983	-	-	**129,965**
December 31, 2017	90,978	56,949	5,988	-	**153,916**

P14 Provisions

Provisions (1,000 euros)	2018	2017
Other provisions	97,544	85,470
Total	**97,544**	**85,470**

Other liabilitites (1,000 euros)	2018	2017
Liabilities on payment transfers	5,681	14,637
Expected credit loss on loan commitments	612	0
Other	731	584
Total	**7,024**	**15,220**

P15 Accrued expenses and deferred income

(1,000 euros)	2018	2017
Interests	2,732	2,645
Other	5,573	5,064
Total	**8,305**	**7,709**

P16 Subordinated liabilities

Subordinated liabilities whose bookkeeping value exceeds 10% of total amount of these liabilities

(1,000 euros)	Bookkeeping value			
Identifying details of liability	**2018**	**2017**	**Interest %**	**Due date**
Saving Banks' debenture loan I/2013		2,800	2.35	15.5.2018
Oma Savings Bank Plc's debenture loan I/2014	10,000	10,000	2.65	20.5.2019
Oma Savings Bank Plc's debenture loan I/2017	15,000	15,000	1.25	1.2.2023
Total	**25,000**	**27,800**		

	Amount included in own funds	
Identifying details of liability	**2018**	**2017**
Oma Savings Bank Plc's debenture loan I/2014	767	2,766
Oma Savings Bank Plc's debenture loan I/2017	12,265	15,000
Total	**13,031**	**17,766**

All listed loans are denominated in euro.
In the solvency calculation, the listed loans are included in the credit institutions's lower tier 2 capital.

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

Regulations on loan priorities and potential exchanging of loans for shares:
Loans have been issued as a debenture loan in accordance with Article 34 of the Promissory Notes Act (622/47). These loans are subordinated to the issuer's other loans.

P17 Deferred tax liabilities and tax assets

(1,000 euros)	2018	2017
Deferred tax assets calculated on other temporary differences	267	267
Deferred tax assets due to the fair value reserve	104	49
Deferred tax assets total	**371**	**316**
Deferred tax liabilities calculated on other temporary differences	110	0
Deferred tax liabilities due to the fair value reserve	550	1,095
Deferred tax liabilities total	**659**	**1,095**

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

P18 Maturity distribution of financial assets and liabilities

Financial assets (1,000 euros)	2018					
	less than 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Debt securities eligible for refinancing with central banks	0	0	74,377	118,166	2,801	195,344
Loans and advances to credit institutions	40,834	17,948	0	0	0	58,782
Loans and advances to the public and general government	62,667	318,419	832,238	670,002	641,204	2,524,529
Debt securities	0	3,971	11,788	17,556	0	33,315
Derivative contracts	19	0	1,574	0	0	1,593
Total	**103,519**	**340,338**	**919,977**	**805,724**	**644,005**	**2,813,564**

Financial assets (1,000 euros)	2017					
	less than 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Debt securities eligible for refinancing with central banks	0	804	27,016	79,047	0	106,868
Loans and advances to credit institutions	58,353	15,453	0	0	0	73,806
Loans and advances to the public and general government	63,835	263,544	721,130	570,516	518,553	2,137,579
Debt securities	332	2,301	24,756	18,711	0	46,100
Derivative contracts	61	168	1,669	0	0	1,898
Total	**122,581**	**282,271**	**774,571**	**668,274**	**518,553**	**2,366,250**

Financial liabilities (1,000 euros)

	2018					
	less than 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Liabilities to credit institutions and central banks	11,871	9,639	32,743	15,540	20,000	89,793
Liabilities to the public and general government	1,567,325	130,241	60,095	267	0	1,757,928
Debt securities issued to the public	24,999	214,944	472,929	0	0	712,873
Subordinated debts	0	10,000	15,000	0	0	25,000
Derivative contracts	0	0	0	0	0	0
Total	**1,604,195**	**364,824**	**580,767**	**15,807**	**20,000**	**2,585,594**

Financial liabilities (1,000 euros)

	2017					
	less than 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Liabilities to credit institutions and central banks	14,860	3,383	17,751	0	0	35,993
Liabilities to the public and general government	1,449,440	142,001	47,436	479	0	1,639,357
Debt securities issued to the public	22,999	230,897	483,065	0	0	736,961
Subordinated debts	0	2,800	10,000	15,000	0	27,800
Derivative contracts	0	0	2,222	0	0	2,222
Total	**1,487,298**	**379,081**	**560,475**	**15,479**	**0**	**2,442,333**

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

P19 Itemisation of assets and liabilities in domestic and foreign denominations

Assets	2018		2017	
(1,000 euros)	Domestic currency	Foreign currency	Domestic currency	Foreign currency
Debt securities eligible for refinancing with central banks	195,344	0	106,868	0
Loans and advances to credit institutions	58,782	0	73,806	0
Loans and advances to the public and general government	2,524,529	0	2,137,579	0
Debt securities	33,315	0	46,100	0
Derivative contracts	1,593	0	1,898	0
Other assets	98,363	1,214	358,931	1,144
Total	**2,911,927**	**1,214**	**2,725,181**	**1,144**

Liabilities	2018		2017	
(1,000 euros)	Domestic currency	Foreign currency	Domestic currency	Foreign currency
Liabilities to credit institutions and central banks	89,793	0	35,993	0
Liabilities to the public and general government	1,757,928	0	1,639,357	0
Debt securities issued to the public	712,873	0	736,961	0
Derivative contracts	0	0	2,222	0
Subordinated liabilities	25,000	0	27,800	0
Other liabilities	7,684	0	16,315	0
Accrued expenses and deferred income	8,305	0	7,709	0
Total	**2,601,582**	**0**	**2,466,357**	**0**

P20 Fair values and bookkeeping values of financial assets and liabilities and fair value hierarchy

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

Financial assets	**2018**		**2017**	
(1,000 euros)	**Bookkeeping value**	**Fair value**	**Bookkeeping value**	**Fair value**
Cash and cash equivalents	18,521	18,521	265,265	265,265
Loans and advances to credit institutions	58,782	58,782	73,806	73,806
Loans and advances to the public and general government	2,524,708	2,524,708	2,137,579	2,137,579
Debt securities	228,480	228,480	152,968	153,530
Shares and other equity	38,107	38,107	34,850	36,241
Derivative contracts	1,593	1,593	1,898	1,898
Total	**2,870,192**	**2,870,192**	**2,666,365**	**2,668,318**

Financial liabilities	**2018**		**2017**	
(1,000 euros)	**Bookkeeping value**	**Fair value**	**Bookkeeping value**	**Fair value**
Liabilities to credit institutions	89,793	89,793	35,993	35,993
Liabilities to the public and general government	1,757,928	1,757,928	1,639,357	1,639,357
Debt securities issued to the public	712,873	712,873	736,961	736,961
Liabilities held	0	0	2,222	2,222
Subordinated liabilities	25,000	25,000	27,800	27,800
Total	**2,585,594**	**2,585,594**	**2,442,333**	**2,442,333**

Financial instruments measured at fair value on the balance sheet

(1,000 euros)	2018 Level 1	Level 2	Level 3	Total
Unrealised gains and losses during the accounting period, level 3	243,570	1,214	22,266	267,050

(1,000 euros)	2017 Level 1	Level 2	Level 3	Total
Unrealised gains and losses during the accounting period, level 3	158,183	2,563	20,169	180,915

Fair value and changes in value entered directly into the income statement as well as changes, entered into the fair value reserve, from each group of financial instruments recognised at fair value

(1,000 euros)	2018		
	Fair value	Change in value in income statement	Fair value reserve 31.12.
Financial assets recognised at fair value through fair value reserve	228,480	396	2,227
Financial assets recognised at fair value through profit or loss	38,570	-816	0
- of which financial assets held for trading	0	0	0
Financial liabilities recognised at fair value through profit or loss	0	0	0
Liabilities held for trading	0	0	0
Total	**267,050**	**-420**	**2,227**

	2017		
	Fair value	Change in value in income statement	Fair value reserve 31.12.
Financial assets available for sale	185,497	-1,511	5,226
Financial assets held for trading	332	32	0
Total	**185,829**	**-1,479**	**5,226**

Changes in fair value reserve during the accounting period

(1,000 euros)	2017			
	At the beginning of the accounting period	Increases	Decreases	At the end of the accounting period
Cash flow hedge	0	0	0	**0**
Measured at fair value	9,884	13,458	-18,116	**5,226**
Total	**9,884**	**13,458**	**-18,116**	**5,226**

P21 Distribution of financial assets by risk class

- **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 off-balance sheet commitments (1,000 euros)	**Stage 1**	**Stage 2**	**Stage 3**	**31 Dec 2018**
Risk rating 1	1,630,365	109,425	7,999	**1,747,789**
Risk rating 2	570,286	61,729	5,899	**637,914**
Risk rating 3	120,267	51,178	3,089	**174,535**
Risk rating 4	20,544	56,698	17,519	**94,760**
No rating	7,167	499	754	**8,420**
Capital items by risk category, total	**2,348,629**	**279,529**	**35,259**	**2,663,418**
Allowance for credit losses	1,991	1,938	7,592	**11,521**
Total	**2,346,639**	**277,591**	**27,667**	**2,651,897**

Debt securities (1,000 euros)	**Stage 1**	**Stage 2**	**Stage 3**	**31 Dec 2018**
Risk rating 1	199,830	-	-	**199,830**
Risk rating 2	2,951	-	-	**2,951**
Risk rating 3	-	-	-	**-**
Risk rating 4	-	-	-	**-**
No rating	17,669	8,578	-	**26,247**
Capital items by risk category, total	**220,450**	**8,578**	**-**	**229,028**
Allowance for credit losses	499	49	-	**548**
Total	**219,951**	**8,529**	**-**	**228,480**

P22 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 by industry (1,000 euros)	Risk rating 1	Risk rating 2	Risk rating 3	Risk rating 4	No rating	Total
Companies	661,070	93,515	33,845	38,037	2,346	**828,814**
Agriculture	17,985	2,283	896	1,103	56	**22,323**
Real estate	376,998	30,245	16,428	11,775	604	**436,050**
Construction	40,339	13,664	2,751	4,542	310	**61,606**
Wholesale and retail	58,673	12,941	3,853	5,639	357	**81,463**
Industry	32,257	4,035	4,727	5,526	350	**46,895**
Transportation and storage	13,914	4,811	1,783	946	-	**21,453**
Others	120,905	25,536	3,408	8,506	669	**159,024**
General government	19	10	-	-	150	**179**
Non-profit organizations	8,881	801	45	133	631	**10,491**
Finance and insurance	23,789	579	-	-	27	**24,395**
Households	1,054,029	543,009	140,645	56,590	5,266	**1,799,539**
Total December 31, 2018	**1,747,789**	**637,914**	**174,535**	**94,760**	**8,420**	**2,663,418**

P23 Impact of collaterals and other arrangements improving the quality of loans

December 31, 2018 (1,000 euros)	Amount exposed to credit risk, covered by collateral	Description of held collateral
Home mortgages	1,257,497	Mostly residential real estate collateral
Business loans	706,979	Mostly property collateral
Consumer credit	266,150	Mostly residential real estate collateral
Other	300,047	Mostly property collateral
Loans and advances to the public and general government	**2,530,674**	

P24 Changes in equity during the accounting period

(1,000 euros)	At the beginning of the accounting period	Impact of IFRS 9, January 1, 2018	Increases	Decreases	At the end of the accounting period
Share capital	20,700				20,700
Credit loss provisions transferred to share capital	3,300				3,300
Other restricted reserves		-2,181	25,238		23,057
Fair value reserve		-2,181			-2,181
Measured at fair value	4,181	-2,181	221		2,220
Non-restricted reserves					0
Reserve for invested non-restricted equity	106,087		31,401		137,488
Retained earnings	25,972	1,487	14,258	-2,169.16	39,548
Profit for the period	14,258		10,760	-14,257.97	10,760
Equity, total	**174,497**	**-694**	**56,639**	**-16,427**	**214,015**

The own non-restricted equity reserve includes only distributable assets. Development costs have not been capitalised.

Changes in fair value reserve during the accounting period

(1,000 euros)	2018 Debt securities	Shares and other equity	Cash flow hedge	Total
Fair value reserve January 1, 2018 (gross)	1,548	3,678	0	5,226
Impact of FRS 9 January 1, 2018 (gross)	951	-3,678	0	-2,727
Deferred tax assets (+) / liabilities (-)	-	-	-	-500
Fair value reserve January 1, 2018	**2,499**	**0**	**0**	**1,999**
Increases	6,105	0	0	6,105
Decreases	-5,497	0	0	-5,497
Reclassified from the fair value reserve to the income statement	-396	0	0	-396
Fair value reserve reclassification to retained earnings (transfer of shares)	-	0	-	0
Expected credit losses	64	-	-	64
Changes in fair value reserve 2018, total	**276**	0	0	**276**
Fair value reserve December 31, 2018 (gross)	2,775	0	0	2,775
Deferred tax assets (+) / liabilities (-)	-555	0	0	-555
Fair value reserve December 31, 2018	**2,220**	**0**	**0**	**2,220**

(1,000 euros)	2017 At the beginning of the accounting period	Increases	Decreases	At the end of the accounting period
Equity-based instruments	5,846	6,993	-9,896	2,942
Of which deferred taxes	-1,461	1,905	-1,179	-736
Debt securities	2,061	4,884	-5,707	1,239
Of which deferred taxes	-515	985	-780	-310
Fair value reserve, total	**7,907**	**11,877**	**-15,603**	**4,181**

P25 Shares and shareholder right

The number of shares is 29 585 000 in total and the number of votes per share is 1 vote / share. The shares do not have a nominal value.

Share ownership is divided as follows:

	Ownership 31 Dec 2018		Ownership 31 Dec 2017	
	Number of shares	% in shares	Number of shares	% in shares
Etelä-Karjalan Säästöpankkisäätiö	10,425,000	35.2	11,100,000	44.2
Parkanon Säästöpankkisäätiö	3,400,000	11.5	3,400,000	13.6
Töysän Säästöpankkisäätiö	3,000,000	10.1	3,000,000	12.0
Kuortaneen Säästöpankkisäätiö	2,000,000	6.8	2,000,000	8.0
Hauhon Säästöpankkisäätiö	1,680,000	5.7	1,680,000	6.7
Rengon Säästöpankkisäätiö	1,120,000	3.8	1,120,000	4.5
Suodenniemen Säästöpankkisäätiö	800,000	2.7	800,000	3.2
Elo Keskinäinen työeläkevakuutusyhtiö	788,405	2.7	-	-
Pyhäselän Oma Osuuskunta	758,850	2.6	758,850	3.0
Joroisten Oma Osuuskunta	689,150	2.3	689,150	2.7
10 largest shareholders	**24,661,405**	**83.4**	**24,548,000**	**97.9**
Other	4,923,595	16.6	539,200	2.1
Total	**29,585,000**	100.0	25,087,200	**100.0**

The number of shares in 2017 has been adjusted for comparability, taking into account the split that took place in November 2018.

The company's Extraordinary General Meeting held on 9 November 2018 decided on the splitting of shares by issuing shareholders with new shares without payment in proportion with their holdings so that 49 new shares were issued per share. After the shares were distributed, the total number of shares in the company came to 29,596,700 shares.

The company carried out an IPO between 19 November – 29 November 2018. The subscription price was EUR 7.00 per share and a total of 4,500,000 shares were subscribed.

The Board of Directors approved the completed, fully paid subscriptions on November, 2018 and the new shares were entered in the Trade Register for the public and insitutional offer on 29 November, 2018 and for the personnel offer on December 17, 2018.

Subscription payments, totalling EUR 31.3 million, were entered in the reserve in their entirety for invested non-restricted equity in accordance with the share issuance terms.

In addition to the IPO, in June 2018, the company implemented an issue of 9,500 shares targeted at the personnel (split-adjusted figure), as a follow up to the personnel offering carried out in November 2017.

The company itself holds 11,700 shares. The company has no different share classes, all shares carry the same rights.

The issued shares will entitle to shareholder rights and shareholder rights commence when the shares have been entered in the Trade Register.

All shares carry the same shareholder rights.
The board has no valid authorisation to issue a rights issue, a convertible loan, or stock options.

Non-restricted reserves

Fair value reserve

The fair value reserve includes the change in fair value of financial assets recognised at fair value through other comprehensive income less deferred taxes. The items recognised in the reserve are transferred to the income statement, when a security available for sale is sold or when impairment is recognised. The net change of the value of interest derivatives hedged by cash flow can also be recognised in the reserve when this net change of value is found to be effective and adjusted by deferred taxes. Changes in value are realised in the income statement for the accounting period during which cash flows being hedged occur.

Reserve for invested non-restricted equity

The assets raised in the institutional and public offerings and personnel offerings in 2017–2018 are entered in the reserve for invested non-restricted equity. In addition, the reserve for invested non-restricted equity includes the assets gained from issued shares in connection with reorganisations in previous accounting periods.

Retained earnings

Retained earnings are earnings accrued over the group's companies' previous accounting periods that have not been distributed as dividends to owners. Retained earnings also include voluntary reserves included in the Group's companies' separate financial statements and the depreciation difference, minus deferred tax liabilities. In 2018, shares eligible for dividends were distributed a dividend of 4.21 euros/share, or a total of EUR 2.1 million.

P26 Interest income and expenses

(1,000 euros)	2018	2017
Interest income		
Debt securities eligible for refinancing with central banks	1,178	846
Receivables from credit institutions	0	0
Receivables from the public and general government	50,265	41,874
On debt securities	989	1,515
Derivate contracts	1,437	1,213
Negative interest expenses from financial liabilities	751	131
Other interest income	683	601
Total	**55,303**	**46,179**
Interest income from financial assets transferred to stage 3	1,185	-
Interest income accrued in impaired loans and other receivables	-	287
Interest expenses		
Liabilities to credit institutions	-163	-178
Liabilities to the public and general government	-2,316	-2,531
Debt securities issued to te public	-3,085	-3,084
Derivative contracts and liabilities held for trading	0	0
Subordinated liabilities	-477	-394
Negative interest income from financial assets	-512	-307
Other interest expenses	-8	-737
Total	**-6,561**	**-7,232**

P27 Income from equity investments

(1,000 euros)	2018	2017
Dividend income from financial assets recognised at fair value through profit or loss	302	n/a
of which dividend income from financial assets available for sale	0	n/a
From financial assets recognised at fair value through fair value reserve	987	n/a
- of which dividends linked to investments written off during the accounting period	0	n/a
- of which dividends linked to investments held at the end of the accounting period	0	n/a
Total	**1,289**	**n/a**

Dividend income from financial assets available for sale	n/a	972
Total	**n/a**	**972**

P28 Fee and commission income and expenses

(1,000 euros)	2018	2017
Fee and commission income		
Lending	10,054	7,155
Borrowing	1,123	1,119
Payment transactions	11,280	10,355
Asset management	1,077	1,082
Brokered products	3,763	3,679
Granting of guarantees	640	463
Other fee and commission income	536	365
Total	**28,472**	**24,218**
Fee and commission expenses		
Paid delivery fees	-1,141	-1,145
Other	-4,365	-2,309
Total	**-5,506**	**-3,453**

P29 Net income from securities trading and foreign currency trading

(1,000 euros)	2018		
	Capital gain and loss (net)	Transfers from the fair value reserve	Total
On debt securities	-116	-104	-220
Shares and other equity	-90	-712	-802
Derivate contracts and other receivables	-227	-197	-424
Net gains on trading in securities, total	-433	-1,013	-1,446
Net gains on trading in foreign currencies	45	0	45
Profit and loss item, total	**-388**	**-1,013**	**-1,401**

(1,000 euros)	2017		
	Capital gain and loss (net)	Transfers from the fair value reserve	Total
On debt securities	0	-44	-44
Net gains on trading in securities, total	0	-44	-44
Net gains on trading in foreign currencies	-194	0	-194
Profit and loss item, total	**-194**	**-44**	**-238**

P30 Net income from financial assets recognised at fair value through fair value reserve

(1,000 euros)	2018		
	Capital gain and loss (net)	Transfers from the fair value reserve	Total
On debt securities	-4	396	393
Total	**-4**	**396**	**393**

Net income from financial assets available for sale

(1,000 euros)	2017			
	Capital gain and loss (net)	Impairment	Transfers from the fair value reserve	Total
On debt securities	-161	0	2,166	2,005
Shares and other equity	-68	0	8,249	8,182
Total	**-229**	**0**	**10,415**	**10,186**

P31 Net income from hedge accounting

(1,000 euros)	2018	2017
Changes in fair value of hedge instruments	5,178	-5,465
Changes in fair value of hedged items	-4,434	5,414
Total	**744**	**-51**

P32 Other operating income and expenses

(1,000 euros)	2018	2017
Other operating income		
Rent income from properties in own use	61	59
Gains on properties in own use		41
Other income	1,540	1,480
Total	**1,601**	**1,580**
Other operating expenses	**2018**	**2017**
Rent expenses	-1,431	-1,140
Expenses on properties in own use	-1,547	-1,296
Capital loss from properties in own use	0	-37
Guarantee Fund expenses	-846	-1,062
Other expenses	-3,885	-3,127
Total	**-7,709**	**-6,662**

Auditor's fees

(1,000 euros)	2018	2017
KPMG Oy Ab		
Auditor's fees by assignment group:		
Audit	374	65
Assignments as provided for in Section 1, Sub-section 1, Clause 2 of the Auditing Act	51	1
Other services	334	48
Total	**759**	**114**

P33 Net income from investment properties

(1,000 euros)	2018	2017
Rent income	818	930
Rent expenses	-1	-1
Depreciation	-164	-166
Capital gain and loss (net)	-273	53
Impairment loss	0	-608
Other income	3	4
Other expenses	-942	-858
Total	**-559**	**-647**

P34 Personnel expenses

(1,000 euros)	2018	2017
Salaries and rewards	-13,027	-10,285
Long-term benefits	-2,778	-2,538
Pensions	-2,324	-2,108
Other long-term benefits	-454	-430
Total	**-15,804**	**-12,823**

Number of employees December 31	2018	2017
Permanent full-time employees	232	201
Permanent part-time employees	6	11
Temporary employees	49	38
Total	**287**	**250**
Average number of employees during the financial year.	282	259

Pension liabilities

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

P35 Depreciation, amortisation and impairment on tangible and intangible assets

(1,000 euros)	2018	2017
Depreciation and amortisation	**-2,209**	**-1,236**
Tangible assets	-574	-592
Intangible assets	-1,636	-644
Impairment losses and reversals od impairment losses		
Tangible assets	0	-509
Total	**-2,209**	**-1,746**

P36 Other administration expenses

(1,000 euros)	2018	2017
Other personnel expenses	-1,552	-1,675
Office expenses	-2,355	-1,673
IT expenses	-12,140	-10,406
Telephony expenses	-1,109	-1,051
Marketing expenses	-2,601	-2,526
Total	**-19,757**	**-17,330**

P37 Expected credit losses on loans and other receivables as well as other financial assets

(1,000 euros)	2018			
ECL on financial assets valued at amortised cost and off-balance sheet items	**Contract-specific expected credit losses, gross**	**Reversals**	**Reversals of final credit losses recognised in the income statement**	**Final scredit losses recognised in the income statement**
Advances to credit institutions	-147	0	-	-
Advances to the public and general government	-2,430	1,183	75	-1,988
Debt securities	0	-	-	0
Off-balance sheet commitments	114	0	-	0
Total	**-2,464**	**1,183**	**75**	**-1,988**
ECL on other financial assets				
Debt securities recognised at fair value through fair value reserve	-64	0	0	0
Impairment losses on shares and other equity in subsidiaries and associated companies	-	-	-	0
Other financial assets recognised at sfair value through the fair value reserve	0	-	-	0
Total	**-64**	**0**	**0**	**0**
Expected credit losses total	**-2,528**	**1,183**	**75**	**-1,988**

Impairment losses on loans and other receivables

(1,000 euros)	2018	2017
Advances to the public and general government	n/a	-2,337
Contract-specific impairment losses	n/a	-3,263
Group-specific impairment losses	n/a	-200
Impairment reversals and refunds (-)	n/a	1,127
Guarantees and other off-balance sheet items	n/a	0
Contract-specific impairment losses	n/a	0
Impairment losses on loans and other receivables, total	**n/a**	**-2,337**

Impairment of other financial assets

(1,000 euros)	2018	2017
Shares and other equity instruments	n/a	-24
Impairment losses on other financial assets, total	n/a	**-24**
Impairment losses on financial assets, total	n/a	-2,361
Interest income accrued on impaired loans and other receivables	n/a	287

P38 Rent liabilities

Minimum rent payable based on irrevocable rent agreements.

(1,000 euros)	2018	2017
Within one year	1,109	838
During 1–5 years	3,241	1,330
Within more than 5 years	90	467
Total	**4,439**	**2,635**

P39 Off-balance sheet commitments

(1,000 euros)	2018	2017
Commitments given to a third party on behalf of a customer		
Guarantees	21,735	14,972
Other commitments given to a third party on behalf of a customer	297	471
Irrevocable commitments given in favour of a customer	188,532	189,855
Off-balance sheet commitments, total	**210,564**	**205,298**

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

P40 Other off-balance sheet arrangements

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

(1,000 euros)	2018	2017
The joint liability amount related to the group registration of value added tax	1,957	757

P41 Investment services offered by Oma Savings Bank

Oma Savings Bank Plc offers the following investment services mentioned in Chapter 1, Article 15 of the Act on Investment Services:

- receiving and transmission of orders concerning financial instruments
- execution of orders concerning financial instruments on behalf of a customer
- trading on its own account
- investment advisory services
- arranging the issue of financial instruments

Oma Savings Bank Plc does not offer the following investment services mentioned in Chapter 1, Article 15 of the Act on Investment Services:

- arranging multilateral trading in financial instruments
- arranging trade in bonds, structured financial products, emission rights or derivative contracts in an organised trading system as provided by the law on trading financial instruments (*arranging organised trading*)
- managing financial instruments based on a contract made with a customer such that the power to make decisions on investments has been fully or partially given to the recipient of the order (*asset management*)
- arranging the issuance or sale of financial instruments by providing the related subscription or purchase undertaking (*underwriting of financial instruments*)

Oma Savings Bank Plc offers the following ancillary services mentioned in Chapter 2, Article 3 of the Act on Investment Services:

- granting loans and other financing related to the investment service to the customer
- offers custody and management of financial instruments on behalf of the customer, which includes custody services and other related services, except for providing and maintaining securities accounts at the top tier level pursuant to the EU's regulation on improving securities settlement in the European Union, Annex, Section A, part 2.

Signatures on the financial statements and the annual report

Helsinki, February 28, 2019

OMA SAVINGS BANK PLC'S BOARD OF DIRECTORS

Jarmo Partanen
Chairman

Jyrki Mäkynen
Vice chairman

Aila Hemminki

Aki Jaskari

Timo Kokkala

Heli Korpinen

Jarmo Salmi

Pasi Sydänlammi
CEO

Auditor's Note

An audit report has been provided today.

Helsinki, March 8, 2019

APA Juha-Pekka Mylén

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of Oma Savings Bank Plc

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Oma Savings Bank Plc (business identity code 2231936-2) for the year ended 31 December, 2018. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flow and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flow and notes.

In my opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

My opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

I conducted the audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

In my best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note G22 to the consolidated financial statements.

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

Materiality

The scope of my audit was influenced by my application of materiality. The materiality is determined based on my professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality I set is based on my assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. I have also taken into account misstatements and/or possible misstatements that in my opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

I have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The Key Audit Matter	How the Matter Was Addressed in the Audit
Loans and advances to customers – valuation (Note G2 Accounting principles for the consolidated financial statements and notes G3, G5, G24 and G36 to the consolidated financial statements)	
• Loans and advances to the public and public sector entities, totalling EUR 2,527 million, is the most significant item on Oma Savings Bank Group's balance sheet, accounting for 87% of the consolidated total assets. • Oma Savings Bank Plc has applied IFRS 9 Financial Instruments to recognition of impairment losses on receivables as from 1 January 2018. The adoption resulted in shift from the calculation of impairment on an individual and collective basis to that of the expected credit loss (ECL) calculated using models in accordance with IFRS 9. • Calculation of expected credit losses involves assumptions, estimates and management judgment, for example in determining the probability and amount of expected credit losses, value of any collaterals as well as the significant increases in credit risk. • Due to the significance of the carrying amount involved, changes resulting from the adoption of IFRS 9, complexity of the accounting methods used for measurement purposes and management valuation judgements, valuation of loans and advances to customers are addressed as a key audit matter.	• We evaluated compliance with the lending instructions and assessed the appropriateness of the recognition and measurement principles, as well as tested controls over valuation of loan receivables and collaterals. • In respect of the adoption of IFRS 9, we assessed the models and the key assumptions for calculating expected credit losses, as well as tested the related controls over the calculation process. Our IFRS and financial instruments specialists were involved in the audit. • Furthermore, we considered the appropriateness of the disclosures provided in respect of receivables and expected credit losses, including the notes related to the IFRS 9 transition.

Valuation of investment assets
(Note G2 Accounting principles for the consolidated financial statements and notes G3, G7, G31 and G36 to the consolidated financial statements)

- Investment assets are carried at EUR 272.3 million, for which financial assets measured at fair value totaled EUR 265.1 million, representing 9% of the consolidated total assets of Oma Savings Bank Group.
- The fair value of financial instruments is determined using either prices quoted in an active market or Oma Savings Bank's own valuation techniques where no active market exists. Determining fair values for investments and investment properties involves management judgements, especially in respect of those instruments for which market-based data is not available.
- The adoption of IFRS 9 Financial Instruments as at 1 January 2018 resulted in changes to the classification and measurement of financial assets and financial liabilities.
- Due to the significant carrying amounts of investment assets and management judgements related to measurement of illiquid investments, valuation of investment assets is addressed as a key audit matter.
- Consequently, the IT environment related to the financial reporting process and the application controls of individual IT systems have a significant effect on the selected audit approach.

- We evaluated the appropriateness of the valuation principles applied by Oma Savings Bank and compliance with the applicable financial reporting framework.
- Our audit procedures comprised testing controls over valuation of financial assets measured at fair value and assessing carrying amounts of investment properties, among others.
- As regard to the adoption of IFRS 9, we assessed classification principles for financial instruments.
- As part of our year-end audit procedures we compared the fair values used in valuation of investment assets to market quotations and other external price references.
- Finally, we considered the appropriateness of the disclosures on investment assets, including the notes related to the adoption of IFRS 9.

Control environment relating to financial reporting process and IT systems

- In respect of the accuracy of the financial statements of Oma Savings Bank Plc, the key reporting processes are dependent on information systems. Therefore, information technology plays an essential role for business continuity, incident management and the accuracy of financial reporting.
- The most significant risks relate to integrity of data, confidentiality and services disruptions.

- We obtained an understanding of the IT systems related to financial reporting and the associated control environment, and tested the effectiveness of the related internal controls. We also utilised assurance reports received from external service providers.
- As part of our audit we performed substantive procedures and data analyses relating to various aspects in the financial reporting process.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on the Audit Engagement

I was first appointed as auditor by the Annual General Meeting on April 9, 2016, and my appointment represents a total period of uninterrupted engagement of three years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and the auditor's report thereon. I have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to me after that date. My opinion on the financial statements does not cover the other information.

In connection with the audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, my responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In my opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Helsinki, March 8, 2019

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Authorised Public Accountant, KHT

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