omaSp

Annual Report 2019

Contents

The Annual Report 2019 is a translation of the original Finnish version "Vuosikertomus 2019".
If discrepancies occur, the Finnish version is dominant.

Best result in history

The year was a success and we achieved our best result in the history. We succeeded in increasing our operating income by 21.9% and our balance sheet increased during the accounting period by more than 17%, coming to almost EUR 3.5 billion. The sale of Samlink's shares increased returns by EUR 5.3 million. The cost structure was impacted by, amongst other things, the investments in new offices and non-recurring costs for co-operation negotiations. Our profit before taxes for January–December was EUR 32.7 million, up 30.9%. Our comparative profit before taxes grew by 7.0% and was EUR 28.0 million.

Focusing on improving competitiveness

We have strengthened our position in key growth centres in Helsinki, Jyväskylä, Oulu and Turku. We moved into the new OmaSp bank building in Seinäjoki.

As a result of the co-operation negotiations, which ended in December, a decision was made to merge six smaller office branches with nearby full-service branches. In addition, the operations of the Kihniö branch were transferred to Parkano's full-service branch at the beginning of the year.

We continuously explore the growth drivers of business and one key viewpoint is the continuous improvement of customer service. Development of digital services continues determinedly. In spring, we developed a new version of the mobile bank based on customer feedback. During the end of the year new products were launched especially in mobile payments.

The development project for the next-generation banking platform has been ongoing for just under a year. For customers, the renewal of the banking platform based on Temenos technology means new products and services at a faster pace and an improved service experience in our diverse service channels.

We made mortgages at 7.5 times the market rate

Excellent foundation for a new decade

It is interesting to keep up with the changing financial sector operating environment, which offers our bank numerous opportunities. In our view, interest rates will remain exceptionally low in the next few years. We are well prepared for the future and our business is built so that we will be able to succeed, no matter what the interest rate level. We are waiting for structural changes to take place in the sector and we would be happy to take part in discussions on the topic.

Despite a changing operating environment, OmaSp's financial standing and foundation for 2020 are excellent. We can count on OmaSp to succeed as an efficient and straightforward operator, no matter what the circumstances, although we are slightly concerned as we monitor the development of Finland's national economy.At the core of our strategy can be found satisfied customers and skilled personnel. Our successes have established our position as the Nordics' fastest growing bank and we expect our profitable growth to continue also going forward. This profitable work also reflects positively on OmaSp's market value. We foster a good customer experience, which for us means the best banking services.

I am very pleased with how the investments made in the customer experience and digital services are reflected in growing customer flows and rapid growth in basic business results.

We would like to offer our customers, personnel, owners and partners a heartfelt thank you for 2019!

Pasi Sydänlammi
CEO

Investor information

Calendar 2020

27 April	Annual General Meeting 2020
11 May	Interim Report January–March 2020
10 August	Half-Year Financial Report January–June 2020
9 November	Interim report January–September 2020

Capital and Risk Management Report 2019

Oma Savings Bank Plc's internal control, risk management and risks are described in more detail in the Capital and Risk Management Report 2019, published as a separate report. The report is available on the company's website **www.omasp.fi/investors**

Share Register

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

Annual General Meeting 2020

Oma Savings Bank Plc's Annual General Meeting will be held on Monday 27 April 2020 at 12 noon at the Musiikkitalo Helsinki (Mannerheimintie 13 A).

Shareholder, who is registered in the company's register of shareholders maintained by Euroclear Finland Ltd as at 15 April 2020, has the right to participate in the Annual General Meeting. Shareholders whose shares are registered in their personal Finnish book-entry account are registered in the company's register of shareholders and who wish to participate in the Annual General Meeting must register their intention to attend by 4.00 pm. on 22 April 2020, at the latest.

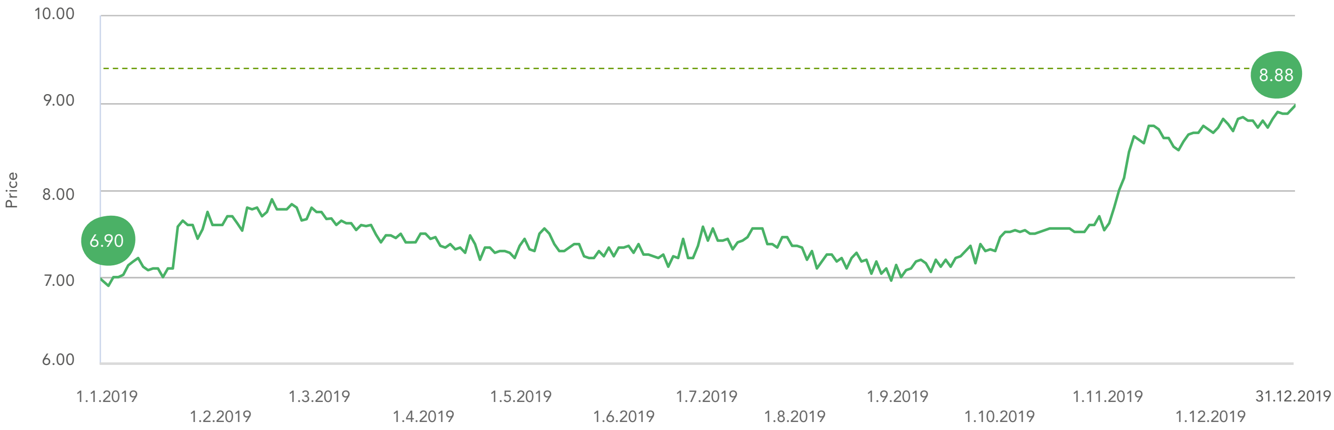
Participants can register for the Annual General Meeting can register as of 23 March 2020:

1. Through the company's website **www.omasp.fi**
2. By telephone at +358 20 7640 600 (8.00 am–6.00 pm on weekdays); or
3. In writing to Oma Savings Bank Plc, Legal Matters, Kluuvikatu 3, 00100 Helsinki.

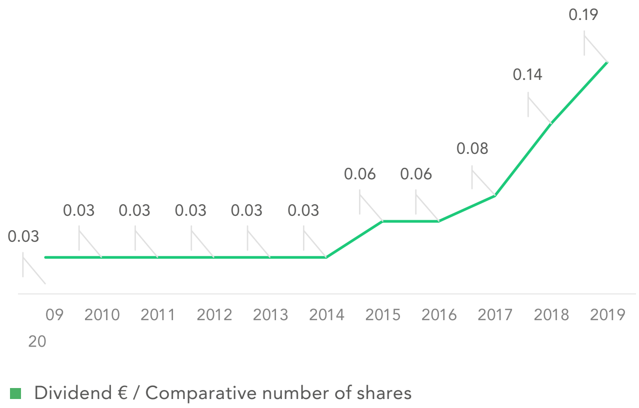
For register purposes, the shareholder is required to give his/her name and personal identification code or business ID, address, telephone number as well as the name and personal identification code of any representative. In addition, for community registering a community book-entry account will be required to provide. The personal details that shareholders give to Oma Savings Bank Plc will only be used for purposes associated with the Annual General Meeting and processing the relevant registrations.

The shareholder, his/her authorized representative or proxy representative shall on demand be able to prove his/her identity and/or right of representation.

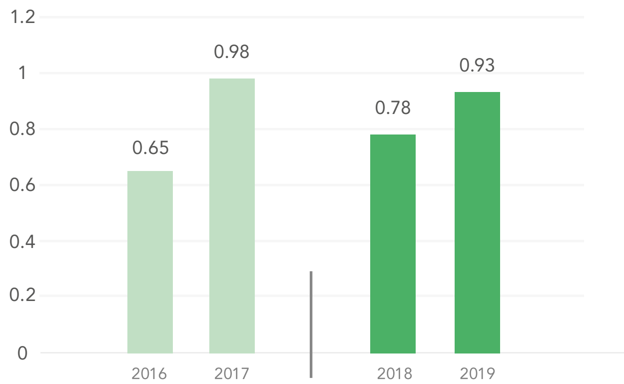
Rate development of Oma Savings Bank share 1 January 2019 – 31 December 2019



Development of Oma Savings Bank dividend



Earnings per share of Oma Savings Bank (EPS)



Number of shares outstanding changed following the listing (pcs):

In **2016** 24,548,000, In **2017** 24,592,933, In **2018** 25,822,093, In **2019** 29,585,000

Financial goals

10–15%

Growth

10–15% annual growth in total operating income under the current market conditions (actual figure for 2019 22%)

>10%

Return on equity (ROE)

Long-term return on equity (ROE) over **10%** (actual figure for 2019 9%)

<55%

Profitability

Cost/income ratio less than 55% (actual figure for 2019 54%)

16%

Capital adequacy

Common equity tier 1 capital (CET1) at least 16% (actual figure for 2019 17%)

Key figures

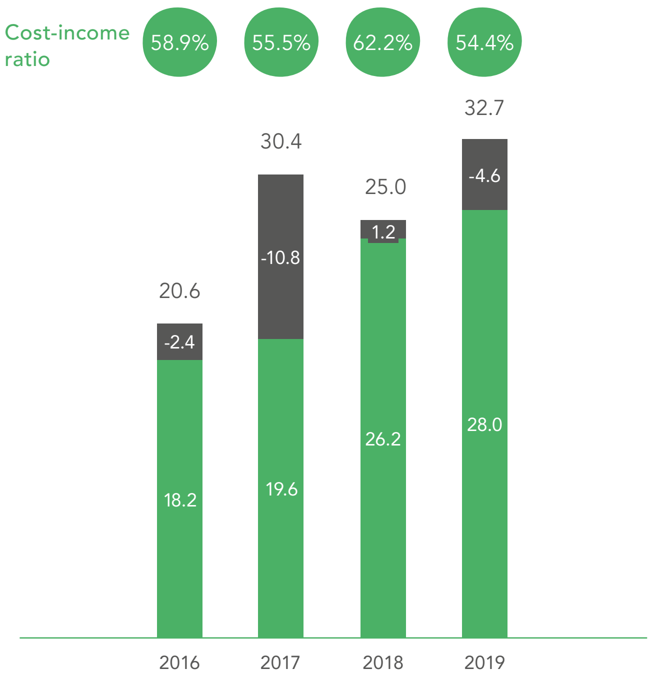
Total operating income	Profit before taxes	Comparative profit before taxes
93.0 EUR mill.	**32.0 EUR mill.**	**28.0 EUR mill.**
Accounting period 1–12/2019	Accounting period 1–12/2019	Accounting period 1–12/2019

Cost/income ratio	Balance sheet total	Number of employees
54.4%	**3,417 EUR mill.**	**300**
Accounting period 1–12/2019	Accounting period 1–12/2019	Average, accounting period 1–12/2019

Employee satisfaction	Customers	Customer satisfaction
4.3/5	**140,000**	**4.3/5**
Satisfaction in the company as a whole 2/2020 personnel survey.	Private customers 83%, corporate customers 17%.	Satisfaction in the company as a whole. Parasta Palvelua 2/2020 survey.

A profitably growing Finnish bank

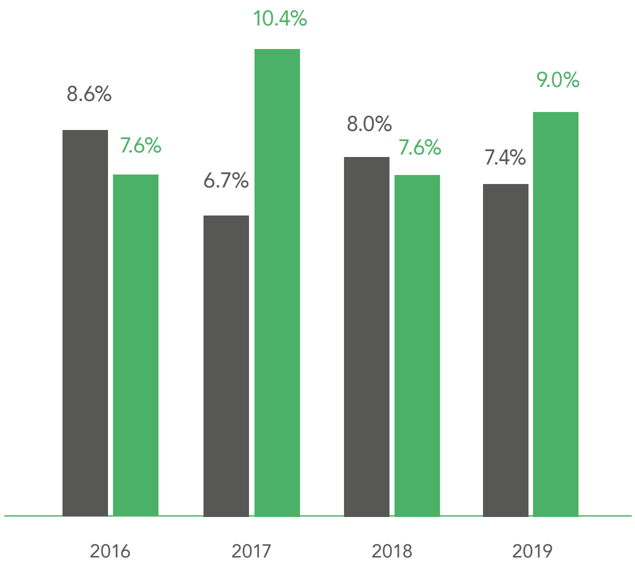
Profit before taxes, EUR mill.



■ Comparative profit before taxes. Comparative result before taxes for 2016-2017 is the result before taxes less financial assets and net debt. Net income from financial assets and liabilities corresponds to the year 2016-2017 financial statements for the items "Net income from trading" and "Net investment income".

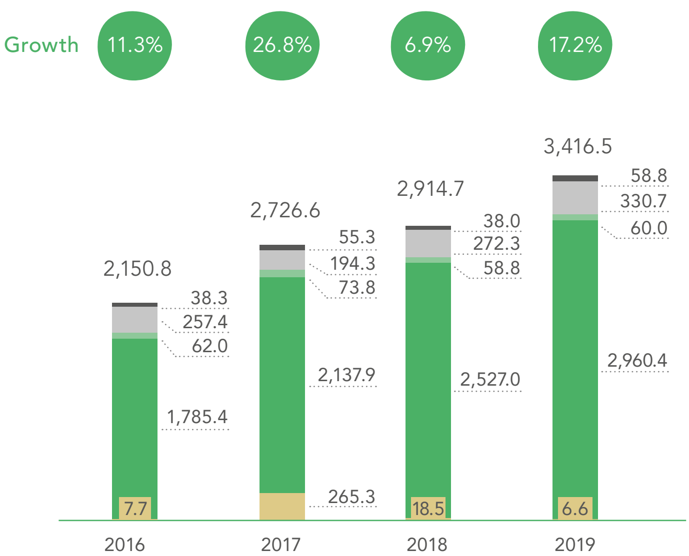
■ Total items affecting comparability

Return on equity (ROE) %



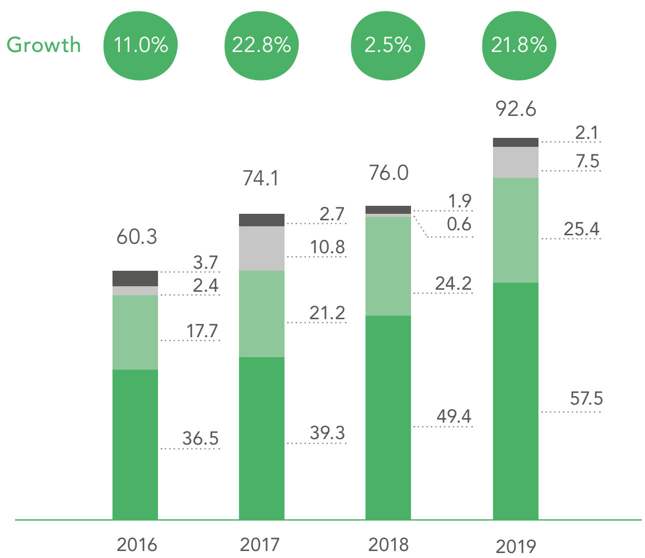
■ ROE-% ■ ROE-% comparative

Balance sheet total, EUR mill.



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

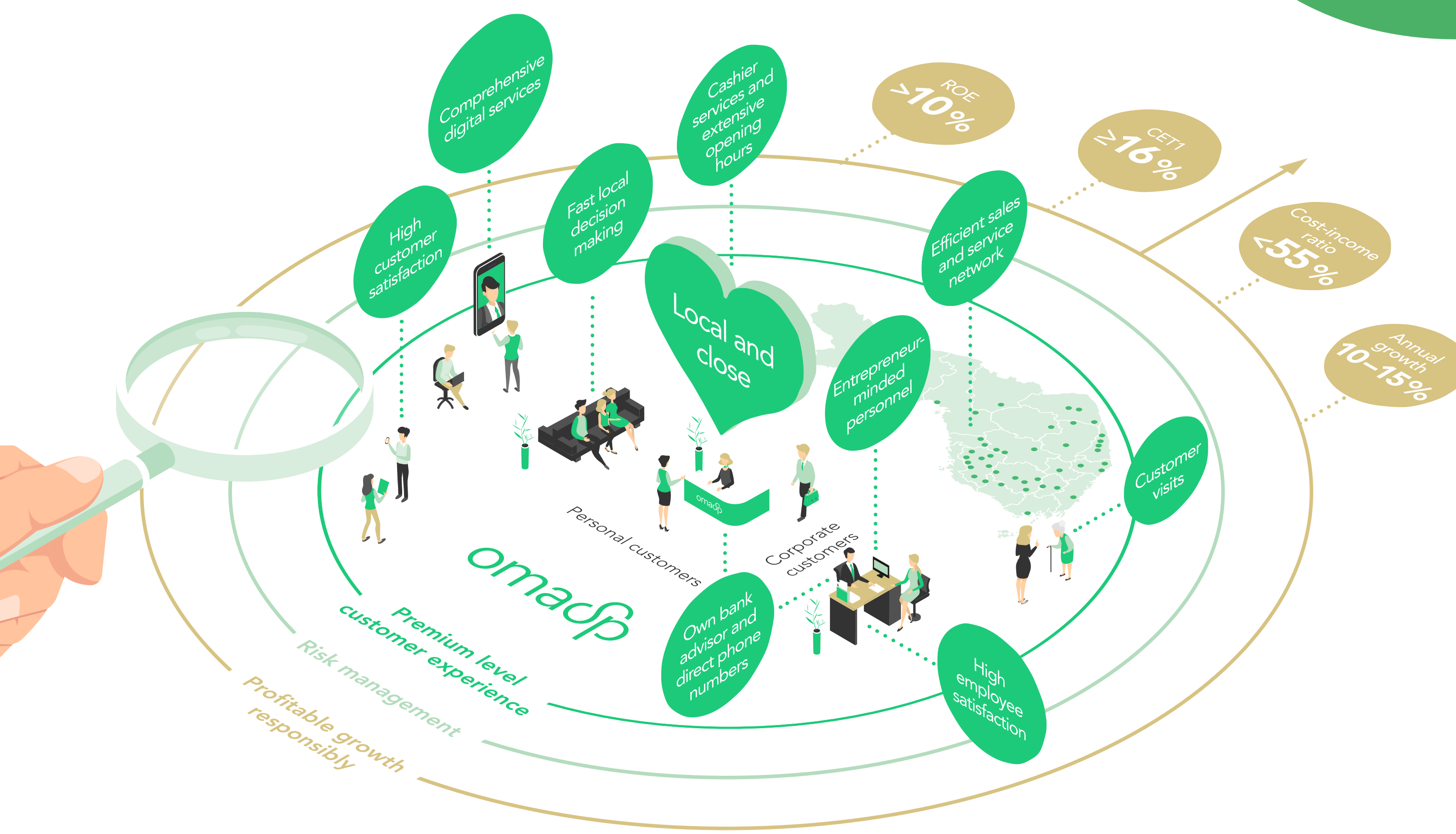
Total operating income, EUR mill.



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

omaSp Annual Report 2019

At the heart of the strategy



1

High quality customer experience

Local and close.
Highest customer satisfaction and referral rate in the industry.

2

We control risks

Credit policy, financial soundness, solvency and systematic risk management processes.

3

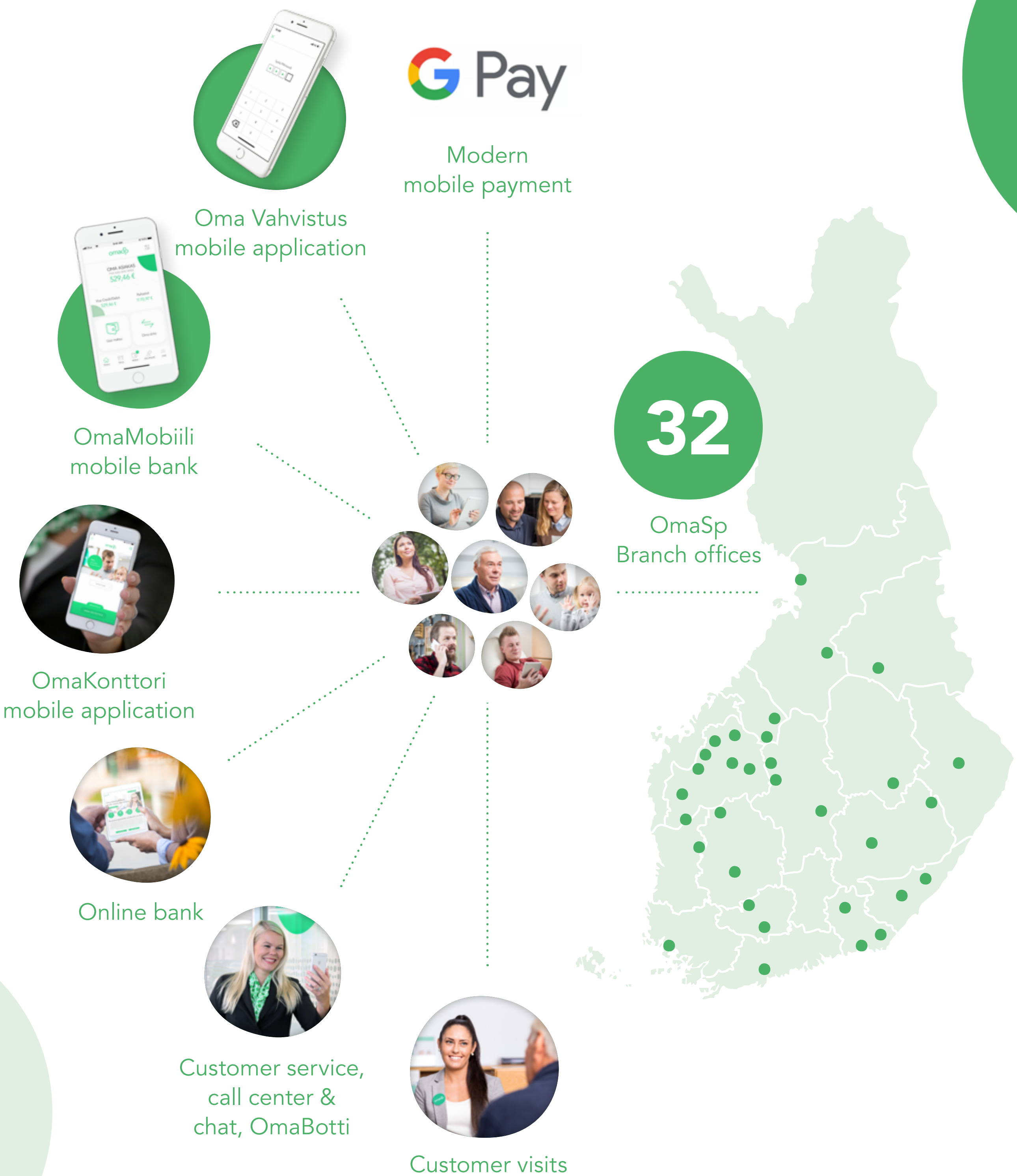
We grow profitably

Excellent, flexible customer service and efficiency in all operations.

We grow profitably by providing comprehensive banking services and the best customer service in the industry with cost-effectiveness and managing the risks.

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.

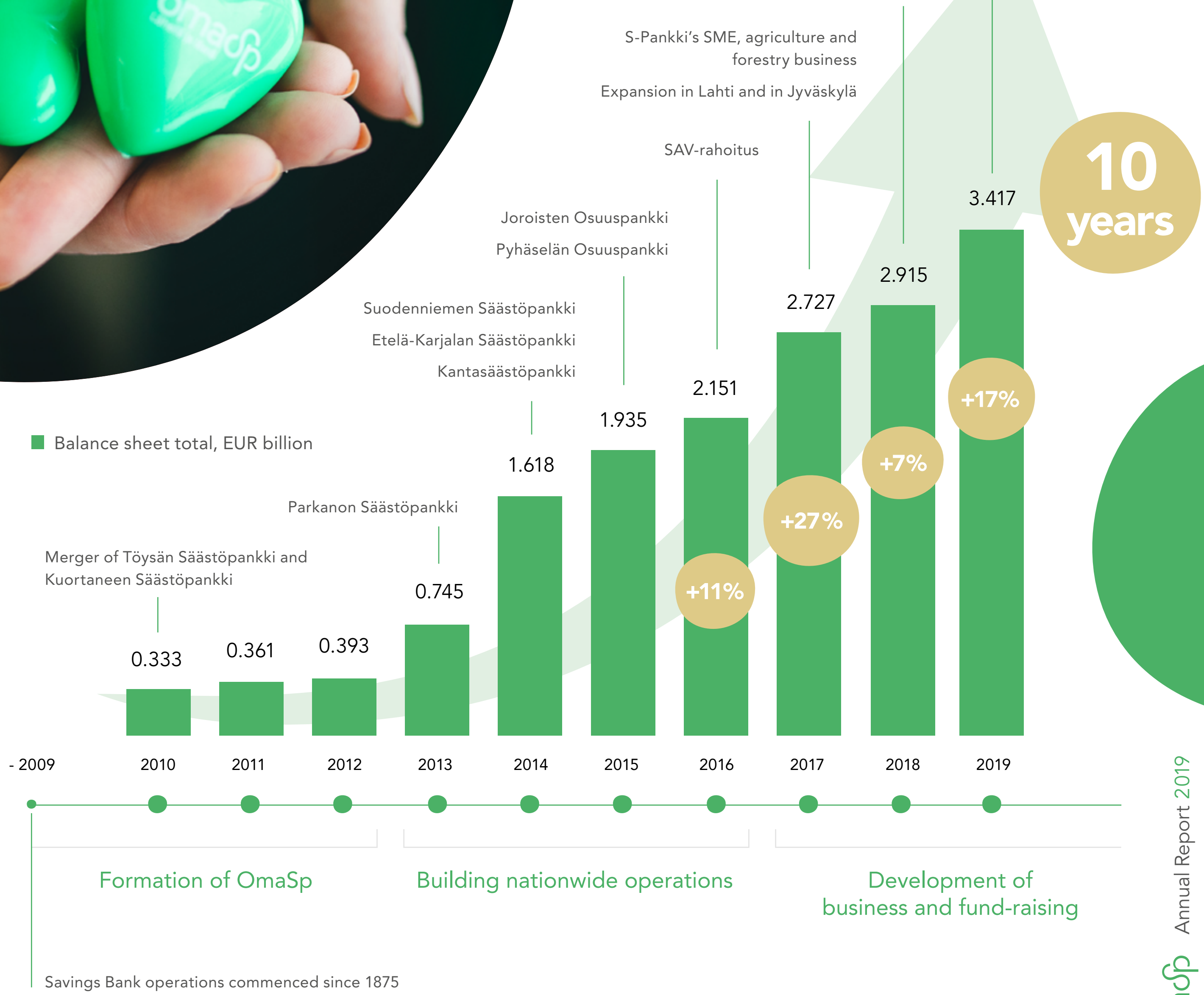


Comprehensive banking services

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

Services for private customers		Services for corporate 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.
Shares, 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 Insurance Company Garantia and Sp-Life Insurance.	Loan insurance	To reduce the company's personnel risks.
Inheritance and family-related legal matters.	Legal advisory services	For example establishing a company, taxation and generational handovers.

From a local savings bank to a nationwide bank in 10 years



Oma Savings Bank is like family

Oma Savings Bank and Säräpirtti Kippurasarvi, a company that serves up traditional Finnish food, have a shared history going back more than 40 years. Säräpirtti's owner and his family are also private customers of Oma Savings Bank. A genuine interest in the customer, ease and efficiency are the reasons why Säräpirtti and the family have remained Oma Savings Bank's customers for this long.

Entrepreneur **Esko Hietaranta** recalls that he has been Oma Savings Bank's customer since he was a baby, when his parents opened an account for him.

"Oma Savings Bank wants to be part of the daily lives of families and entrepreneurs. Oma Savings Bank supports my children's hobbies and this has opened my eyes to the fact that the bank wants to continue serving my family and offspring, whether they become entrepreneurs or professional athletes," Hietaranta says with a grin.

Satisfaction with their own contact person

4.7/5*

*OmaSp Parasta palvelua survey 2/2020.

"Contact them by phone, email or online"

Säräpirtti Kippurasarvi was established in Lemi, Southeast Finland, in 1978. Hietaranta's parents set up the company and he took over in 2004.

"As a business customer, Oma Savings Bank financed the transfer to the next generation and all of our investments and what not. As private customers, we received help with home mortgages, investment property and our kids' sport hobby," Hietaranta explains.

Although the Lemi branch closed down a couple of years ago, this hasn't changed anything according to Hietaranta. The co-operation and services operate as smoothly as before and they have their own contact person.

"I can contact them by phone, email or online. Their legal services are also available quickly and conveniently," Hietaranta says.

Fast reaction times and smooth service

For the company, it is important to be able to rely on the bank and its services. Hietaranta says that he values Oma Savings Bank's fast reaction times and smooth service.

"I can honestly say that the bank has been involved in so many aspects of my life that if Oma Savings Bank didn't exist it would almost be like having a family member missing. It's an accurate comparison," Hietaranta concludes.

Service done right

Jari Tammikumpu is CEO of the security firm Guru Security and a security sector teacher at the Tampere Vocational College Tredu. The busy man has consolidated all of his private and business financing with Oma Savings Bank. He hasn't regretted it a second.

Co-operation with Oma Savings Bank in terms of private financing includes a home mortgage and investment savings.

"I've received a lot of great tips and help in terms of savings. They also take care of our business' financing," Tammikumpu explains.

Overall satisfaction

4.3/5*

*OmaSp Parasta palvelua survey 2/2020.

Support and security for entrepreneurs

OmaSp has been an essential partner for the entrepreneur. The bank has reacted immediately to his needs, sometimes even at the cost of employees' free time.

"I know they've had to put in some really long hours. It has been a tremendous help to us. Without Oma Savings Bank, we would have missed a lot of opportunities," Tammikumpu says.

"For a medium-sized company like this, they are the perfect partner. Also as a partner for private individuals, their service is service done right. When doing business with a bank like that, the customer feels that they really matter," he sums up.

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 29, 2019:

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

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 performs the regulatory duties assigned to the Audit Committee. The Board of Directors has assessed that the creation of a separate audit committee is not necessary at this stage, taking into account the industry.

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 as of 29 April 2019:

Jarmo Salmi
Jyrki Mäkynen
Heli Korpinen

The Remuneration Committee met twice during the year.

Nomination Committee

The Nomination Committee'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 Committee. 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 Committee 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 Committee 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 Committee as a specialist. The Nomination Committee conducts its tasks in accordance with the rules of procedure adopted by the general meeting.

The members of the Nomination Board are:

Raimo Härmä (Etelä-Karjalan Säästöpankkisäätiö)
Ari Lamminmäki (Parkanon Säästöpankkisäätiö)
Aino Lamminmäki (Töysän Säästöpankkisäätiö)
Jukka Sysilampi (Kuortaneen Säästöpankkisäätiö)
Jukka Kuivaniemi (Hauhon Säästöpankkisäätiö)

The Nomination Committee met once during the year.

Oma Savings Bank Plc's CEO and Management Team

Oma Savings Bank Plc Group's Management team consists of seven 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 risk control-related issues. Management team meet every two weeks by the invitation of the CEO and minutes of meetings are held.

Composition of the Group's Management Team 2019

Pasi Sydänlammi

Pasi Turtio

Helena Juutilainen

Sarianna Liiri

Kari-Mikael Markkanen until 7 May 2019

Ville Rissanen from 1 September 2019

Minna Sillanpää

Kimmo Tapionsalo from 1 April 2019

Members of the Group's Management team

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

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, b. 1974
Deputy CEO,
Customer Operations Director
Agrologist

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 2008–2014. 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, b. 1958
Head of Legal
Master of Laws,
trained on the bench

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, b. 1981
Chief Financial and Administrative Officer
Master of Economic Sciences

Liiri has been the 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.

Ville Rissanen, b. 1971
Director of the Digital Services
Master of Economic Sciences

Rissanen has served as the Head of Digital Services at OmaSp since September 2019. Rissanen has worked as IT Director at Aktia Bank Ltd 2004–2019 and as IT Director at Gyllenberg Private Bank Oy 2001–2004.

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

Sillanpää has been the 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.

Kimmo Tapionsalo, b. 1963
Chief Risk Officer
Master of Economic Sciences, eMBA

Tapionsalo has served as the Chief Risk Officer since 2016, before which he was in risk management positions in the years 2013–2015. Tapionsalo has acted as Banking and Corporate Banking Director and Head of Corporate Finance at Kantasäästöpankki Oy in 2010–2013, as Head of Corporate Banking and Investment Manager at Nooa Säästöpankki Oy in 2003–2010, as Head of Bank and Investment Advisor at Aktia Plc in 1998–2003.

Extended Management Team

Extended Management Team meets 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 Jarmo Nikunen, Area Director Markus Souru, Director of Corporate Banking Antti Varila and employee representative Service Manager Matti Uutela.

Responsibility of Oma Savings Bank

Sustainability programme

Sustainability themes

OmaSp's sustainability programme is based on the company's values, Code of Conduct, stakeholder expectations and megatrends in the operating environment. Through these aspects, we have identified four sustainability themes that are important to us and which we have linked to our sustainability programme: we are local and close to the customer, we take care of our personnel, we promote collective well-being and contribute to sustainable development.

We are local and close to the customer

People-oriented customer service that is personal and readily available is important to us. We manage a broad network of offices and comprehensive digital service channels. **We regularly monitor customer satisfaction** and we actively listen to our customers and develop our product and service offering with a customer-oriented approach.

We take care of our personnel

We care about our employees, so **we diversely promote their well-being**. In addition, we promote and maintain the diversity of our work community, as well as varied work that entails responsibility. We consider a learning work community important, which is why we support the career development of our employees through continuous **competence development and training**. We regularly monitor personnel satisfaction.

We promote collective well-being

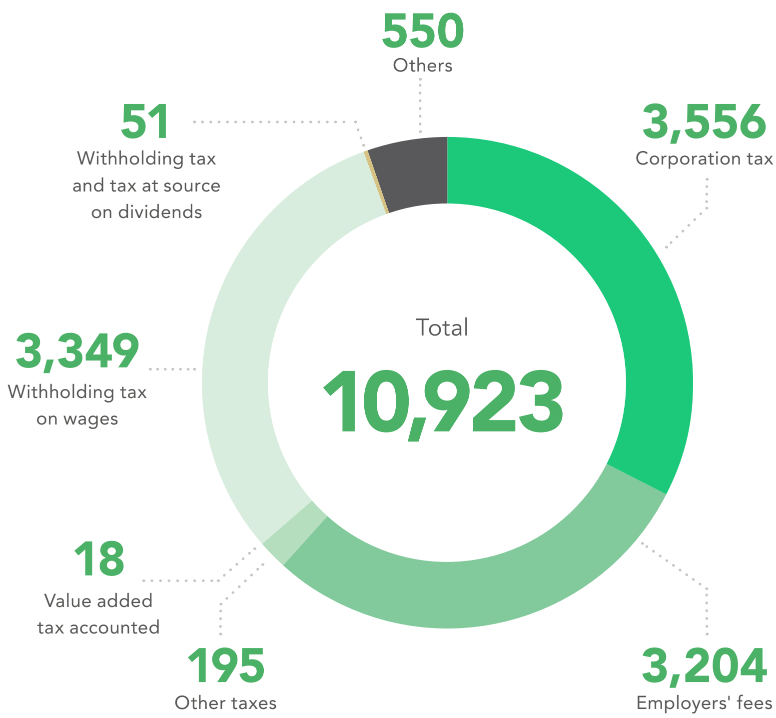
We are strongly committed to working on behalf of the well-being of Finnish society. **We actively promote and develop the vitality of local communities** by offering jobs outside urban areas and by financing local SMEs. The education and competence of Finns is especially important to us, **which is why we promote the well-being and financial literacy of children and adolescents**.

We contribute to sustainable development

The financial sector plays a major role in promoting sustainable development in society and globally. **We enable sustainable investments** in both new technology and services. Sustainable development is one of the guiding perspectives in our financing decisions. In terms of our operations, our goal is **to chart and minimise the emissions we generate**. In relation to that, we set targets for the years ahead.

Responsibility reporting

Taxation footprint (1,000 euros)



Taxes payable (1,000 euros)	OmaSp
Corporation tax	3,556
Employers' fees	3,204
Other taxes	195

Taxes to be collected and accounted (1,000 euros)	
Value added tax accounted	18
Withholding tax on wages	3,349
Withholding tax and tax at source on dividends	51
Others	550
Total	**10,923**

Overall service satisfaction

4.3/5*

*OmaSp Parasta Palvelua survey 2/2020.

We are local and close to the customer

Satisfaction with the customer's own contact person

4.7/5*

*OmaSp Parasta Palvelua survey 2/2020.

Oma Savings Bank's extensive management and expert training programme, **OmaSp Master**, started in May 2019 together with the University of Tampere.

A significant part of the employees are owners.

53%

Days of training /employee

2.2

days

We take care of our personnel

Employee satisfaction

4.3/5*

*Satisfaction with the company as a whole Personnel survey 2/2020

OmaSp's Sustainability targets

We have defined targets for each of our sustainability themes for 2019–2023. We will use the annual CSR Report to monitor the implementation of the targets.

Sustainability theme	Sustainability aspect	Targets for 2019–2023
We are local and close to the customer	People-oriented customer service Customer satisfaction	• We operate openly and are easily available • We know our customers personally • We have the highest rating in customer satisfaction in the sector • We focus on the availability of our services and on our service channels
We take care of our personnel	Personnel's well-being Competence development and training	• We achieve the highest rating in work satisfaction in the sector • We implement annual work well-being plans and related targets • We continuously develop our personnel's competence and professional skills (OmaSp Master) • We keep track of the annual hours and days of training • Over the years, there are no cases of harassment or bullying
We promote collective well-being	Vitality of local communities Well-being of children and adolescents	• We continue our efforts to support SMEs operating outside urban centres • We create new jobs within the limits of growth • We report on our tax footprint and on our financial figures • Over the years, there is not a single ethical breach of the Code of Conduct • We continue with the implementation of the Yrityskylä learning environment and the Oma Onni web-based learning environment that teaches financial literacy • We maintain communication on financial management aimed at adolescents and children
We contribute to sustainable development	Sustainable investments Carbon footprint	• We comply with the principles of sustainable financing in our operations • We improve young people's knowledge of sustainable financial management (Oma Onni) • We survey our carbon footprint and other environmental impacts • We minimise travel in our internal operations and take advantage of remote working opportunities

UN Sustainable Development Goals

In 2015, UN member countries committed to the Sustainable Development Goals (SDG) programme and targets, which set the agenda for sustainable development for 2016–2030. The aim of Agenda 2030's sustainable development action plan is to eradicate extreme poverty and safeguard well-being in an environmentally sustainable manner. Companies have an important role in supporting the government in reaching these targets. OmaSp is also committed to supporting all 17 of the UN's Sustainable Development Goals as part of our sustainability efforts, in addition to which, we have identified the five targets that are the most crucial in terms of our operations. Our aim is to integrate these targets in OmaSp's management, strategy and day-to-day operations.

Target 3: To guarantee good health and well-being for people of all ages.
We promote the health and well-being of our customers by ensuring the availability of bank and financial services in a financially sustainable way. In addition to personnel's physical well-being, we also strive to promote their mental health.

UN Sustainable Development Goals

Target 4: To guarantee everyone open, equal and quality education, as well as life-long learning opportunities.
We support the career development of our employees through continuous competence development and training. In addition, we promote the well-being and financial literacy of children and adolescents through our involvement in various programmes that teach financial literacy.

Target 8: To contribute to sustainable economic growth, full and productive employment and decent work for everyone.
We contribute to sustainable economic growth and productive employment by employing people throughout Finland. We offer training and summer jobs and we participate in, e.g., the Responsible Summer Job campaign.

Target 9: To build sustainable infrastructure and promote sustainable industry and innovations.
We take part in building sustainable infrastructure and in promoting sustainable industry and innovations by operating as a partner to various entrepreneurs. We improve the position of small companies as well as their opportunities on the market.

Target 17: To reinforce the implementation of sustainable development and global partnerships.
We take part in reinforcing the implementation of sustainable development by working in co-operation with various actors to achieve a more sustainable Finland. We work with, e.g., Economy and Youth TAT on the Yrityskylä programme, and with the Sedu vocational education and training organisation on Oma Onni.

omasp

Year 2019

Report of Board of Directors and Financial Statements

Report of Board of Directors

Strategy and financial goals

Oma Savings Bank Plc is a profitably growing Finnish bank and the largest savings bank in Finland based on total assets. The company 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 company is also engaged in mortgage banking operations.

Oma Savings Bank's key customer groups are private customers, small and medium-sized 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 company'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 aim is 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.

Oma Savings Bank strives to offer premium level customer experience through personal service and easy accessibility. Oma Savings Bank offers its customers a full banking services range.

The bank pays special attention to cost efficiency 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 organisational structure simple and transparent. The company has defined precise risk management processes, risk taking limits and guidelines to stay within the set limits.

The company'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 company.

The bank’s operations

Oma Savings Bank offers its customers a full banking services range. The company serves its customers through its branch network and its comprehensive digital service channels. Oma Savings Bank’s offering 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 enables it to offer a full range of services.

In terms of savings and investment products, the company’s product selection also includes the investment and saving products of its partners Sp-Rahastoyhtiö Oy and Sp-Henkivakuutus Oy, in addition to its own products such as accounts and OmaTuotto deposits. The Central Bank of Savings Banks Finland Plc acts as the company’s account operator. For securities trading services, the company’s partner was FIM in early 2019. As of the start of April, brokerage services have been supplied by Skandinaviska Enskilda Banken (SEB). At the end of 2019, the customers had EUR 332 million in fund and insurance savings brokered by the company.

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

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

Investments in customer experience development

The main goal of Oma Savings Bank is to provide personal service and to be local and close to its customers, both in digital and traditional service channels. To ensure an efficient service network, the company has invested in the development of digital services and optimised its branch network. In line with the company’s strategy, the presence in growth centers is essential. In 2019, the company opened branches in Helsinki, Turku and Oulu. The full-service branches in Joensuu and Kurikka Jalasjärvi moved into new premises in May and the Jyväskylä branch’s new premises were inaugurated in September. In December, the Seinäjoki branch moved to the newly completed premises in the OmaSp bank building. Investing in office space is part of Oma Savings Bank’s continuous investments in developing the customer experience.

Vitality of the branch network

Own Savings Bank transferred the operations of the Kihniö branch to Parkano's full-service branch in early 2019.

In November 2019, Oma Savings Bank started co-operation negotiations concerning preparations for changes in the operating environment. The co-operation negotiations dealt with the mergers of branches and the skills and recruitment needs brought by the changing operating environment and new operating models. As a result of the co-operation negotiations, six smaller branches were merged with nearby larger branches in late 2019 and early 2020. The planned measures led to a reduction of eight jobs. During the negotiations, new skill and recruitment needs were identified in the business customer business and IT operations. The implemented changes are intended, above all, to respond to changes in the operating environment, and the company wants to ensure that it will be able to offer the best banking services for its customers in the future.

Further investments in digital services

In October 2019, Oma Savings Bank expanded its payment service offering, introducing Google Pay to its customers. Google Pay allows customers to pay using their Android phones. Oma Savings Bank wishes to offer its customers the opportunity to select their payment method: card, cash or phone. During the financial year, the company continued to invest in improving customer service in digital channels by developing a new version of the mobile bank based on customer feedback and by launching OmaBotti for its customers in September. OmaBotti is a chatbot on the company’s website, serving customers when the other services are not open.

Selling of Samlink shares and initiation of basic banking platform project

Oma Savings Bank sold its entire holding, 15.45%, in Oy Samlink Ab to Cognizant Technology Solutions Finland Oy in April. At the same time, the company signed an agreement with Oy Samlink Ab to develop a new basic banking platform based on Temenos T24 and Temenos Payment Hub software and a ten-years service agreement for the provision and maintenance of the basic banking services. The delivery of the basic banking platform will cost OmaSp about EUR 20 million. At the end of December, the capitalised investment cost for the basic banking project came to altogether EUR 2.8 million.

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

Focus on investing in personnel competence

The development of personnel has been one of the operational development priorities in the company in recent years. Oma Saving Bank's extensive supervisor and expert training programme, OmaSp Master, started up again in May. The company is carrying out the 15-credit training programme in co-operation with Tampere University. The first OmaSp Master training programme ended in February 2018 and altogether 13 experts and supervisors graduated from it. The training programme is a significant investment in developing the competence of supervisors and specialists.

In addition to ongoing and regular training, the bank offers supervisors and experts the opportunity to complete the LKV qualification.

Investing in young workers continued through the year. The company offered internships for university and vocational college students in different units. Several Bachelor's and Master's theses were prepared for the bank as part of various development projects. In the summer of 2019, the company took part in the Responsible Summer Job campaign, offering 23 young people summer jobs at the company.

Associate company GT Invest Oy

In March, Own Savings Bank invested in a new associate company focusing on rental housing. GT Invest Oy owns 51% of the joint venture that invests in rented apartments built by YIT in Finland.

Oma Savings Bank's holding in GT Invest Oy is 48.7%.

Bond issue

In March 2019, the company issued a EUR 300 million covered bond as part of a bond programme. The bond's maturity is 5 years and its maturity date is 3 April 2024.

Operating environment

Oma Savings Bank Plc operates in a stable, business-friendly environment in Finland. The gross domestic product (GDP) of Finland has shown stable growth since 2015, increasing by 1.0% in 2019.[1] Finland's GDP is expected to continue to grow, at an estimated average annual rate of 1.4% in the period 2020–2022.[2]

According to Statistics Finland's labour survey, there were 17,000 more employed persons and 18,000 more unemployed in December of 2019 than in the previous year's comparative period. In December 2019, the employment rate was 73.0% (72.1%) and the unemployment rate was on average 6.0% (5.4%).[3]

In the company's view, the Finnish business environment continues to be stable in terms of household indebtedness and housing prices. According to Statistics Finland's observations, the prices of new dwellings in housing companies rose by an average of 1.9 per cent in the whole of Finland in 2019. In Greater Helsinki, growth was approximately 3%, while elsewhere in the country, the average was just under one per cent. Compared to 2015, the prices of new properties had risen by some 10% for the whole country.[4]

In December 2019, total loans to households had increased by 3.0% over the previous 12 months, with the home mortgage portfolio accounting for 2.7% of that growth. The number of corporate loans grew 7.3% in the same period. The volume of households' deposits grew a total of 6.6% over a 12-month period.[5]

1) Statistics Finland, Gross Domestic Product grew by 1.0 per cent in 2019. Published on 28 February 2020

2) IMF, DataMapper, 3 February 2020

3) Statistics Finland, Employment grew in August from the year before. Published on 24 January 2020

4) Prices of new dwellings in housing companies have risen compared to 2015 most in Espoo, least in Vantaa. Published on 31 January 2020

5) Bank of Finland, MFI balance sheet (loans and deposits) and interest rates. Published on 31 January 2020

Oma Savings Bank Group's key figures

The Group's key figures (1,000 euros)	1–12/2019	1–12/2018	Δ%
Net interest income	57,522	49,351	17%
Total operating income	92,573	75,958	22%
Total operating expenses	50,309	47,237	7%
[1] Cost/income ratio, %	54.4%	62.2%	-13%
Impairment losses on financial assets, net	-9,567	-3,746	155%
Profit before taxes	32,684	24,976	31%
Profit/loss for the accounting period	27,453	20,322	35%
Balance sheet total	3,416,530	2,914,661	17%
Equity	319,865	290,330	10%
[1] Return on assets (ROA) %	0.9%	0.7%	20%
[1] Return on equity (ROE) %	9.0%	7.6%	18%
[1] Earnings per share (EPS), EUR	0.93	0.78	19%
[1] Equity ratio %	9.4%	10.0%	-6%
[1] Total capital (TC) ratio %	17.3%	19.3%	-10%
[1] Common Equity Tier 1 (CET1) capital ratio %	16.8%	18.4%	-9%
[1] Tier 1 (T1) capital ratio %	16.8%	18.4%	-9%
[1] Liquidity coverage ratio (LCR) %	140.1%	134.8%	4%
Average number of employees	300	288	4%
Employees at the end of the period	279	293	-5%
Alternative performance measures excluding items affecting comparability:			
[1] Comparative profit before taxes	28,045	26,210	7%
[1] Comparative cost/income ratio, %	56.7%	61.1%	-7%
[1] Comparative earnings per share (EPS), euro	0.76	0.82	-7%
[1] Comparative return on equity (ROE) %	7.4%	8.0%	-8%

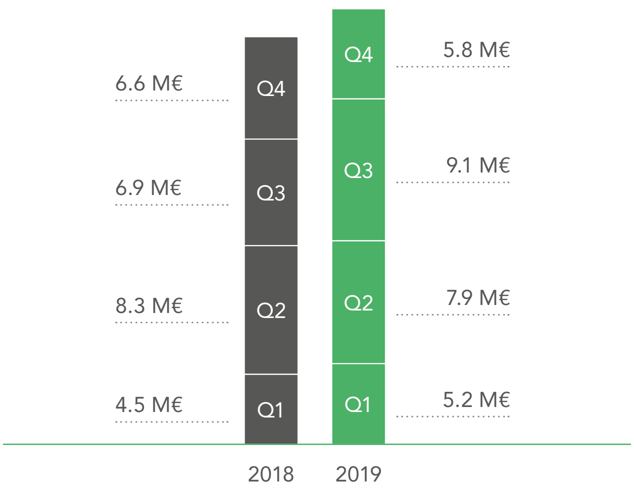
[1] The formulas for calculating the key figures and alternative key figures are presented in note G36.
The comparative result is presented in the income statement.

Result

The Group's profit before taxes for the accounting period was EUR 27.5 (20.3) million. The cost/income ratio was 54.4% (62.2%).

The year's comparative profit before taxes grew 7.0%, totalling EUR 28.0 (26.2) million. The comparative profit has been adjusted for EUR 7.5 (0.6) million in net income on financial assets and liabilities, an impact of EUR 1.8 million caused by the clarification of the accounting principles of fee and commission income, and the non-recurring expenses resulting from the co-operation negotiations EUR 1.1 million. The comparative cost/income ratio was 56.7% (61.1%).

Comparative profit before taxes



Income

Operating income totalled EUR 92.6 (76.0) million. Total operating income grew by 21.9% year-on-year.

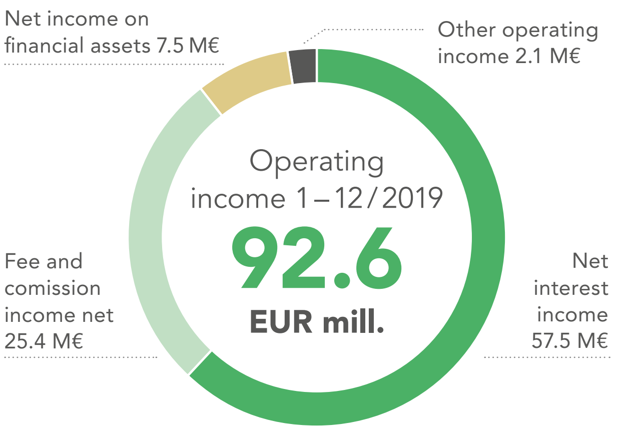
Net interest income grew 16.6% compared to the comparative period, totalling EUR 57.5 (49.4) million.

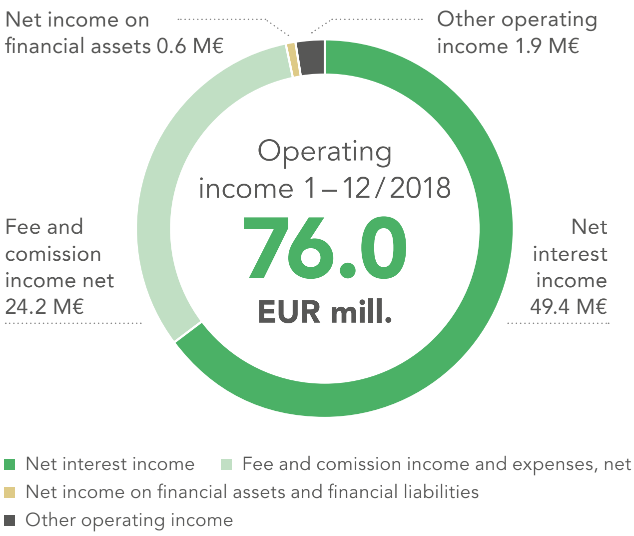
During the review period, interest income grew 13.2%, totalling EUR 63.4 (55.9) million. The growth in the item can be largely attributed to a growth in the loan stock of EUR 433.3 million as of 31 December 2018. During the same period, the average margin of the company's loan stock has remained almost unchanged, falling approximately 0.10 percentage points.

Interest expenses decreased 11.7%, totalling EUR 5.8 (6.6) million.

Fee and commission income and expenses (net) grew by 5.2% to EUR 25.4 (24.2) million. The total amount of fee and commission income was EUR 30.0 (29.7) million. The most significant changes took place in the fee and commission income from lending and payment transfers. The decrease in the fee and commission income from lending is explained by the clarification of the accounting principles for commissions. The impact of the change on fee and commission income recognised in the income statement was EUR -1.8 million. The adjustment includes the accruals for the most significant service fees for the entire 2019. The adjustment will be accrued over the average maturity of the loans and classified under interest income according to the average maturity of the loans. Total card and payment transaction fees grew 9.7%, totalling EUR 13.4 (12.3) million. Expenses due on the item grew 19.1%, totalling EUR 3.4 (2.9) million. The increase in card and payment transaction income and costs can be attributed to higher customer volumes. In addition, fee and commission expenses increased due to higher service provider charges. Fee and commission expenses for the comparative period included non-recurring expenses from listing on the stock exchange, which came to some EUR 1.6 million.

The net income on financial assets and liabilities was EUR 7.5 (0.6) million during the period. Of the growth, EUR 5.3 million can be attributed to the disposal of Oy Samlink Ab's shares and EUR 1.2 million to dividend income. Net income on financial assets and liabilities are presented in more detail in note G19.





Expenses

Total operating expenses grew 6.5% to EUR 50.4 (47.2) million.

Personnel expenses grew 4.6%, totalling EUR 17.1 (16.3) million. This increase resulted mainly from the recruitment of personnel for the new branch offices that opened up in Greater Helsinki, Oulu and Turku and the non-recurring compensation paid due to the personnel reductions resulting from the co-operation negotiations during the final quarter. In the review period, the average number of employees was 300 (288), while the number of employees at the end of the accounting period was 279 (293).

Other operating expenses remained almost unchanged at EUR 28.2 (28.1) million. Rent expenses declined due to the adoption of the IFRS 16 Leases standard, as a result of which, as of 1 January 2019, depreciation and interest cost were recognised instead of rent expenses, in accordance with IFRS 16. The increase in other personnel expenses, office expenses and telecommunications is the result of the opening of new branches.

Depreciation, amortisation and impairments on tangible and intangible assets amounted to EUR 5.0 (2.8) million. EUR 1.4 million of this growth is the result of changes in accounting practices for leases in connection with the adoption of the IFRS 16 Leases standard. Leases are recognised in fixed asset items and depreciation is recognised on the item. In the previous accounting period, lease expenses were recognised in the item 'Other operating expenses'. The item also includes impairment of real estate of EUR 0.6 million. The recognised impairment is related to the branches closed in connection with the co-operation negotiations.

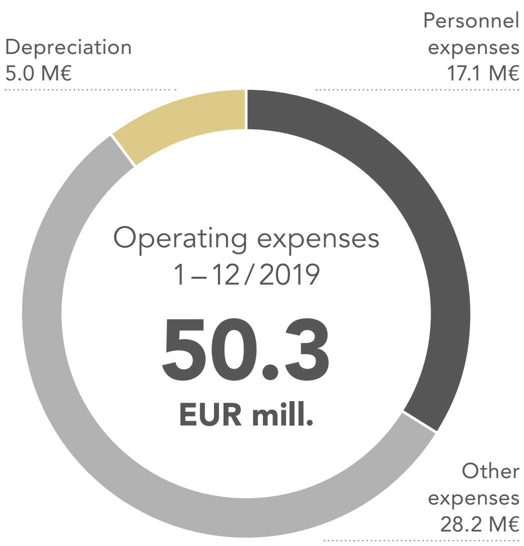
Impairment losses on financial assets

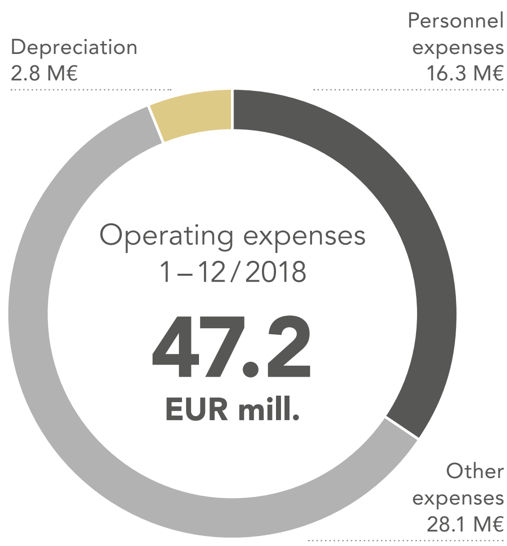
Impairment losses on financial assets (net) were EUR 9.6 (3.7) million. The item includes the change in expected credit losses, final credit losses and credit loss refunds on customer loans, debt instruments and off-balance sheet commitments.

The impact of expected credit losses recognised during the accounting period was EUR 6.8 (1.8) million. The growth in expected credit losses is largely due to credit transfers to stage 3 and growth in credit risks. Expected credit losses increased also due to the modification of the bank's calculation models and individual loan-specific changes made based on the management's discretion. Modifications of the calculation models applied to the corporate credit portfolio and changes in the credit scoring system. A monitoring period was introduced for defining stage allocation, which causes delays in the improvement of the loans' stages. As a result of the change, the volatility of expected credit losses is expected to fall.

Final credit losses for the whole of the year amounted to EUR 2.8 (2.0) million. Final credit losses were distributed equally between private and corporate customers.

Impairment losses on financial assets are presented in note G24.





■ Personnel expenses ■ Other operating expenses ■ Depreciation, amortisations and impairment losses on tangible and intangible assets

Balance sheet

The Group's balance sheet total grew during the 2019 accounting period by 17.2% to EUR 3,416.5 (2,914.7) million.

Loans and other receivables

In total, loans and other receivables grew 16.8% to EUR 3,020.4 (2,585.8) million.

The average size of loans issued over the past 12 months has been approximately EUR 96 thousand.

Loan portfolio by customer group, before the impairment provision

Credit balance (1,000 euros)	31 Dec 2019	31 Dec 2018
Private customers	1,780,900	1,502,435
Corporate customers	641,470	528,739
Housing association	264,829	243,113
Agriculture, forestry, fishing industry	255,906	231,397
Other	35,457	32,908
Total	**2,978,562**	**2,538,593**

Investment assets

The Group's investment assets grew 21.2% during the accounting period, totalling EUR 330.0 (272.3) million. The increase was mainly due to the growth in debt securities. The primary purpose of managing investment assets is securing the bank's liquidity position.

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 accounting period by 13.3% to EUR 2,093.6 (1,847.7) million. The item consists mostly of deposits received from the public, which came to EUR 1,999.4 (1,755.8) million at the end of December.

Debt securities issued to the public

Total debt securities issued to the public grew during the period by 31.3% to EUR 938.3 (714.9) million. Oma Savings Bank issued a EUR 300 million covered bond on 27 March 2019 and a EUR 110 million bond matured in May. Total debt securities issued to the public are shown in more detail in note G13.

Covered bonds are secured by loans to the value of EUR 875 (526) million.

Equity

Group equity grew during the accounting period by 10.2% to EUR 319.9 (290.3) million. The profit for the accounting period accounted for EUR 27.5 million of the increase in equity capital. The fair value reserve grew by EUR 6.3 million. A dividend distribution of EUR 4.2 million decreased the retained earnings.

Own shares

On 31 December 2019, the number of own shares held by Oma Savings Bank was 11,700. All of the purchases took place during 2018 and concerned shares subscribed for in connection with the 2017 personnel offering. The redemptions took place in connection with the ending of employment contracts.

Share capital	31 Dec 2019	31 Dec 2018
Average number of shares	29,585,000	25,822,093
Number of shares at the end of the year	29,585,000	29,585,000
Number of treasury shares	11,700	11,700
Share capital (1,000 euros)	24,000	24,000

The number of shares in the comparative period take into account the 50:1 stock split carried out on 9 November 2018.

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 (22.0) million, were mostly made up of bank guarantees and other guarantees. Irrevocable commitments given to a customer, which totalled EUR 190.5 (187.2) million at the end of December, consisted mainly of undrawn credit facilities.

Deposit Guarantee Fund and Investors' Compensation Fund

The deposit guarantee is regulated by the Act on the Financial Stability Authority. The Financial Stability Authority is responsible for the guarantee. The Deposit Guarantee Fund protects the deposit maker's eligible receivables up to EUR 100,000.

The Investors' Compensation Fund covers compensation from Oma Savings Bank to non-professional investors of a maximum of EUR 20,000.

The Group's capital adequacy and risk management

Capital adequacy management

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

The internal capital needs, which are determined through the capital adequacy 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 capital adequacy measurement and evaluation processes as well as general principles for the structuring of the capital adequacy 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 capital adequacy. The Board also defines the operational levels of risks. Once a year, the Board of Directors reviews the bank's capital adequacy management risks, the capital plan as well as the limits of its risks.

Capital adequacy position and own funds

The total capital (TC) ratio of the Oma Savings Bank Group remained strong and was 17.3% (19.3%) at the end of the period. The common equity Tier 1 capital's (CET1) ratio to risk-weighted assets was 16.8% (18.4%), clearly exceeding the minimum level for the financial goals approved by the Board of Directors, 16%. Risk-weighted assets, EUR 1,783.6 (1,498.7) million, grew by 19.0% on the comparative period, contributing to the weakening of the Group's capital adequacy position. The growth of risk-weighted assets strengthened due to the strong growth in the private customer and corporate customer loan portfolio. In its capital adequacy calculations, Oma Savings Bank Group applies the standardised approach for credit risks and the basic indicator approach for operative risks. The basic indicator approach is applied when calculating the capital requirement for market risk for the foreign exchange position.

At the end of the review period, the capital structure of Oma Savings Bank Group was strong, consisting mostly of common equity Tier 1 capital (CET1). The Group's total own funds (TC) were EUR 308.6 (288.8) million when the capital requirement for the bank's own funds was EUR 205.3 (157.4) million. Tier 1 capital (T1) was EUR 299.4 (275.8) million, consisting entirely of common equity Tier 1 capital (CET1). Tier 2 capital (T2) was EUR 9.3 (13.0) million, consisting of debenture loans. The increase in own funds was most significantly the result of the profit for the accounting period and growth in the fair value reserve. The retained earnings for the 2019 accounting period are included in the common equity Tier 1 capital on the basis of permission granted by the Finnish Financial Supervisory Authority.

The Group's main items in the capital adequacy calculation

(1,000 euros)	31.12.2019	31.12.2018
Common Equity Tier 1 capital before regulatory adjustments	309,553	281,557
Regulatory adjustments on Common Equity Tier 1	-10,184	-5,799
Common Equity Tier 1 (CET1) capital, total	**299,369**	**275,758**
Additional Tier 1 capital before regulatory adjustments	-	-
Regulatory adjustments on additional Tier 1 capital	-	-
Additional Tier 1 (AT1) capital , total	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1), total	**299,369**	**275,758**
Tier 2 capital before regulatory adjustments	9,266	13,031
Regulatory adjustments on Tier 2 capital	-	-
Tier 2 capital (T2), total	**9,266**	**13,031**
Total capital (TC = T1 + T2) / Total own funds	**308,635**	**288,789**
Risk-weighted assets		
Credit and counterparty risk, standardised approach	1,620,817	1,367,127
Credit valuation adjustment risk (CVA)	8,913	5,401
Market risk (foreign exchange risk)	6,598	-
Operational risk, basic indicator approach	147,320	126,170
Risk-weighted assets, total	**1,783,648**	**1,498,699**
Common Equity Tier 1 (CET1) capital ratio, %	16.78%	18.40%
Tier 1 (T1) capital ratio, %	16.78%	18.40%
Total capital (TC) ratio, %	17.30%	19.27%

The total capital requirement for bank`s own funds consists of the Pillar I minimum capital requirement (8.0%) and various buffer requirements. Buffer requirements include, but are not limited to, the capital conservation buffer set by the Credit Institution Act (2.5%), the discretionary SREP requirement according to Pillar II, the countercyclical buffer requirement, and the systemic risk buffer. In December 2019, the Finnish Financial Supervisory Authority (FIN-FSA) imposed on Oma Savings Bank Plc the first supervisory review and evaluation process (SREP) requirement of 1.5% based on the supervisory authority's assessment. The requirement will enter into force starting 30 June 2020 and is valid until further notice, but not more than until June 30, 2023. The requirement must be covered Common Equity Tier 1 capital. FIN-FSA decides on the countercyclical buffer requirement quarterly, and a countercyclical buffer requirement has thus far not been imposed on Finnish credit institutions. A buffer requirement in case of structural systemic risk entered into force on 1 July 2019. A systemic risk buffer of 1% to be covered by the consolidated common equity Tier 1 capital was set for Oma Savings Bank Plc. The risk buffer requirement is reviewed annually, and on 28 June 2019, the Board of FIN-FSA decided to uphold its decision.

Group's capital requirements, 31 December 2019 (1,000 euros)

		Buffer requirements						
Capital	**Pillar I minimum capital requirement***	**Pillar II (SREP) capital requirement**	**Capital conservation buffer**	**Counter-cyclical buffer****	**O-SII**	**Systemic risk buffer**	**Total capital requirement**	
CET1	4.50%	0.00%	2.50%	0.01%	0.00%	1.00%	8.01%	142,832
AT1	1.50%						1.50%	26,755
T2	2.00%						2.00%	35,673
Total	**8.00%**	**0.00%**	**2.50%**	**0.01%**	**0.00%**	**1.00%**	**11.51%**	**205,260**

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

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

Leverage ratio

Oma Savings Bank Group's leverage ratio was 8.6% (9.3%). The leverage ratio is calculated based on valid regulations and describes the ratio of the bank's Tier 1 capital to the total exposures. Oma Savings Bank monitors excessive leverage as part of its capital adequacy management process. An internal minimum target level has been set for the group's leverage ratio as part of risk budgeting included in the overall risk strategy. The CRR2 regulation obligates the maintenance of a leverage ratio of a minimum of 3%.

Leverage ratio (1,000 euros)	**31.12.2019**	**31.12.2018**
Tier 1 capital	299,369	275,758
Total amount of exposures	3,482,083	2,972,018
Leverage ratio	**8.60%**	**9.28%**

Liquidity coverage ratio and net stable funding ratio

The group's liquidity coverage ratio (LCR) remained good, coming to 140.1% (134.8%) at the end of the period, when the minimum LCR is 100%. The company maintains a good LCR by investing its liquid assets largely in marketable financial instruments.

The net stable funding ratio (NSFR) was 147.6% (135%) at the end of the period. The minimum requirement is 100%.

Resolution plan

Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms was implemented in Finland as of 1 January 2015 (Act on the Resolution of Credit Institutions and Investment Firms). For the implementation of this Act, the Financial Stability Authority was established (Act on the Financial Stability Authority 1195/2014), which approved Oma Savings Bank's resolution plan in December 2017. The resolution plan does not set a minimum requirement for the amount of own funds and eligible liabilities (MREL requirement).

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. Oma Savings Bank complies with its disclosure obligation by publishing information of risks, their management and capital adequacy in its financial statements. In addition, the bank publishes a Capital and Risk Management Report as a separate document to the financial statements.

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. Risk management perspectives are also involved in business decisions when assessing new business opportunities and areas and the ratio of risk to return. Oma Savings Bank's risk management strategy is based on the objective and business strategy, risk management policy and 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 risk appetite 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 the management. The executive 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 compliance function is responsible for ensuring compliance with regulations. The compliance function monitors that the practices and instructions are aligned with relevant legislation and requirements based on other regulations, and ensures compliance with laws, official regulations and internal instructions across all operations. The risk control function 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 2019, Standard & Poor's confirmed a credit rating of BBB+ for Oma Savings Bank's 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 publishes information on capital adequacy and risk management listed in Part 8, Title II annually in its Capital and Risk Management Report and for certain parts biannually together with its half-year 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 Capital and Risk Management Report and half-year report, the bank's Board assesses, on the proposal of independent operations, whether the published details give the market parties a comprehensive picture of the bank's risk profile.

Administration and personnel

Oma Savings Bank Plc's Annual General Meeting was held on 29 April 2019. The Annual General Meeting approved the company's 2018 financial statements, which include the consolidated financial statements, and discharged the members of the company's Board of Directors and the CEO from liability for the 2018 financial period.

In accordance with the Board of Directors' proposal, the Annual General Meeting resolved to distribute, based on the approved balance sheet, a dividend of EUR 0.14 per share for the financial period that ended on 31 December 2018.

In accordance with the proposal by the Nomination Board, the Annual General Meeting resolved that for the term ending at the close of the 2020 Annual General Meeting, members of the Board of Directors shall be paid the following annual fees: EUR 43,000 per year for the Chairman of the Board of Directors; EUR 26,000 per year for the Vice Chairman of the Board of Directors, and EUR 16,000 per year for the other members of the Board of Directors. In addition, meeting fees of EUR 1,000 for each Board meeting and EUR 500 for each Committee meeting shall be paid. The meeting fee for participating in a Board or Committee meeting remotely shall be EUR 500. The Annual General Meeting also resolved to pay Chairman of the Board of Directors Jarmo Partanen an additional fee corresponding to two months' salary, i.e. EUR 48,106, as per the Nomination Committee's proposal.

Jarmo Partanen's work as Chairman of the Board ended in a natural situation when he reached his retirement age on 29 April 2019.

The number of members of the Board of Directors was approved as seven. Re-elected as Board members were Aila Hemminki, Aki Jaskari, Timo Kokkala, Heli Korpinen, Jyrki Mäkynen and Jarmo Salmi; and Jaana Sandström was elected as a new member for the term ending at the close of the 2020 Annual General Meeting.

The auditing firm KPMG Oy Ab was re-elected as the auditor, and APA Fredrik Westerholm was elected as chief auditor for the term ending at the close of the 2020 Annual General Meeting. Auditors' fees are paid based on a company-approved invoice.

In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved that the members of the Shareholders' Nomination Committee shall be paid a meeting fee of EUR 1,000 for each meeting they attend.

Oma Savings Bank Plc's Board of Directors consists of seven members. The Board of Directors convened 18 times during the year. Five of the meetings took place by means of email.

Board members:

Chairman of the Board	Member Aila Hemminki
Jarmo Salmi	Member Aki Jaskari
Deputy chairman	Member Timo Kokkala
Jyrki Mäkynen	Member Heli Korpinen
	Member Jaana Sandström

Oma Savings Bank Plc Group employed an average of 300 people in 2019. The goal of the bank is that every employee has a clear role in the organisation as well as adequate responsibilities and tasks. The number of employees at the bank during the financial year was 294 on average. The number of employees at SAV-Rahoitus Oyj was seven on 31 December 2019.

Oma Savings Bank invests considerably in the skills and ability of its personnel. The bank started an OmaSp Master training programme for supervisors and experts together with the University of Tampere. The first OmaSp Master training programme ended in February 2018 and the second training group started its studies in May 2019. Training and developing personnel in different themes through training events, webinars and online courses is part of the company's continuous development of skills and competence.

The bank's personnel is generally very satisfied and committed. A significant portion of the company's personnel own company shares. The company carried out its first personnel offering in November 2017 and its second during its IPO in 2018.

Personnel satisfaction is a key indicator for the bank's operations and success. The bank monitors personnel satisfaction through an annual personnel survey. The overall satisfaction was in the latest survey 4,3/5 in February 2020.

Corporate governance

The bank's corporate governance principles are described in a separate document 'Oma Savings Bank Plc's Corporate Governance Statement', approved by the Board, which can be found on the Oma Savings Bank website.

Reward schemes

Oma Savings Bank complies with the requirements on reward schemes laid down in Section 8 of the Act on Credit Institutions. The Company's Board of Directors has approved the general principles concerning the reward schemes and supervises and assesses their functioning and compliance with them. The Board of Directors supervises compliance with the reward scheme and regularly evaluates its functionality.

The reward scheme is aligned with the Company's business strategy, goals and targets, and the Company's long-term benefit. The goal of the reward scheme is to assist the bank in achieving its strategic and operative targets by keeping the personnel motivated and committed. Remuneration also impacts work satisfaction, work well-being and commitment. The reward scheme is also in line with the Company's good and efficient risk management and risk-bearing capacity and promotes these.

One of the forms of rewards at Oma Savings Bank is the personnel fund. The personnel fund means a fund owned and managed by the bank's personnel, the purpose of which is to manage earnings and profit bonuses paid into it by the bank and other assets in accordance with the Act on Personnel Funds. The purpose of the personnel fund is to reward the whole personnel for achieving goals, improve the bank's productivity and competitiveness and promote co-operation 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. All employees that have been working at Oma Savings Bank for six months, excluding the CEO and the members of the management team, become members of the personnel fund. The personnel fund rules determine how the bonus gets distributed to the personnel fund members. The operation of the personnel fund is regulated by the Act on Personnel Funds.

Salaries and rewards for the financial year are presented in note G21 (personnel expenses). The company publishes the Remuneration Statement alongside the financial statements.

Corporate social responsibility

In August 2019, Oma Savings Bank published its first CSR Report. The report describes the most important social, environmental and economic impacts of the company's operations. CSR efforts are based on the company's values, Code of Conduct, stakeholder expectations and megatrends that affect its operations. Based on these, the company has defined four key sustainability themes: we are local and close to the customer, we take care of our personnel, we promote collective well-being and we contribute to sustainable development.

The bank reports on its corporate social responsibility annually. A separate CSR report is published in connection with the Annual Report.

Events after financial statements

In a stock market release published on 30 January 2020, the Nomination Committee proposes to the General Meeting that, as a condition for receiving and paying the fixed annual remuneration, the member of the Board of Directors, commits to purchase, directly based on the decision of the Annual General Meeting, Oma Savings Bank Plc shares amounting to 40% of the fixed annual remuneration on the regulated market (Nasdaq Helsinki Ltd) at a price determined by trading. It is the recommendation of the Nomination Committee that the member of the Board of Directors would not transfer the shares awarded as an annual remuneration until the membership in the Board has expired.

Share-based scheme 17 February 2020

The Board of Directors of Own Savings Bank Plc (OmaSp or the Company) has decided to establish a share-based incentive scheme for the key members of the Group. The aim of the scheme is to combine the interests of owners and key persons in order to increase the value of the Company in the long term, and to commit the key personnel to implement the Company's strategy, objectives and long-term interest and to provide them with competitive earnings of the Company's shares and a remuneration scheme based on accrual.

The share-based reward program 2020 - 2021 has one two-year earnings period, from January 1, 2020 to December 31, 2021. The program's target group consists of up to 15 key persons, including the CEO of the Company and the members of the Group's Management Team. The total fees payable to the system correspond to a maximum value of 420,000 shares in Oma Savings Bank Plc, including the amount paid in cash.

The Financial Stability Authority confirmed the Group's updated resolution plan of 26 February 2020. No requirement of own funds and deductible funds has been imposed on the company's resolution plan (MREL requirement).

The company is not aware of the occurrence of any events after the closing date that would require the presentation of additional information or would have a material impact on the financial position.

Outlook for the 2020 accounting period

The company's business volumes are predicted to continue their strong growth during the 2020 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. In addition, the company has adapted its branch network to correspond even better to a changing operating environment.

Oma Savings Bank Plc provides earnings guidance on the comparative profit before taxes. A verbal description is used to make a comparison with the comparative period. Earnings guidance is based on the forecast for the entire year, which takes into account the current market and business situation. Forecasts are based on the management's insight into the Group's business development.

Provided that profitable growth continues, the company estimates that the Group's comparative profit before taxes and profit before taxes for 2020 will remain unchanged or grow compared to the previous accounting period.

Financial goals

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

Dividend policy

The company's target is to pay a steady and growing dividend of at least 20 per cent of the net profit. 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 capital adequacy 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 2019, a dividend of EUR 0.19 be paid from the parent company's distributable profits for each share entitling the shareholder to dividend for 2019. All of shares outstanding on the dividend record date are entitled to a dividend for 2019. No significant changes took place in the company's financial position after the end of the accounting period. The company's liquidity is good and the proposed distribution of profit does not compromise the company's liquidity according to the Board of Directors' insight.

General Meeting

Oma Savings Bank Plc's Annual General Meeting will be held on Monday, 27 April 2020. The Board of Directors shall convene the Annual General Meeting separately.

Growth

10–15%

10–15 per cent annual growth in total operating income under the current market conditions (actual figure for 2019 22%)

Return on equity (ROE)

>10%

Long-term return on equity (ROE) over 10% (actual figure for 2019 9%)

Profitability

<55%

Cost/income ratio less than 55 per cent (actual figure for 2019 54%)

Capital adequacy

16%

Common equity Tier 1 capital (CET1) at least 16% (actual figure for 2019 17%)

The Group's Financial Statements

Consolidated income statement

Note	(1,000 euros)	1–12/2019	1–12/2018
	Interest income	63,351	55,949
	Interest expenses	-5,828	-6,599
G17	**Net interest income**	**57,522**	**49,351**
	Fee and commission income	29,981	29,694
	Fee and commission expenses	-4,567	-5,535
G18	**Fee and commission income and expenses, net**	**25,414**	**24,158**
G19	Net income on financial assets and financial liabilities	7,518	556
G20	Other operating income	2,118	1,893
	Total operating income	**92,573**	**75,958**
G21	Personnel expenses	-17,070	-16,321
G23	Other operating expenses	-28,191	-28,128
G23	Depreciation, amortisations and impairment losses on tangible and intangible assets	-5,047	-2,788
	Total operating expenses	**-50,309**	**-47,237**
G24	Impairment losses on financial assets, net	-9,567	-3,746
	Share of profit from associated companies and joint ventures	-13	-
	Profit before taxes	**32,684**	**24,976**
G25	Income taxes	-5,231	-4,653
	Profit/loss for the accounting period	**27,453**	**20,322**
	Of which:		
	Shareholders of Oma Savings Bank Plc	27,579	20,203
	Non-controlling interest	-126	119
	Total	**27,453**	**20,322**
	Earnings per share (EPS), euro	**0.93**	**0.78**

Profit before taxes excluding items affecting comparability:	2019	2018
Profit before taxes	**32,684**	**24,976**
Operating income:		
IPO, Fee and commission expenses	-	1,549
Impact of periodicity on fee and comission income	1,817	
Net income on financial assets and liabilities	-7,518*	-556
Operating expenses:		
IPO, Other operating expenses	-	241
Expenses from the co-operation negotiations	1,062	-
Comparative profit before taxes	**28,045**	**26,210**
Income taxes in income statement	-5,231	-4,653
Change of deferred taxes	-372	-247
Comparative profit/loss for the accounting period	**22,442**	**21,310**

* Includes EUR 266 thousand in impairment losses on properties recognised in connection with employee co-operation negotiations.

Consolidated statement of comprehensive income

(1,000 euros)	1–12/2019	1–12/2018
Profit/loss for the accounting period	**27,453**	**20,322**
Other comprehensive income before taxes		
Items that will not be reclassified to profit or loss		
Gains and losses on remeasurements from benefit pension plans	-53	110
Items that may later be reclassified to profit or loss		
Changes in fair value	7,778	672
Reclassified to income statement	120	-396
Other comprehensive income before taxes	**7,844**	**386**
Income taxes		
For items that will not be reclassified to profit or loss		
Gains and losses on remeasurements from benefit pension plans	11	-22
Items that may later be reclassified to profit or loss		
Measured at fair value	-1,580	-55
Income taxes	**-1,569**	**-77**
Other comprehensive income for the accounting period after taxes	**6,276**	**309**
Comprehensive income for the accounting period	**33,729**	**20,631**
Attributable to:		
Shareholders of Oma Savings Bank Plc	33,855	20,512
Non-controlling interest	-126	119
Total	**33,729**	**20,631**

Consolidated Balance Sheet

Note	Assets (1,000 euros)	31 Dec 2019	31 Dec 2018
G4	Cash and cash equivalents	6,626	18,521
G5	Loans and advances to credit institutions	60,005	58,832
G5	Loans and advances to customers	2,960,356	2,527,016
G6	Derivatives	5,634	1,593
G7	Investment assets	329,977	272,253
	Equity-accounted entities	5,666	175
G8	Intangible assets	9,259	5,039
G9	Tanglible assets	25,325	16,547
G10	Other assets	11,827	12,286
G11	Deferred tax assets	1,814	1,342
G11	Current income tax assets	41	1,057
	Total assets	**3,416,530**	**2,914,661**

Note	Liabilitites (1,000 euros)	31 Dec 2019	31 Dec 2018
G12	Liabilities to credit institutions	88,045	89,793
G12	Liabilities to the public and public sector entities	2,005,573	1,757,911
G13	Debt securities issued to the public	938,348	714,863
G14	Subordinated liabilities	15,500	25,200
G15	Provisions and other liabilities	24,622	15,698
G11	Deferred tax liabilities	24,578	20,866
	Total liabilities	**3,096,665**	**2,624,331**

G16	Equity	31 Dec 2019	31 Dec 2018
	Share capital	24,000	24,000
	Reserves	145,934	139,616
	Retained earnings	149,332	125,964
	Shareholders of Oma Savings Bank Plc	**319,266**	**289,580**
	Shareholders of Oma Savings Bank Plc	319,266	289,580
	Non-controlling interest	**598**	**750**
	Equity, total	319,865	290,330
	Total liabilities and equity	**3,416,530**	**2,914,661**

Group's off-balance sheet commitments

G27	(1,000 euros)	31 Dec 2019	31 Dec 2018
	Off-balance sheet commitments		
	Guarantees and pledges	21,781	21,735
	Other commitments given to a third party	266	297
	Commitments given to a third party on behalf of a customer	**22,047**	**22,032**
	Undrawn credit facilities	190,478	187,244
	Irrevocable commitments given in favour of a customer	**190,478**	**187,244**
	Group's off-balance sheet commitments, total	**212,525**	**209,276**

Consolidated financial statements
Group's notes
Parent company's financial statements
Parent company's notes
Signatures and audit report

Consolidated statement of changes in equity

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

(1,000 euros)	Share capital	Reserve for invested non-restricted equity	Fair value reserve	Reserves, total	Retained earnings	Shareholders of Oma Savings Bank Plc	Non- controlling interest	Equity, total
Equity, January 1, 2018	**24,000**	**106,087**	**1,999**	**108,086**	**107,871**	**239,957**	**647**	**240,604**
Comprehensive income								
Profit 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**	**139,616**	**125,964**	**289,580**	**750**	**290,330**

Consolidated cash flow statement

(1,000 euros)	1–12/2019	1–12/2018
Cash flow from operating activities		
Profit/loss for the accounting period	27,453	20,322
Changes in fair value	59	-583
Share of profit of equity accounted entities	13	-
Depreciation and impairment losses on investment properties	560	200
Depreciation, amortisation and impairment losses on tangible and intangible assets	5,047	2,788
Gains and losses on sales of tangible and intangible assets	80	387
Impairment and expected credit losses	9,567	3,746
Income taxes	5,231	4,653
Other adjustments	-4,011	865
Adjustments to the profit/loss of the accounting period	16,548	12,056
Cash flow from operations before changes in receivables and liabilities	**44,001**	**32,378**
Increase (-) or decrease (+) in operating assets		
Debt securities	-32,089	-74,917
Loans and advances to credit institutions	3,205	-2,495
Loans and advances to customers	-444,559	-393,972
Derivatives and hedge accounting	100	93
Investment assets	-17,883	-3,229
Other assets	449	15,734
Total	**-490,777**	**-458,787**
Increase (+) or decrease (-) in operating liabilities		
Liabilities to credit institutions	-1,749	53,800
Deposits	243,143	116,125
Subordinated liabilities	-	-
Provisions and other liabilities	4,004	-6,801
Total	**245,399**	**163,125**
Paid income taxes	**-2,543**	**-5,061**
Total cash flow from operating activities	**-203,921**	**-268,346**

(1,000 euros)	1–12/2019	1–12/2018
Cash flow from investments		
Investments in tangible and intangible assets	-12,769	-1,170
Proceeds from sales of tangible and intangible assets	470	1,129
Acquisition of associated companies and joint ventures	0	-175
Changes in other investments	1,217	19
Total cash flow from investments	**-11,082**	**-196**
Cash flows from financing activities		
Subordinated liabilities, changes	-12,769	-1,170
Debt securities issued to the public	470	1,129
Acquisition of non-controlling interests	0	-175
Other monetary changes in equity	1,217	19
Payments of lease liabilities	-11,082	-196
Dividends paid	-4,194	-2,112
Total cash flows from financing activities	**207,486**	**4,289**
Net change in cash and cash equivalents	**-7,517**	**-264,253**
Cash and cash equivalents at the beginning of the accounting period	**59,405**	**323,658**
Cash and cash equivalents at the end of the accounting period	**51,888**	**59,405**
Cash and cash equivalents are formed by the following items		
Cash and cash equivalents	6,626	18,521
Receivables from credit institutions repayable on demand	45,262	40,884
Total	**51,888**	**59,405**
Received interest	64,550	49,290
Paid interest	-5,724	-5,246
Dividends received	1,393	987

Financial Statements Release notes

G1 Risk management notes

Oma Savings Bank Plc 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. The company is also engaged in mortgage banking operations.

The company's key risk types are credit risk, operational risk, market risk and liquidity risk.

The Group's internal control, risks and risk management and disclosure requirements of CRR, Part 8, (Pillar III) are discussed in more detail in the Capital and Risk Management Report, which is released as a separate report alongside the financial statements.

1. Organising risk management

Risk management is an essential part of the bank's business and internal control. Oma Savings Bank's risk management principles are defined by the risk management policy approved by the Board of Directors. The purpose of the company's risk management is to ensure that the company's significant risks are identified, assessed and quantified, and that the risks are monitored and controlled as part of day-to-day business management. The company's risks are evaluated regularly and the Board of Directors regularly assesses the company's risk management strategy, risk-bearing ability and approach towards risk-taking. Risk surveys and measures taken based on the surveys, systematic monitoring and the analysis of the operating environment and market are used to control risks. Functions independent of business operations have been arranged to ensure efficient and comprehensive risk management and internal control as follows:

- Risk control function
- Compliance function
- Internal audit function

It is the task of the Board of Directors to ensure that the risk control function, compliance function and internal audit function have adequate and competent personnel resources with respect to the nature, scope and diversity of the bank's operations. The goal of the risk control function is to develop systematic and preemptive risk management, through which the bank's business can be developed safely. In the bank's organisation the risk control function reports directly to the CEO and reports to the Board of Directors, the CEO and other executive management.

Risk management has three lines of defence

The framework for OmaSp's risk management function is based on the three defence lines principle, which are

1st line of defence: Business units.

- The entire bank's personnel, both the customer interface and those working with other tasks, must comply in their daily work with the bank's Code of Conduct and risk management principles.

2nd line of defence: Risk management and compliance function.

- The risk control function monitors and ensures that the bank's operations comply with the set strategies and limits. The function carries out continuous monitoring and ensures that the practices develop over time. The compliance function monitors compliance with regulations.

3rd line of defence: Internal audit.

- Internal audit assesses and ensures the sufficiency, functioning and efficiency of internal control in the bank's different units, functions and subsidiaries.

2. Capital adequacy management

Risk management reports on capital adequacy on a quarterly basis in connection with the Board of Director's risk reporting. The reporting monitors the total capital ratio and common equity Tier 1 capital. The company's Board of Directors has approved a minimum common equity Tier 1 capital (CET1) financial target of at least 16 per cent. The objective is to ensure the sufficiency of capital also when the economy slackens.

More detailed information on the Group's capital adequacy is available in the Report of Board of Directors.

3. Credit risk

Credit risk refers to the possibility that a counterparty fails to meet its obligations in accordance with agreed terms and conditions. Oma Savings Bank's credit risk largely consists of granted loans.

Counterparty risk is defined as a risk of loss or a negative valuation difference resulting from a weakening of the counterparty's credit rating. Credit risk and counterparty risk also result from other receivables, such as bonds in the bank's investment portfolio, debt securities and derivative contracts and off-balance sheet commitments, such as undrawn credit facilities and limits, guarantees and letters of credit.

Oma Savings Bank's credit risk primarily consists of exposures secured by immovable property, retail exposures and business loans. The share of exposures secured by immovable property of the credit risks is 41.9%, the share of retail exposures is 20.7% and exposures to corporates 27.1%. Credit risk exposures are well-diversified geographically and sector-wise, which reduces the bank's concentration risk. The number of loans in default is low (less than one per cent).

The goal of credit risk management is to limit the profit and loss and capital adequacy effects of risks resulting from customer exposures to an acceptable level. Credit and counterparty risk are measured by estimating expected credit losses. Expected credit losses are estimated using the ECL model, in accordance with IFRS 9.

3.1 Calculation of expected credit losses

The calculation of Expected Credit Loss (ECL) is carried out monthly for each loan. In ECL calculation, the expected credit loss for each month is calculated for each loan, based on the Probability of Default (PD) and the Loss Given Default (LGD).

The company's loan portfolio is classified into different clusters based on customers' different risk characteristics. 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 risk of default occurring over the expected life of the instrument at the reporting date is compared 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.

All loans that the bank sees as consistent with the definition of default are classified as stage 3 in ECL calculation. Stage 3 classification criteria are, among other things, a 90-day delay in contractual payments, a customer undergoing debt restructuring or bankruptcy or the starting of recovery procedures for a loan. The calculation of expected credit losses is described in more detail in the financial statements' note G2 'Accounting principles for the consolidated financial statements'.

Loan portfolio and expected credit loss per customer groups

Credit balance (1,000 euros)	**31.12.2019**	**31.12.2018**
Private customer	1,780,900	1,502,435
-Expected credit losses	-7,866	-6,256
Company	641,470	528,739
-Expected credit losses	-9,276	-4,737
Housing cooperative	264,829	243,113
-Expected credit losses	-361	-53
Agriculture client	255,906	231,397
-Expected credit losses	-524	-272
Others	35,457	32,908
-Expected credit losses	-178	-259
Total	**2,978,562**	**2,538,593**
Total expected credit losses	-18,206	-11,577

3.2 Non-performing loans

The bank's credit risk management guidelines define the operating models for monitoring problem customers and non-performing loans.

Non-performing loans mean commitments that become subject to monitoring based on predetermined criteria. The criteria correspond with stage 3 of ECL calculation. In addition to stage 3 criteria, loans at stage 2 of ECL calculation also become subject to scrutiny when their size or collateral risk rises over the limit values for the credit guidelines. In addition to these definitions, the customer can be classified as a problem customer in deviation to these criteria, using discretion.

The review performed in the case of these commitments comments on, for example, the securing of the receivable, changing the customer's credit rating and recognising credit losses. The purpose of monitoring is to identify non-performing loans or loans that are becoming non-performing loans as early as possible. Problem customers and liabilities are monitored by branch and in relation to the loan portfolio's size. An action plan is drawn up for each problem customer, when the limits defined in the credit guidelines are exceeded.

3.3 Distribution by risk class

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

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

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

Credit ratings for private customers

Credit ratings (1,000 euros)	2019	%	2018	%
AAA-A	989,810	55.6 %	894,445	59.5 %
B	546,014	30.7 %	427,310	28.4 %
C	169,501	9.5 %	112,303	7.5 %
D	45,036	2.5 %	48,615	3.2 %
No rating	30,539	1.7 %	19,762	1.3 %
Private customers	**1,780,900**	**100.0 %**	**1,502,435**	**100.0 %**

Credit ratings for companies and housing corporations

Credit ratings (1,000 euros)	2019	%	2018	%
AAA	41,917	4.6 %	26,722	3.5 %
AA+	329,958	36.4 %	284,974	36.9 %
AA	95,385	10.5 %	105,612	13.7 %
A+	164,177	18.1 %	140,965	18.3 %
A	158,874	17.5 %	124,911	16.2 %
B	46,688	5.2 %	44,092	5.7 %
C	51,667	5.7 %	40,709	5.3 %
D or no rating	17,632	1.9 %	3,866	0.5 %
Companies and housing corporations	**906,299**	**100.0 %**	**771,852**	**100.0 %**

Breakdown of financial assets by risk category and credit risk concentrations

Risk rating 1: Customers with an A level rating in the bank's internal credit rating system and external credit ratings of AAA–Baa3 are considered to be low risk items.
Risk rating 2: Customers with a B level rating in the bank's internal credit rating system and external credit ratings of Ba1–Ba3 are considered to be medium risk items.
Risk rating 3: Customers with a C level rating in the bank's internal credit rating system and external credit ratings of B1–Caa3 are considered to be higher risk items.
Risk rating 4: Customers with a D level rating in the bank's internal credit rating system and external credit ratings of Ca–bankruptcy are considered to be higher risk items.
The **'No rating'** item includes loans and debt securities for which the bank has not defined credit ratings or for which there are no external credit ratings available. The loans belonging to the group are mainly card or consumer credits

Loans and receivables and off-balance sheet commitments (1,000 euros)	Stage 1	Stage 2	Stage 3	31.12.2019	31.12.2018
Risk rating 1	1,755,037	117,406	7,504	1,879,946	1,732,189
Risk rating 2	720,637	93,312	7,764	821,713	637,914
Risk rating 3	178,428	59,411	4,747	242,586	174,535
Risk rating 4	16,773	62,380	21,416	100,569	94,760
No rating	34,491	6,268	9,103	49,862	26,631
Capital items by risk category, total	**2,705,366**	**338,777**	**50,534**	**3,094,677**	**2,666,028**
Loss allowance	3,366	2,726	12,727	18,820	12,171
Total	**2,701,999**	**336,051**	**37,806**	**3,075,857**	**2,653,858**

Debt securities (1,000 euros)	Stage 1	Stage 2	Stage 3	31.12.2019	31.12.2018
Risk rating 1	246,244	-	-	246,244	199,830
Risk rating 2	-	-	-	-	2,951
Risk rating 3	-	-	-	-	-
Risk rating 4	-	-	-	-	-
No rating	11,558	11,128	-	22,687	26,247
Capital items by risk category, total	**257,802**	**11,128**	**-**	**268,931**	**229,028**
Loss allowance	569	91	-	660	548
Total	**257,233**	**11,038**	**-**	**268,271**	**228,480**

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	31.12.2019	31.12.2018
Companies	697,743	129,121	34,188	45,406	12,260	918,719	813,214
Agriculture	22,583	723	1,498	825	41	25,670	22,323
Real estate	391,105	59,342	9,527	12,349	5,783	478,106	435,450
Construction	51,596	11,578	2,155	5,467	2,442	73,237	61,606
Wholesale and retail	55,956	19,554	2,058	9,793	650	88,010	66,463
Industry	31,800	5,341	3,483	7,451	1,498	49,572	46,895
Transportation and storage	14,222	2,896	2,153	1,191	542	21,004	21,453
Other	130,482	29,687	13,315	8,330	1,305	183,120	159,024
Public sector entities	-	-	-	-	3,180	3,180	179
Non-profit entities	12,105	913	221	100	579	13,919	10,491
Financial and insurance corporations	23,173	93	-	-	15	23,282	24,395
Households	1,146,424	691,585	208,178	55,063	34,327	2,135,577	1,817,750
Total 31.12.	**1,879,446**	**821,713**	**242,586**	**100,569**	**50,362**	**3,094,677**	**2,666,028**

3.4 Collaterals

Credit risk is managed through collaterals and covenants. Collaterals are taken for exposures to secure repayment. For the most part, loans must have a secure collateral position, except in the best credit classes we can accept a credit shortfall. In business loans, risk is often hedged by agreeing with the customer on a covenant, which enables the bank to renegotiate the terms linked to the loan if the customer's risk position changes.

Loan collateral is included in the expected credit loss models as an item reducing the loss allowance. The collateral value is affected by the type of collateral, for instance a cash deposit, business or residential property. Collateral defines the maximum amount of expected credit loss for a loan so that it is no more than the amount of total liabilities less the values of the collateral.

The bank is engaged in mortgage banking activities and as a result it monitors the development of the amount of eligible assets to ensure refinancing through covered bonds.

Mortgage bank's LTV distribution

LTV	31.12.2019	31.12.2018
0–50%	25.7%	26.7%
50–60%	14.9%	15.2%
60–70%	19.9%	19.5%
70–80%	15.9%	14.3%
80–90%	14.0%	14.7%
90–100%	9.7%	9.7%
> 100%	0.0%	0.0%
Total	**100.0%**	**100.0%**

The table shows the LTV distributions of loans secured at the time of reporting, based on the regulations of the Mortgage Bank. In the categories in the table, the total loan amount is displayed in the LTV category to which its highest LTV value belongs. For example, a loan of EUR 55,000 secured by a property of EUR 100,000 will be counted in its entirety in LTV category between 50-60%.

4. Liquidity risk

Liquidity risk can be defined as the difference in the balance between incoming and outgoing cash flows. The risk may materialise if the bank cannot meet its maturing payment obligations or an acceptable balance is not achieved within the limits of tolerable costs. The bank's greatest liquidity risks arise from the maturity difference in borrowing and lending.

The management of Oma Savings Bank's liquidity risk is based on the company's ability to procure sufficient cash that is competitive in price in both the short and long term. A key component of liquidity risk management is the planning of the liquidity position in both the short and long term. Additionally, by planning the liquidity reserve, the bank can prepare for weakening economic trends on the markets and for any changes to legislation. The goal of the bank's liquidity reserve is to cover one month's outflows.

Liquidity risk management is supported by active risk management, monitoring of the balance sheet and cash flows and internal calculation models. The continuous monitoring of the liquidity situation is important so that the bank can manage outgoing cash flows.

The bank's liquidity risk is also managed by monitoring and forecasting changes in market factors and market development. If forecasts show that market liquidity is falling, the bank can set tighter internal limits for liquidity risk management. Liquidity risk management also includes liquidity reserve management. This ensures that the bank has sufficient amounts of liquid securities available to cover the collateral requirements of different business activities.

Impact of collaterals and other arrangements improving the quality of loans

Amount exposed to credit risk covered by collateral (1,000 euros)	31.12.2019	31.12.2018	Description of collateral held
Home mortgages	1,521,604	1,257,497	Mostly residential real estate collateral
Corporate loans	793,276	692,140	Mostly property collateral
Consumer credit	314,835	283,038	Mostly residential real estate collateral
Other	343,351	300,047	Mostly property collateral
Loans and advances to the public and general government	**2,973,067**	**2,532,723**	

Maturity distribution of financial assets and liabilities

Financial assets	2019					
(1,000 euros)	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	-	-	130,245	98,774	5,894	234,913
Loans and advances to credit institutions	45,262	14,743	-	-	-	60,005
Loans and advances to the public and general government	72,284	348,850	974,769	773,525	790,929	2,960,356
Debt securities	-	2,259	18,957	12,405	-	33,621
Derivative contracts	-	561	5,073	-	-	5,634
Total	**117,546**	**366,412**	**1,129,044**	**884,704**	**796,823**	**3,294,529**

Financial assets	2018					
(1,000 euros)	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	-	-	74,377	118,166	2,801	195,344
Loans and advances to credit institutions	40,884	17,948	-	-	-	58,832
Loans and advances to the public and general government	60,157	323,469	832,461	669,726	641,204	2,527,016
Debt securities	-	3,971	11,788	17,556	-	33,315
Derivative contracts	19	-	1,574	-	-	1,593
Total	**101,059**	**345,388**	**920,201**	**805,448**	**644,005**	**2,816,101**

Financial liabilities	2019					
(1,000 euros)	less than 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Liabilities to credit institutions and central banks	16,052	7,441	36,781	7,771	20,000	88,045
Liabilities to the public and general government	1,741,655	181,281	82,557	81	-	2,005,573
Debt securities issued to the public	-	279,866	658,481	-	-	938,348
Subordinated debts	-	-	15,500	-	-	15,500
Total	**1,757,708**	**468,588**	**793,318**	**7,852**	**20,000**	**3,047,466**

Financial liabilities	2018					
(1,000 euros)	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	1,567,308	130,241	60,095	267	-	1,757,911
Debt securities issued to the public	24,999	214,944	474,919	-	-	714,863
Subordinated debts	-	10,000	15,200	-	-	25,200
Total	**1,604,178**	**364,824**	**582,957**	**15,807**	**20,000**	**2,587,767**

Liquidity risk is measured using the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). The group's liquidity coverage ratio (LCR) was good, at 140.1% (134.8%) at the end of 2019. The net stable funding ratio (NSFR), which was 147.6% (135.0%) in 2019. The minimum level for both requirements is 100%.

LCR & NSFR Development by Quarter

	31.12.2019	30.9.2019	30.6.2019	31.3.2019
LCR, %	140%	146%	154%	459%
NSFR, %	148%	159%	160%	142%

5. Market risk

5.1 Equity risk

Market risk is managed, for example, by diversifying the contents of the investment portfolio sufficiently. Diversifying the portfolio reduces the concentration risk resulting from individual investments. Monthly, the bank monitors the market values of securities acquired for investment purposes and the cash flows related to their transactions. Regular reports are made to the Board of Directors on the contents and balance sheet position of the securities portfolio. Market risk contained in the securities portfolio is assessed in relation to the bank's result and own funds. Limits and other monitoring limits have been set for measuring and monitoring market risks.

Oma Savings Bank does not conduct equity trading for trading purposes. The sensitivity analysis for equity price risk has not been presented because it does not have a material impact on the Group's financial position.

Distribution of investment assets total

(1,000 euros)	31.12.2019		31.12.2018	
	Fair value	%	Fair value	%
Shares and other equity instruments	109,229	16.7 %	36,417	13.3 %
Debt securities	537,068	82.0 %	228,659	83.4 %
Investment properties	8,572	1.3 %	9,006	3.3 %
Investment assets total	**654,870**	**100%**	**274,082**	**100%**

Interest rate sensitivity analysis 1% change in the interest rate structure

(1,000 euros)	31.12.2019		31.12.2018	
	-1% change	+1% change	-1% change	+1% change
Change 1–12 kk	1 084	4 563	-1 780	6 002
Change 13–24 kk	-656	9 614	-4 459	14 304

5.2 Interest rate risk

The interest rate risk in the banking book forms the majority of the bank's interest rate risk. The interest rate risk results from differences in the interest rate levels and maturities of assets and liabilities. In addition, the market rates impact the market prices of the investment portfolio's securities. The amount of interest rate risk is reported regularly to the Board of Directors, which has set an upper limit for the interest rate risk.

Interest rate risk is managed through derivatives. The bank only makes derivative contracts for covered bonds to hedge against risk. These derivatives consist largely of interest rate swaps. The bank's goal is to balance the interest rate bases for assets and liabilities and reduce unexpected changes in the net interest income. The pricing of lending and borrowing is material in terms of the development of the bank's net interest income.

6. Operational risk

Operational risk means a consequence or risk of loss resulting from inadequate or deficient internal processes, systems or people or external factors. Also reputational risk, legal risks, compliance risk, information security risks and risks related to money laundering and the funding of terrorism are included in operational risks. Outsourced functions also generate operational risk. Realised operational risks can lead to financial losses or a loss of reputation for the company.

Operational risk forms a significant risk area for Oma Savings Bank. It is typical for operational risk that any losses resulting from the risk are not always easy to measure. Reasons for this may include the delayed realisation of the risk or that the risks, when they are realised, cannot be quantified as concrete financial losses.

Oma Savings Bank's main source of operational risk is the ongoing renewal of the banking platform. Other key operational risk sources include disturbances in the functioning of IT systems, damage and errors caused by the launching of new products and services and the personnel's actions, damage to property and non-compliance with regulations.

The company's Board of Directors annually approves the operational risk management principles. In the management of operational risk, the company's main objective is to manage reputation risk and to ensure the continuity of business activities and compliance with regulations in the short and long term. Operational risk management ensures that the values and strategy of Oma Savings Bank are achieved throughout the business activities. Operational risk management covers all material risks related to business activities.

Operational risk management is applied in all of the bank's business units by identifying, measuring, monitoring and assessing the operational risks linked to the units. The business units also assess the likelihood of the risks and their impacts if the risks materialise. The bank-wide process allows the management to assess the extent of any losses stemming from operational risk if the risk were to materialise. The risk assessment process is updated at least once a year and always when the business's operational environment changes.

As part of operational risk management, the company aims to reduce the likelihood of operational risk through its internal code of conduct and by training personnel. The control points defined for the processes are also a key component of preventing operational risk. The company reduces the impact of operational risk also by maintaining insurance for real estate and the fixed assets it owns.

Materialised operational risks are reported to the management teams of the business units. The company's management receives risk assessments and a report on materialised risks at least annually from the business units, based on which a separate operational risk matrix is compiled, which is reported to the Board of Directors. Based on the created process, the Board of Directors can form an overall picture of the operational risks targeting the business activities and their possible impacts on the bank. The risk identification process helps the Board of Directors to decide on risk management measures and the focal areas with regard to operational risk.

G2 Accounting principles for the consolidated financial statements

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

Oma Savings Bank Group comprises the parent company Oma Savings Bank Plc and its two subsidiaries (real estate company Lappeenrannan Säästökeskus, 100% holding, and SAV-Rahoitus Oyj, 50.7% holding). The Group has an associate company GT Invest Oy (holding 48.7%) and a joint venture Paikallispankkien PP-Laskenta Oy (holding 25%).

On 28 February 2020, the Board of Directors approved the 1 January–31 December 2019 financial statements and the Report of the Board of Directors. The Annual General Meeting will approve these on 27 April 2020.

1. About the accounting principles

The consolidated financial statements of Oma Savings Bank Plc (hereinafter company) have been prepared in compliance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and the SIC and IFRIC Interpretations. The preparation of the notes to the financial statements also took into account the Finnish accounting and entity legislation and the supplementary requirements of competent authorities' orders.

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

The Group's consolidated financial statements have been prepared based on the historical cost except for financial assets recognised at fair value through profit or loss, IFRS 9: financial assets held for trading, 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 recognised at fair value.

At the beginning of the financial year 1 January 2019, the Group adopted the following new IFRS standards and accounting principles:

- The IFRS 16 Leases standard, which replaced the IAS 17 standard and the IFRIC 4 *Determining Whether an Arrangement Contains a Lease*. In connection with the adoption, earlier accounting periods have not been adjusted to correspond with the new standard.

The IFRS 16 Leases standard entered into force on 1 January 2019. The new standard replaced the IAS 17 standard and the related interpretations. As a result of IFRS 16, almost all leases are recognised in the balance sheet, with the exception of the two exemptions included in the standard which apply to short-term leases of less than 12 months and low-value leases. The classification into operating leases and finance leasing was removed. The lessee recognises the right-of-use asset in the balance sheet based on its right to use the asset in question and the lease liability based on its obligation to pay rent.

Oma Savings Bank Group began to apply the IFRS 16 Leases standard on 1 January 2019, applying using the modified retrospective approach. The comparative figures of previous financial periods have not been adjusted.

The Group has applied the exemptions allowed by the standard and will not recognise leases of low-value assets or those with a lease term of 12 months or less. The adoption of the IFRS 16 standard does not have a significant impact on the consolidated financial statements of the Oma Savings Bank Group.

The table below shows the rental obligations resulting from the operating leases presented when applying IAS 17 in the 2018 financial statements and the reconciliation between the lease liabilities recognised in the balance sheet on 1 January 2019. The lease liabilities recognised in the balance sheet have been determined using the weighted average of the Group's incremental borrowing rate, 1.3%.

(1,000 euros)	1 Jan 2019
Operating lease commitments at 31 December 2018 as disclosed in the notes to the consolidated financial statements	4,448
Lease liabilities discounted, 1 January 2019	4,327
Extension options reasonably certain to be exercised	1,280
Other changes	469
Recognition exemption for short-term leases	-5
Lease liability recognised at 1 January 2019	**6,071**

The impacts of the standard on the Group's income statement and balance sheet are detailed in note G35.

2. Clarification of the recognition principles for fee and commission income

Significant arrangement and transaction fees are recognized using the effective interest method based on the average expected maturity of the loan rather than recognising the income as a one-off gain. The impact of the adjustment for the financial year 2019 on fee and commission income is EUR -2,073.1 thousand and on interest income EUR +256.4 thousand. The clarification of recognition principles relates to new credit issued to corporates and housing companies.

3. Consolidation principles

Subsidiaries

The Group's consolidated financial statements include the parent company and its subsidiaries in which the bank has control. The bank has control when it, by having an interest in the company, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Mutual ownership in the Group has been eliminated using the acquisition method. The consideration transferred, the identifiable assets of the acquired entity and liabilities assumed are valued at fair value at the date of acquisition. Any goodwill is recognised in the amount by which consideration transferred exceeds the Group's share of the fair value of acquired assets and liabilities assumed at the time of acquisition. The costs related to the acquisition are recognised as expenditure. The amount of non-controlling interests has been measured at its proportionate share of the identifiable net assets of the acquisition. The acquired subsidiaries are included in the consolidated financial statements from the moment that the Group gains 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 disclosed separately in the income statement. The distribution of comprehensive income for the period to the controlling and non-controlling interests of the parent company is presented in the statement of comprehensive income. Profit or loss for the period and comprehensive income are allocated to the controlling and non-controlling interests of the parent company, even if this were to result in the non-controlling interest becoming negative. The share of equity belonging to non-controlling interest is presented as a separate item in the balance sheet, as part of equity.

Joint ventures and associate companies

Joint ventures are defined as joint arrangements in which the bank has joint control together with other parties to the arrangement and the arrangement brings the bank the right to the arrangement's net assets. Joint ventures and associate companies have been consolidated using the equity method. The investment is initially recognised at cost, after which the Group's share of the profit of the joint venture for the period is consolidated in the income statement. Similarly, the potential Group's share of other comprehensive income of the joint venture or associate company is recognised in the Group's comprehensive income.

4. Goodwill

Goodwill arising from the combination of business operations is recognised in the amount by which the combined amount of transferred consideration, non-controlling interest in the acquired item and the previously owned share exceeds 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 valued at the initial acquisition value less impairment.

5. Financial instruments

5.1 Classification and valuation of financial assets

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

Immediately subsequent to the initial recognition, a loss allowance concerning expected credit losses (ECL) is recognised on the financial assets, if the financial asset is valued at amortised cost or at fair value through other comprehensive income. Impairments of financial assets are assessed for each receivable and receivable category. Impairments that cannot be allocated to individual receivables are recognised as impairments of a receivable category.

Financial assets are classified in one of the three following classes 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 is based on the company's business model and nature of contractual cash flows. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

5.1.1 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 company holds them as part of a business model whose objective is to collect contractual cash flows over the life of the contract. Loans and advances customers and credit institutions and cash and cash equivalents belong to financial assets valued at amortised cost.

5.1.2 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 company 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. Oma Savings Bank has classified some of its debt instruments to be valued at fair value through other comprehensive income.

5.1.3 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. Oma Savings Bank has classified some of its debt securities in this class.

5.2 Equity instrument

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

The Group does not have equity investments valued at fair value through other comprehensive income. All equity instruments recognised according to IFRS 9 are recognised at fair value through profit and loss.

5.2.1 Assessment of business models

The entity 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 company.

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.

5.2.2 Cash flow testing

If the business model is other than trading, the company 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 company 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 contractual cash flow characteristics test requirements.

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

5.3 Derecognition

The Group derecognises a financial asset when the contractual rights to cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group does not retain control of the financial assets.

5.4 Impairment of financial assets

The impairment estimate, the expected credit loss (ECL), is recognised on all debt instruments belonging to financial assets valued at amortised cost and valued at fair value through the fair value reserve 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 on the financial assets valued at fair value through other comprehensive income is recognised in the fair value reserve through other comprehensive income. For off-balance-sheet items, the expected credit loss is recognised as a provision.

The expected credit losses are measured at an amount equal to lifetime ECL of the financial asset when, on the date of reporting, the credit risk related to the financial asset has significantly increased since its initial recognition (stage 2) or when the contract is credit-impaired (stage 3). Otherwise, the expected credit loss is calculated based on the assessment that default event 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 (counterparty has been classified as being in default) for which a lifetime ECL is calculated.

5.4.1 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 risk of default occurring over the expected life of the instrument at the reporting date is compared 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 company 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 corporate customer loans), the company 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 company has automated a credit scoring system which is based, depending on the type of the loan, on changes in the behavioural scoring of private customers and on changes in credit ratings of corporate customers as well as qualitative indicators. Loan-specific stage allocation is monitored regularly. A probation period is applied for the transfers of loans out of stage 2 to stage 1.

5.4.2 Definition of default

The company has defined defaults (stage 3) as occurring in accordance with IFRS 9 in the following situations:

- Contractual payments are 90 days overdue,
- 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 of default used by the Group in its regulatory reporting and is consistent with the definition of customer default. In assessing when a debtor is in default, the company 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.

5.4.3 Inputs of expected credit loss model

The calculation of the expected credit losses is based on portfolio-specific calculation rules. The Group's loan portfolio is divided on the basis of product-specific risk characteristics into the following clusters:

- Loans to housing corporations
- Private customers' home mortgages and consumer credits
- Accounts with overdraft facilities
- Credit cards
- Loans to farmers
- Student loans
- Loans to corporates

Private customers' home mortgages and consumer credits and corporate customers' loans form the Group's two most significant clusters. With regard to these two clusters, the calculation of the expected credit losses is based on the Exposure at Default (EAD), Probability of Default (PD) and the Loss Given Default (LGD). The company uses the recorded customers' repayment behaviour data, customer-specific ratings and loan-specific collateral values as the basis for determining the parameters.

When calculating home mortgages and consumer credits, the PD parameter used is based on vintage analysis, in which loans are monitored based on their maturity. In terms of corporate loans, the PD parameter is based on a transition matrix describing changes in the customer-specific ratings. Credit rating is a grade assigned by an external party. In smaller portfolios, the PD parameter applied by the company is a simple loss-rate model.

The Exposure at Default (EAD) is the amount of exposure at the reporting date. Calculation of the EAD takes into account the payments to the loan as stated in the payment plan. 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 exposures for the total limit granted. With credit card receivables, EAD calculation applies the so-called CCF coefficient when taking into account undrawn limits.

Loss Given Default (LGD) describes the credit losses' share of the loan capital after loan-specific collateral has been factored in, when the receivable is classified in stage 3.

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

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

5.4.4 Changes in 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 amortisation suspension. Changes due to a deterioration in the customers sovency are treated as a significant growth in credit risk.

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

5.5 Recognising final credit losses

Financial assets are derecognised 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 enforcement activities have been finished or when the loan terms are changed significantly, for example in connection with refinancing. After derecognition, payments allocated to recoveries of amounts previously written off are recognised through profit or loss in the item 'Impairment losses on financial assets, net'.

5.6 Classification and valuation of financial liabilities

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

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

Financing liabilities are originally recognised at fair value. Consequently, 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 carrying value of financial liabilities valued at amortised cost. Transaction costs related to financial liabilities recognised at fair value through profit or loss are expensed as incurred.

Financial liabilities valued at fair value through profit or loss comprise derivative instruments to which hedge accounting is not applied. At the reporting date, the Group does not have derivative instruments 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.

Financial liabilities are not reclassified subsequent to their initial recognition.

5.7 Offsetting financial assets and liabilities

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

5.8 Items denominated in foreign currencies

Assets and liabilities denominated in foreign currencies outside of the euro zone have been translated into to euros as per the European Central Bank's average rate on the reporting date. On the income statement, foreign currency differencies that arising from during valuation have been recognised in net gains from investment operations.

5.9 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.

5.10 Determining the fair value

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

The fair value of a financial instrument is determined either utilising quoted prices 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 widely recognised valuation model for the product in question is used to determine the market value. Valuation models are based on widely utilised calculation methods and they cover all factors that market participants would take into consideration when calculating prices. When determining the fair value, uses observable 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 investee. 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 occures.

6. Derivatives and hedge accounting

Oma Savings Bank hedges its interest-bearing loans against interest rate fluctuations with derivatives and applies hedge accounting in addition to regularly evaluating the effectiveness of such hedging and changes in fair values. Hedge accounting conforms to the IFRS 9 standard's provision that allows 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, through 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 held 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.

7. Intangible assets

The most significant intangible assets in the consolidated financial statements are the information systems used in the banking operations and intangible assets related to customer relationships recognised in the balance sheet in connection with acquisitions.

Intangible assets are recognised in the balance sheet if it is likely that the expected economic benefits associated with the asset will flow to the Group and the acquisition cost of the asset can be measured reliably.

The acquisition cost comprises the purchase price including expenditure that are direct results of preparing the asset for its intended purpose. Internal development work related directly to the information system project is also in the carrying amount of the asset. 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 general expenses. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortisation and any impairment losses.

Intangible assets are recognised in the balance sheet under 'Intangible assets' and any amortisation is recognised on the income statement under 'Depreciation, amortisation and impairment losses on tangible and intangible assets'.

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

The estimated useful lives are as follows:

- Information systems: 3 – 10 years
- Customer relationships related to deposits: 6 years
- Other intangible assets: 3 – 5 years

Goodwill arising from business combinations is recognised in the amount by which the combined amount of transferred consideration, non-controlling interest in investee and the previously ownership interest exceeds the fair value of the acquired net assets.

Goodwill is not amortised. 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 valued at the initial acquisition value less impairment.

8. 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 generate 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 metres 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 the personnel's use. 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 in 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, amortisation and impairment losses from tangible and intangible assets'. Net income from investment properties, including accumulated depreciation, amortisation 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 valued at acquisition cost less depreciation and impairment. Depreciations are based on estimates on the assets' useful lives. Depreciations are not made for land areas. Subsequent expenditure on asset is capitalised only wheh it increases the future economic benefits embodied in the specific asset to which it relates.

The estimated useful lives are primarily as follows:

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

9. Lease agreements

The Group adopted the IFRS 16 Leases standard in the accounting period beginning on 1 January 2019. The standard replaced the IAS 17 standard according to which all of the Group's lease agreements were classified as operating leases.

Leases in which the Group functions as a lessee are recognised in the balance sheet as lease liability and as a right-of-use asset. The right-of-use assets recognised in the Group's balance sheet are related to the leases on properties, flats and machines and equipment.

At the commencement date of the lease, the right-of-use asset is valued at acquisition cost, which includes an initial amount of lease liability and any initial direct costs and and an estimate of costs to dismantle and any rents paid by the commencement date of the lease, minus received incentives.

The lease term of a lease agreement is defined as a period during which the agreement cannot be terminated. A period including a possible extension or termination option is added to the lease term, if it is relatively certain that the Group will exercise the extension option or not use the termination option. The company's management has determined that the duration of offices' permanent leases is five years.

The Group recognises the right-of-use asset according to the acquisition cost model after the commencement date of the agreement. A right-of-use asset is depreciated and interest on the lease liability is expensed. The depreciation is carried out during the period between the commencement date of the lease and the earlier of the end of the right-of-use asset's useful life or the end of the lease term.

The lease liability is intially measured at the present value the rents to be paid during the lease term, which have not yet been paid. Leases are discounted at using the interest rate implicit in the lease or the Group's incremental borrowing rate. When a variable lease is based on the index or price, these are taken into account in determining the lease liability. Subsequently the lease liability is measured using the effective interest method. Rents consist of fixed payments and variable lease payments, which depend on the index. The lease liability is remeasured when a change occurs in future leases, which results from a change in the index or price level used to determine the payment in question or a change occurs in the expected amounts paid based on the residual value guarantee. Also changes in estimates concerning the purchase option or extension or termination option of the underlying asset can lead to a reassessment of the lease liability. The amount resulting from the remeasurement of the lease liability is used to adjust the the carrying amount of the right-of-use asset, or if the value of the right-of-use asset is zero, it is recognised in profit or loss. The Group applies the recognition exemptions under IFRS 16 for leases of no more than 12 months and low-value assets. These are expensed on a straight-line basis over the lease term. These are not recognised as assets and their related liabilities in the balance sheet.

As a lessor, Oma Savings Bank Group does not have any contracts that are classified as finance leases. Leases classified as operating leases are recognised on a straight-line basis over the lease term in the income statement item 'Net income from investment assets' or 'Other operating income'.

10. Provisions

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 valued at the current value of the amount that is expected in order to fulfil the obligation.

11. Employee benefits

The Group's employee benefits as per the IAS 19 Employee Benefits standard comprise short-term 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.

12. Revenue recognition principles

12.1 Interest income and expenses

Interest income and expenses are recognised over the duration of the contract. Interest income and expenses are recognised on the income statement under 'Net interest income'.

Significant arrangement and transaction fees are recognized using the effective interest method based on the average expected maturity of the loan rather than recognising the income as a one-off gain. The impact of the adjustment for the financial year 2019 on fee and commission income is EUR -2,073.1 thousand and on interest income EUR +256.4 thousand. The clarification of recognition principles relates to new credit issued to corporates and housing companies.

12.2 Fee and commission income and expenses

Income from services offered to customers related to, for instance, payment transactions and lending, and fee and commission income related to funds are recognised in fee and commission income. The income is recognised when control of the performance obligation has transferred to the customer in the amount that the Group considers itself entitled to against services rendered. Income from services is recognised over time. For fees and commissions spanning several years, the portion related to the accounting period is entered.

Fee and commission expenses mainly include fees and commissions related to card and payment transactions and costs related to the obtaining funding.

On the basis of the exemption allowed by the IFRS 15 standard, information is not presented for the transaction prices allocated to the remaining performance obligations, which transaction prices are part of an agreement whose original expected duration is no more than one year, or if the Group is entitled to invoice the customer for a consideration, the cash amount of which directly corresponds with the value of the performance provided by the Group to the customer by the moment of review.

12.3 Net income on financial assets and financial liabilities

The following are recognised in net income on financial assets and liabilities: gains and losses from sales, valuation gains and losses, dividend income from financial instruments recognised at fair value in profit and loss, including equity instruments and net income from financial assets held for trading 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.

13. 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.

14. 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 Group only conducts business in Finland.

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

Preparing financial statements in compliance with the IFRS standards has required 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 outcome deviate from the estimates used in the financial statements.

15.1 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 and
- Taking into account forward-looking information in the recognition of expected credit losses.

15.2 Evaluation of fair value

The management'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 the section 'Determining the fair value'.

Management exercise judgement in determining when the markets for financial instruments are 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.

15.3 Impairment of tangible and intangible assets

In connection with the financial statements, the management reviews the impairment of tangible and intangible assets. Impairment tests require the management team's discretion and assessment of the amount of money accrued by the asset in the future, its financial useful life and used discount rate.

15.4 Business combinations

The management's discretion and assessments are used in determining the fair values of the assets and liabilities received from shares transferred during the combination of businesses.

16. New IFRS standards and interpretations not yet in effect

New and amended standards and interpretations published by IASB by 31 December 2019 are not expected to have a significant impact on Oma Savings Bank's consolidated financial statements.

G3 Classification of financial assets and liabilities

Assets December 31, 2019 (1,000 euros)	Amortised cost	Recognised at fair value through other comprehensive income	Recognised at fair value through profit or loss	Hedging derivatives	Book value, total	Fair value
Cash and cash equivalents	6,626	-	-	-	6,626	6,626
Loans and advances to credit institutions	60,005	-	-	-	60,005	60,005
Loans and advances to customers	2,960,356	-	-	-	2,960,356	2,960,356
Derivatives, hedge accounting	-	-	-	5,634	5,634	5,634
Debt instruments	-	268,271	263	-	268,534	268,534
Equity instruments	-	-	54,615	-	54,615	54,615
Total assets	**3,026,987**	**268,271**	**54,878**	**5,634**	**3,355,770**	**3,355,770**
Investments in associated companies					5,666	5,666
Investment properties					6,828	8,180
Non-financial assets					48,266	48,266
Assets December 31, 2019	**3,026,987**	**268,271**	**54,878**	**5,634**	**3,416,530**	**3,417,882**

Liabilities December 31, 2019 (1,000 euros)	Other liabilities	Hedging derivatives	Carrying value, total	Fair value
Liabilities to credit institutions	88,045	-	88,045	88,045
Liabilities to customers	2,005,573	-	2,005,573	2,005,573
Derivatives, hedge accounting	-	-	-	-
Debt securities issued to the public	938,348	-	938,348	938,348
Subordinated liabilities	15,500	-	15,500	15,500
Total liabilities	**3,047,465**	**-**	**3,047,465**	**3,047,465**
Non-financial liabilities			49,200	49,200
Liabilities December 31, 2019	**3,047,465**	**-**	**3,096,665**	**3,096,665**

Assets December 31, 2018 (1,000 euros)	Amortised cost	Recognised at fair value through other comprehensive income	Recognised at fair value through profit or loss	Hedging derivatives	Book 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
Loans and advances to customers	2,526,932	-	84	-	2,527,016	2,527,016
Derivatives, hedge accounting	-	-	-	1,593	1,593	1,593
Debt instruments	-	228,480	179	-	228,659	228,659
Equity instruments	-	-	36,417	-	36,417	36,417
Total assets	**2,604,285**	**228,480**	**36,680**	**1,593**	**2,871,039**	**2,871,039**
Investments in associated companies					175	175
Investment properties					7,176	9,006
Non-financial assets					36,271	36,271
Assets December 31, 2018	**2,604,285**	**228,480**	**36,680**	**1,593**	**2,914,661**	**2,916,491**

Liabilities December 31, 2018 (1,000 euros)	Other liabilities	Hedging derivatives	Carrying 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	-	-	-	-
Debt securities issued to the public	714,863	-	714,863	714,863
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**

G4 Cash and cash equivalents

(1,000 euros)	31.12.2019	31.12.2018
Cash in hand	6,626	7,626
Current account in the Bank of Finland	0	10,895
Cash and cash equivalents, total	**6,626**	**18,521**

G5 Loans and advances

(1,000 euros)	31 Dec 2019	31 Dec 2018
Loans and advances to credit institutions		
Deposits	45,262	40,884
Other	14,743	17,948
Loans and advances to credit institutions, total	**60,005**	**58,832**
Loans and advances to customers		
Loans	2,860,451	2,450,631
Utilised overdraft facilities	72,429	52,114
Loans intermediated through the State's assets	100	312
Credit cards	27,349	23,761
Bank guarantee receivables	27	198
Loans and advances to customers, total	**2,960,356**	**2,527,016**
Loans and advances, total	**3,020,361**	**2,585,848**

Reconciliations from the opening and the closing balances of the expected credit losses are presented in note G24 Impairment losses on financial assets.

G6 Financial derivatives and hedge accounting

Assets (1,000 euros)	31 Dec 2019	31 Dec 2018
Hedging fair value		
Interest rate derivatives	5,337	1,519
Other hedging derivatives		
Share and share index derivatives	297	74
Total derivative assets	**5,634**	**1,593**

Liabilities (1,000 euros)	31 Dec 2019	31 Dec 2018
Hedging fair value		
Interest rate derivatives	-	-
Total derivative liabilities	**-**	**-**

Change in the value of underlying item / Fair value hedge	**-6,131**	**-1,884**
Change in the value of underlying item / Other hedging derivatives	**164**	**436**

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

Nominal values of underlying items and fair values of derivatives December 31, 2018	Remaining 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**	**-**

G7 Investment assets

Investment assets (1,000 euros)	31 Dec 2019	31 Dec 2018
Assets at fair value through profit or loss		
Debt securities	263	179
Shares and other equity instruments	54,615	36,417
Assets at fair value through profit or loss, total	**54,878**	**36,596**
At fair value through other comprehensive income		
Debt securities	268,271	228,480
Shares and other equity instruments	-	-
At fair value through other comprehensive income, total	**268,271**	**228,480**
Total investment properties	**6,828**	**7,176**
Investment assets total	**329,977**	**272,253**

Changes in investment properties (1,000 euros)	31 Dec 2019	31 Dec 2018
Cost January 1	**12,635**	**13,671**
+ Increases	274	554
- Decreases	-274	-1,639
+/- Transfers	-	49
Cost at the end of the period	**12,634**	**12,635**
Accumulated depreciation and impairment losses	**-5,458**	**-5,435**
+ Accumulated depreciation of decreases and transfers	143	186
- Depreciation	-317	-410
+/-Impairment loss and reversal of impairment losses	-174	201
+/- Other changes	-	-
Accumulated depreciation and impairment losses at the end of the period	**-5,806**	**-5,458**
Opening balance January 1	**7,176**	**8,236**
Closing balance	**6,828**	**7,176**

Reconciliations from the opening and the closing balances of the expected credit losses are presented in note G24 Impairment losses on financial assets.

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

Measured at fair value through profit or loss and at fair value through other comprehensive income (1,000 euros) December 31, 2018	**Equity instruments**				**Debt-based**				
	Fair value through other comprehensive income	Fair value through profit or loss	At amortised cost	Total	Fair value through other comprehensive income	Fair value through profit or loss	At amortised cost	Total	All total
Quoted									
Public sector entities	-	-	-		104,656	-	-	104,656	104,656
From others	-	15,200	-	15,200	122,242	-	-	122,242	137,442
Non-quoted									
From others	-	21,217	-	21,217	1,583	179	-	1,762	22,979
Total	**-**	**36,417**		**36,417**	**228,480**	**179**		**228,659**	**265,076**

G8 Intangible assets

(1,000 euros)	31.12.2019	31.12.2018
Other intangible rights	3,116	3,816
Information systems	514	430
Customer relationships related to deposits	2,550	3,326
Other	52	60
Intangible assets on progress	5,089	269
Goodwill	1,054	954
Total intangible assets	**9,259**	**5,039**

Changes in intangible assets 2019	In progress: intangible assets	Other intangible rights	Goodwill
Cost January 1	**269**	**8,023**	**954**
+ Increases	4,952	321	100
-Decreases	-	-	-
+/- Transfers	-132	-	-
Cost December 31	**5,089**	**8,344**	**1,054**
Accumulated amortisation and impairment loss January 1	-	-4,207	-
+/- Accumulated amortisation of decreases and transfers	-	-	-
- Amortisation	-	-1,021	-
- Impairment	-	-	-
+/- Other changes	-	-	-
Accumulated amortisation and impairment loss December 31	**-**	**-5,227**	**-**
Opening balance, January 1	**269**	**3,816**	**954**
Closing balance, December 31	**5,089**	**3,116**	**1,054**

Changes in intangible assets 2018	In progress: intangible assets	Other intangible rights	Goodwill
Cost January 1	**727**	**8,023**	**954**
+ Increases	288	0	-0
-Decreases	-122	-	-
+/- Transfers	-624	-	-
Cost December 31	**269**	**8,023**	**954**
Accumulated amortisation and impairment loss January 1	-	-3,189	-
+/- Accumulated amortisation of decreases and transfers	-	-	-
- Amortisation	-	-1,018	-
- Impairment	-	-	-
+/- Other changes	-	-	-
Accumulated amortisation and impairment loss December 31	**-**	**-4,207**	**-**
Opening balance, January 1	**727**	**4,832**	**954**
Closing balance, December 31	**269**	**3,816**	**954**

G9 Tangible assets

(1,000 euros)	31.12.2019	31.12.2018
Properties in own use	19,304	15,130
Land and water areas	338	352
Buildings	18,966	14,778
Buildings and constructions, right-of-use assets	4,415	-
Machinery and equipment	920	1,027
Machinery and equipment, right-of-use assets	361	-
Other tangible assets	290	287
Assets under construction	35	103
Tangible assets, total	**25,325**	**16,547**

	Properties in own use						
Changes in tangible assets 2019	Land and water areas	Buildings	Buildings right-of-use assets	Machinery and equipment	Machinery and equipment, right-of-use assets	Other tangible assets	Assets under construction
Cost January 1	371	25,172	5,934	9,985	122	287	103
+ Increases	-	6,151	107	412	410	3	33
- Decreases	-13	-372	-416	-71	-	-	-
+/- Transfers	-	233		-	-	-	-101
Cost December 31	**358**	**31,184**	**5,624**	**10,326**	**532**	**290**	**35**
Accumulated depreciation and impairment loss January 1	-20	-10,394	-	-8,958	-	-	-
+/- Accumulated depreciation of decreases and transfers	-	242	59	50	-	-	-
- Depreciation	-	-1,430	-1,269	-498	-172	-	-
- Impairment	-	-635	-	-	-	-	-
+/- Other changes	-	-	-	-	-	-	-
Accumulated depreciation and impairment loss December 31	**-20**	**-12,218**	**-1,209**	**-9,405**	**-172**	**-**	**-**
Opening balance January 1	**352**	**14,778**	**5,934**	**1,027**	**122**	**287**	**103**
Opening balance December 31	**338**	**18,966**	**4,415**	**920**	**361**	**290**	**35**

	Properties in own use				
Changes in tangible assets 2018	Land and water areas	Buildings	Machinery and equipment	Other tangible assets	Assets under construction
Cost January 1	371	23,790	9,928	287	609
+ Increases	-0	179	194	-	160
- Decreases	-	-	-137	-	-39
+/- Transfers	-	1,203	-	-	-628
Cost December 31	**371**	**25,172**	**9,985**	**287**	**103**
Accumulated depreciation and impairment loss January 1	-19	-9,114	-8,506	-	-
+/- Accumulated depreciation of decreases and transfers	-	-	38	-	-
- Depreciation		-1,280	-490	-	-
- Impairment	-0	-	-	-	-
+/- Other changes	-	-	-	-	-
Accumulated depreciation and impairment loss December 31	**-20**	**-10,394**	**-8,958**	**-**	**-**
Opening balance January 1	**352**	**14,676**	**1,422**	**287**	**609**
Opening balance December 31	**352**	**14,778**	**1,027**	**287**	**103**

G10 Other assets

(1,000 euros)	31.12.2019	31.12.2018
Receivables on payment transfers	60	32
Accrued income	10,927	11,835
Interests	7,686	6,660
Other advance payments	346	0
Other accrued income	2,895	5,175
Other	839	419
Other assets, total	**11,827**	**12,286**

G11 Tax assets and liabilities

(1,000 euros)	31.12.2019	31.12.2018
Tax assets		
Current income tax assets	41	1,057
Deferred tax assets	1,814	1,342
Tax assets, total	**1,854**	**2,399**
Tax liabilities		
Deferred tax liabilities	24,578	20,866
Tax liabilities, total	**24,578**	**20,866**

Deferred tax assets	January 1, 2019	Recognised through profit or loss	Recognised through other comprehensive income	December 31, 2019
Financial assets held for trading	-	-	-	-
Assets at fair value through other comprehensive income	104	-	-93	11
Cash flow hedge	-	-	-	-
Tangible assets	414	46	-	461
Defined benefit pension plans	35	-	10	45
Impairment	-	-	-	-
Confirmed losses	491	-66	-	426
Derivatives	-	-	-	-
Other items	297	574	-	871
Deferred tax assets, total	**1,342**	**555**	**-83**	**1,814**

Deferred tax liabilities	January 1, 2019	Recognised through profit or loss	Recognised through other comprehensive income	December 31, 2019
On taxable reserves	19,509	2,363	0	21,872
Financial assets held for trading	0	-	-	0
Assets at fair value through other comprehensive income	659	0	1,486	2,146
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
Business acquisitions	665	-155	0	510
Other items	32	18	0	50
Deferred tax liabilities, total	**20,866**	**2,226**	**1,486**	**24,578**

Deferred tax assets	January 1, 2018	Recognised through profit or loss	Recognised through other comprehensive income	December 31, 2018
Financial assets held for trading	0	-	-	0
Assets at fair value through other comprehensive income	48	56	0	104
Cash flow hedge	0	0	0	0
Tangible assets	455	-40	0	414
Defined benefit pension plans	121	-64	-22	35
Impairment	0	0	0	0
Confirmed losses	540	-48	0	491
Derivatives	75	-75	0	0
Other items	429	-133	0	297
Deferred tax assets, total	**1,668**	**-304**	**-22**	**1,342**

Deferred tax liabilities	January 1, 2018	Measured through profit or loss	Recognised through other comprehensive income	December 31, 2018
On taxable reserves	17,094	2,415	0	19,509
Financial assets held for trading	0	-	-	0
Assets at fair value through 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
Business acquisitions	930	-265	0	665
Other items	0	32	0	32
Deferred tax liabilities, total	**19,327**	**1,539**	**0**	**20,866**

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

(1,000 euros)	31 Dec 2019	31 Dec 2018
Liabilities to credit institutions		
Repayable on demand	16,052	11,871
Other than repayable on demand	71,992	77,923
Liabilities to credit institutions, total	**88,045**	**89,793**
Liabilities to the public and public sector entities		
Deposits	1,999,362	1,755,760
Repayable on demand	1,691,021	1,542,386
Other	308,341	213,375
Other financial liabilities	81	267
Repayable on demand	-	-
Other than repayable on demand	81	267
Changes in fair value in terms of borrowing	6,131	1,884
Liabilities to the public and public sector entities, total	**2,005,573**	**1,757,911**
Liabilities to the public and public sector entities and liabilities to credit institutions, total	**2,093,618**	**1,847,704**

G13 Debt securities issued to the public

(1,000 euros)	31 Dec 2019	31 Dec 2018
Bonds	772,074	582,908
Certificates of deposit	166,274	131,955
Total debt securities issued to the public	**938,348**	**714,863**

					Closing balance	
Maturity of bonds	**Nominal value**	**Interest**	**Year of issue**	**Due date**	**2019**	**2018**
Oma Sp Oyj 6.5.2019	110,000	margin 1.000 % / variable	2016	6.5.2019	-	109,978
Oma Sp Oyj 3.4.2020	125,000	margin 0.880 % / variable	2017	3.4.2020	124,984	124,919
Oma Sp Oyj 12.12.2022, covered bond	350,000	0.125 % / fixed	2017–2018	12.12.2022	348,512	348,010
Oma Sp Oyj 3.4.2024, covered bond	300,000	0.125 % / fixed	2019	3.4.2024	298,578	-
					772,074	**582,908**

Maturity of deposit certificates	less than 3 months	3–6 months	6–9 months	9–12 months	Closing balance, total
31 Dec 2019	47,489	45,979	46,433	26,373	**166,274**
31 Dec 2018	106,973	24,983	-	-	**131,955**

G14 Subordinated liabilities

(1,000 euros)	31.12.2019	31.12.2018
Subordinated loans	500	200
Debentures	15,000	25,000
Subordinated liabilities, total	**15,500**	**25,200**

Details of liabilities	31.12.2019	31.12.2018	Interest %	Due date
Oma Sp debenture loan I/2014	0	10,000	2.65%	20.5.2019
Oma Sp debenture loan I/2017	15,000	15,000	1.25%	1.2.2023
	15,000	**25,000**		

Amount included in own funds	31.12.2019	31.12.2018
Oma Sp debenture loan I/2014	-	767
Oma Sp debenture loan I/2017	9,266	12,265
Total	**9,266**	**13,031**

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 redemption 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)	31.12.2019	31.12.2018
Provisions		
Pension provisions	224	176
Expected credit losses from irrevocable commitments given in favour of a customer	614	594
Provisions total	**838**	**770**
Other liabilities		
Liabilities on payment transfers	9,899	6,371
Accruals	8,851	8,455
Interest payable	1,438	1,352
Interest payments received in advance	1,914	1,505
Other accruals	5,412	5,512
Advance payments received	87	86
Other	5,034	103
Other liabilities total	**23,784**	**14,928**
Provisions and other liabilities total	**24,622**	**15,698**

Changes in provisions	31.12.2019	31.12.2018
Provisions January 1	**770**	**313**
Increase/decrease in defined benefit pension plans	48	-137
Increase in expected credit loss from irrevocable commitments given in favour of a customer	20	594
Provisions December 31	**838**	**770**

Pension provisions are formed by defined benefit pension plans, which are described in more detail in note G28 Pension liability.

G16 Equity

(1,000 euros)	31.12.2019	31.12.2018
Share capital	24,000	24,000
Non-restricted reserves	145,934	139,616
Fair value reserve	8,538	2,220
Measured at fair value	8,538	2,220
Reserve for invested non-restricted equity	137,396	137,396
Other non-restricted reserves	-	-
Retained earnings	149,332	125,964
Retained earnings (loss)	121,753	105,761
Profit (loss) for the accounting period	27,579	20,203
Equity, total	**319,266**	**289,580**
Shareholders of Oma Savings Bank Plc	319,266	289,580
Non-controlling interest	598	750
Equity, total	**319,865**	**290,330**

Movements in the fair value reserve	2019	2018
Fair value reserve January 1	2,220	1,999
Change in fair value, other financial instruments	7,786	212
Deferred taxes	-1,580	-54
Expected credit loss on debt securities	112	64
Fair value reserve December 31	**8,538**	**2,220**

Shares and shareholder rights

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.

The number of treasury shares 11,700.

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 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 held for trading 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 accumulated 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 2019, EUR 4.2 million was issued as dividends.

G17 Net interest income

(1,000 euros)	2019	2018
Interest income		
Loans and advances the public and public sector entities	58,312	50,912
Debt securities	2,148	2,167
Derivatives	2,359	2,188
Other interest income	531	683
Total interest income	**63,351**	**55,949**
Interest expenses		
Liabilities to credit institutions	-402	-675
Liabilities to the public and public sector entities	-1,798	-2,316
Debt securities issued to the public	-2,761	-3,085
Subordinated liabilities	-289	-477
Other interest expenses	-577	-46
Total interest expenses	**-5,828**	**-6,599**
Net interest income	**57,522**	**49,351**

G18 Fee and commission income and expenses

(1,000 euros)	2019	2018
Fee and commission income		
Lending	10,355	11,276
Deposits	73	129
Card and payment transactions	13,386	12,271
Intermediated securities	98	110
Reserves	2,460	2,452
Legal services	681	721
Brokered products	1,328	1,313
Granting of guarantees	884	640
Other fee and commission income	715	782
Total fee and commission income	**29,981**	**29,694**
Fee and commission expenses		
Card and payment transactions	-3,442	-2,890
Securities	-157	-1,626
Other fee and commission expenses	-967	-1,020
Total fee and commission expenses	**-4,567**	**-5,535**
Fee and commission income and expenses, net	**25,414**	**24,158**

G19 Net income on financial assets and financial liabilities

(1,000 euros)	31 Dec 2019	31 Dec 2018
Net income on financial assets at fair value through profit and loss		
On debt securities		
Gains/losses on sale	-	-116
Valuation gains and losses	-	-104
Debt securities total	**-**	**-220**
Shares and other equity instruments		
Dividend income	1,393	1,289
Gains/losses on sale	489	-90
Valuation gains and losses	6,765	-712
Shares and other equity instruments total	**8,647**	**486**
Net income on financial assets at fair value through profit or loss, total	**8,647**	**266**
Net income on financial assets at fair value through other comprehensive income		
On debt securities		
Capital gains and losses	131	-4
Difference in valuation reclassified from the fair value reserve to the income statement	-120	396
Debt securities total	**11**	**393**
Net income on financial assets at fair value through other comprehensive income, total	**11**	**393**

Net income from investment properties (1,000 euros)	31 Dec 2019	31 Dec 2018
Rent and dividend income	709	818
Capital gains and losses	-60	-387
Other gains from investment properties	10	10
Maintenance expenses	-865	-919
Depreciation and impairment on investment properties	-560	-200
Rent expenses on investment properties	-13	-13
Net income from investment properties, total	**-780**	**-691**
Net gains on trading in foreign currencies	**23**	**45**
Net gains from hedge accounting	**-121**	**744**
Net income from trading	**-262**	**-202**
Net income on financial assets and financial liabilities, total	**7,518**	**556**

G20 Other operating income

(1,000 euros)	2019	2018
Rental income from properties in own use	89	61
Other income from banking operations	2,030	1,832
Other	0	0
Total other operating income	**2,118**	**1,893**

G21 Personnel expenses

(1,000 euros)	2019	2018
Salaries and rewards	-14,257	-13,340
Pensions	-2,478	-2,370
Defined contribution plans	-2,449	-2,355
Defined benefit plans	5	27
Other fixed post-employment benefits	-35	-42
Other social security expenses	-335	-611
Personnel expenses, total	**-17,070**	**-16,321**

Number of employees December 31	2019	2018
Full time	237	237
Part time	6	6
Temporary	36	50
Total	**279**	**293**
Average number of employees in accounting period	**300**	**288**

Details about the employment benefits and loans of the related parties are presented in note G32 'Management compensation and related party transactions'.

G22 Other operating expenses

(1,000 euros)	2019	2018
Other personnel expenses	-1,968	-1,611
Office expenses	-2,918	-2,452
Data administration and IT expenses	-12,446	-11,372
Telephony expenses	-1,329	-1,172
Marketing expenses	-1,739	-2,616
Rent expenses	-1,075	-2,233
Expenses from properties in own use	-1,500	-1,531
Insurance and security expenses	-1,998	-1,442
Monitoring, control and membership fees	-655	-494
Other	-2,563	-3,205
Other operating expenses, total	**-28,191**	**-28,128**

Auditors' fees

(1,000 euros)	2019	2018
KPMG Oy Ab		
Statutory audit	315	394
Services related to auditing	-	51
Other services	70	334
Total	**386**	**779**

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

(1,000 euros)	2019	2018
On buildings	-372	-379
From buildings, right-of-use assets	-1,269	0
Machinery and equipment	-517	-490
From machinery and equipment, right-of-use assets	-172	0
Intangible assets	-2,083	-1,919
Impairment loss on properties in own use	-635	0
Total depreciation, amortisation and impairment losses	**-5,047**	**-2,787**

G24 Impairment losses on financial assets

(1,000 euros)	2019	2018
ECL loans and advances customer and off-balance sheet items	-6,649	-1,699
ECL from equity instruments	-112	-64
Expected credit losses, total	**-6,761**	**-1,763**
Final credit losses	-2,888	-2,216
Refunds on realised credit losses	82	234
Recognised credit losses, total	**-2,806**	**-1,983**
Impairment losses on financial assets, total	**-9,567**	**-3,746**

Expected credit losses, loans and advances and off-balance sheet items

Loans and advances to credit institutions and to public and general government, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	31 Dec 2019 Total	31 Dec 2018 Total
Expected credit losses January 1	**1,504**	**1,825**	**8,247**	**11,577**	**9,762**
Transfer to stage 1	530	-280	90	339	-449
Transfer to stage 2	-128	712	-466	118	-162
Transfer to stage 3	-26	-268	5,887	5,594	3,045
New debt securities	1,560	435	427	2,422	1,917
Matured debt securities	-559	-294	-3,614	-4,467	-2,953
Realised credit losses	2	-20	-1,153	-1,172	-1,183
Recoveries on previous realised credit losses	-3	10	-1	6	-
Changes in credit risk	-835	-68	2,851	1,948	1,245
Changes in the ECL model parameters	212	763	344	1,319	-
Changes based on management judgement	149	371	-	520	356
Expected credit losses December 31	**2,407**	**3,186**	**12,612**	**18,205**	**11,577**

Off-balance sheet commitments (1,000 euros)	Stage 1	Stage 2	Stage 3	31 Dec 2019 Total	31 Dec 2018 Total
Expected credit losses January 1	**384**	**121**	**89**	**594**	**710**
Transfer to stage 1	33	-24	-2	7	-3
Transfer to stage 2	-4	6	-2	-	-
Transfer to stage 3	-0	-27	27	-	-
New debt securities	164	90	43	297	327
Matured debt securities	-218	-47	-27	-292	-394
Realised credit losses	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-
Changes in credit risk	20	2	-13	8	-46
Changes in the ECL model parameters	-	-	-	-	-
Changes based on management judgement	-	-	-	-	-
Expected credit losses December 31	**377**	**122**	**115**	**614**	**594**

Expected credit losses, investment assets

Debt securities, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	31 Dec 2019 Total	31 Dec 2018 Total
Expected credit losses January 1	**499**	**49**	**-**	**548**	**484**
Transfer to stage 1	1	-14	-	-14	-
Transfer to stage 2	-	-	-	-	20
Transfer to stage 3	-	-	-	-	-
New debt securities	35	39	-	73	190
Matured debt securities	-3	-8	-	-11	-44
Realised credit losses	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-
Changes in credit risk	31	-7	-	24	-102
Changes in the ECL model parameters	7	32	-	39	-
Changes based on management estimates	-	-	-	-	-
Expected credit losses December 31	**569**	**91**	**-**	**660**	**548**

G25 Income taxes

(1,000 euros)	2019	2018
Income tax for accounting period	-3,558	-2,563
Income tax on primary operations	-3,556	-2,540
Other direct taxes	-1	-23
Taxes for the previous accounting periods	-1	-13
Change in deferred tax assets	554	-842
Change in deferred tax liabilities	-2,226	-1,236
Total income taxes	**-5,231**	**-4,653**
Income tax rate	**20%**	**20%**
Accounting profit before taxes	**32,684**	**24,976**
Proportion of the result in accordance with tax rate	-6,537	-4,995
+ Tax-exempt income on the income statement	1,340	452
- Non-deductible expenses on the income statement	-20	-60
- Taxable income not included in the income statement	-37	-26
+ Deductible expenses not included in the income statement	7	5
- Unrecognised under losses: deferred tax assets	17	-16
+/- Taxes for previous accounting periods	-1	-13
Taxes on income statement	**-5,231**	**-4,653**

G26 Guarantees granted and received

Collaterals given (1,000 euros)	31.12.2019	31.12.2018
Given for own liabilities and provisions	875,020	526,180
Guarantees granted, total	**875,020**	**526,180**

Guarantees granted are loan receivables given as collateral for covered bonds. Nominal value of covered bonds is 650 million euros in December 31, 2019.

Collaterals received (1,000 euros)	31.12.2019	31.12.2018
Property collateral	2,711,750	2,316,538
Cash collateral	9,409	3,986
Guarantees received	79,746	66,598
Other	36,772	30,919
Guarantees received, total	**2,837,677**	**2,418,041**

G27 Off-balance sheet commitments

(1,000 euros)	31.12.2019	31.12.2018
Guarantees	21,781	21,735
Loan commitments	190,478	187,244
Other	266	297
Off-balance sheet commitments, total	**212,525**	**209,276**

G28 Pension liability

(1,000 euros)	31.12.2019	31.12.2018
Expenses on the income statement	24	29
The current service cost	21	25
Net interest	3	4
Remeasurements	53	-110
Comprehensive income for the accounting period	**77**	**-81**

	2019	2018
Current value of obligation January 1	**2,613**	**3,036**
The current service cost	21	25
Interest expense	43	45
Actuarial gains (-) and losses (+) on experienced changes	65	4
Actuarial gains (-) and losses (+) on changes in financial assumptions	248	-129
Actuarial gains (-) and losses (+) on changes in demographic assumptions	0	0
Benefits paid	-184	-186
Acquisitions/sale	0	-182
Current value of obligation December 31	**2,807**	**2,613**

	2019	2018
Fair value of funds under the plan January 1	**2,437**	**2,723**
Interest income	40	41
Return on assets in the plan excl. item belonging in the interest expense/income	260	-15
Benefits paid	-184	-186
Acquisitions/sale	0	-182
Employer contributions	29	56
Fair value of funds under the plan December 31	**2,582**	**2,437**

	2019	2018
Present value of obligation	2,807	2,613
Fair value of plan assets	2,582	2,437
Liability on the balance sheet December 31	**225**	**176**

	2019	2018
Liability on the balance sheet January 1	176	313
Expenses on the income statement	24	29
Payments made into the plan	-29	-56
Remeasurements through other comprehensive income	53	-110
Acquisitions/sale	0	0
Liability on the balance sheet December 31	**225**	**176**

Actuarial assumptions	1–12/2019	1–12/2018
Discount rate, %	1.00%	1.70%
Wage development, %	2.00%	2.00%
Increase in pension, %	1.65%	1.75%
Inflation, %	1.50%	1.50%

Sensitivity Analysis	Defined Benefit Obligation 2019		Defined Benefit Obligation 2018	
Effect of a change in assumptions used	increase	decrease	increase	decrease
Discount rate (0,5% change)	-7.20%	8.20%	-7.10%	8.00%
Future pension increase (0,25% change)	3.00%	-2.90%	3.00%	-2.90%

Sensitivity Analysis	Fair Value of Plan Assets 2019		Fair Value of Plan Assets 2018	
Effect of a change in assumptions used	increase	decrease	increase	decrease
Discount rate (0,5% change)	-6.50%	7.30%	-6.40%	7.10%
Future pension increase (0,25% change)	0.00%	0.00%	0.00%	0.00%

Duration based on weighted average of obligations is 15.0 years.

In 2020, the Group expects to pay approximately 25 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 Offsetting financial assets and financial liabilities

(1,000 euros)	Monetary amounts not offset in the Balance Sheet			
Financial assets December 31, 2019	Financial instruments	Received security collateral	Received cash collateral	Net amount
Derivative assets	5,634	-	-	5,634
Other	-	-	-	-
Total financial assets	**5,634**	**-**	**-**	**5,634**

	Monetary amounts not offset in the Balance Sheet			
Financial liabilities December 31, 2019	Financial instruments	Granted security collateral	Granted cash collateral	Net amount
Derivative liabilities				-
Other				-
Total financial liabilities	**-**	**-**	**-**	**-**

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

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

G30 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 equity securities include the shares of companies that are strategic to Oma Savings Bank's operations.

Financial assets and liabilities measured at fair value

	31 Dec 2019				31 Dec 2018			
Financial assets (1,000 euros)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Measured at fair value through profit or loss								
Equity	29,305	1,763	23,547	54,615	15,200	1,214	20,003	36,417
Debt-based	179	-	84	263	179	-	84	263
Derivatives	-	5,634	-	5,634	-	1,593	-	1,593
Recognised in comprehensive income at fair value	-	-	-		-	-	-	-
Debt-based	268,271	-	-	268,271	228,191	-	289	228,480
Financial assets total	**297,755**	**7,397**	**23,631**	**328,783**	**243,570**	**2,807**	**20,376**	**266,753**

	31 Dec 2019				31 Dec 2018			
Financial liabilities (1,000 euros)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial derivatives	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial liabilities total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Investment transactions, categorised to Level 3

	31 Dec 2019			31 Dec 2018		
Financial assets at fair value through profit or loss (1,000 euros)	**Equity securities**	**Debt securities**	**Total**	**Equity securities**	**Debt securities**	**Total**
Opening balance 1 Jan	**20,003**	**84**	**20,087**	**19,119**	**718**	**19,837**
+ Acquisitions	7,450	-	7,450	1,006	-	1,006
- Sales	-9,199	-	-9,199	-76	-	-76
- Matured during the year	-	-	-	-	-532	-532
+/- Realised value change in the income statement	5,427	-	5,427	-67	-100	-167
+/- Unrealised value change in the income statement	-135	-	-135	20	-1	19
+ Transfers to Level 3	-	-	-	-0	-	-0
- Transfers to Level 1 and 2	-	-	-	-	-	-
Closing balance 31 Dec	**23,547**	**84**	**23,631**	**20,003**	**84**	**20,087**

At fair value through other comprehensive income (1,000 euros)	31 Dec 2019 Equity securities	Debt securities	Total	31 Dec 2018 Equity securities	Debt securities	Total
Opening balance 1 Jan	**-**	**289**	**289**	**-**	**749**	**749**
+ Acquisitions	-	-	-	-	-	-
- Sales	-	-	-	-	-6	-6
- Matured during the year	-	-	-	-	-451	-451
+/- Realised value change in the income statement	-	-	-	-	-	-
+/- Unrealised value change in the income statement	-	-	-	-	-	-
+/- Value change through other comprehensive income	-	-	-	-	-3	-3
+ Transfers to Level 3	-	-	-	-	-	-
- Transfers to Level 1 and 2	-	-289	-289	-	-	-
Closing balance 31 Dec	**-**	**-**	**-**	**-**	**289**	**289**

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

		31 Dec 2019 Potential impact on equity			31 Dec 2018 Potential impact on equity		
Equity securities	**Hypothetical change**	**Market value**	**Positive**	**Negative**	**Market value**	**Positive**	**Negative**
At fair value through profit or loss	+/- 15%	23,547	3,532	-3,532	20,003	3,000	-3,000
At fair value through other comprehensive income	+/- 15%	-	-	-	-	-	-
Total		**23,547**	**3,532**	**-3,532**	**20,003**	**3,000**	**-3,000**

		31 Dec 2019 Potential impact on equity			31 Dec 2018 Potential impact on equity		
Debt securities	**Hypothetical change**	**Market value**	**Positive**	**Negative**	**Market value**	**Positive**	**Negative**
At fair value through profit or loss	+/- 15%	84	13	-13	84	13	-13
At fair value through other comprehensive income	+/- 15 %	-	-	-	289	43	-43
Total		**84**	**13**	**-13**	**373**	**56**	**-56**

G31 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 50.73%.

Subsidiaries and associates and joint ventures consolidated with Own Savings Bank Group:

	Domicile	Type if interest	The Group's share of ownership	
			31.12.2019	31.12.2018
Kiinteistö Oy Lappeenrannan Säästökeskus	Lappeenranta	Subsidiary	100%	100%
SAV-Rahoitus Oyj	Helsinki	Subsidiary	50.73%	50.73%
Paikallispankkien PP-Laskenta Oy	Helsinki	Joint venture	25.00%	25.00%
GT Invest Oy	Helsinki	Associated company	48.67%	-

G32 Management compensation and related party transactions

Related parties refer to key personnel in leading positions at Oma Savings Bank and their close family members, as well as subsidiaries, joint ventures and companies, where key personnel in leading positions have control authority or considerable influence, and entities that have significant 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)	2019	2018	2019	2018	2019	2018
Pasi Sydänlammi, Managing Director	649	354	113	61	119	40
Pasi Turtio, Deputy Managing Director	189	221	33	38	38	13
The rest of the management team*	553	430	96	75	-	-
Total	**1,391**	**1,006**	**241**	**174**	**156**	**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	Salaries and rewards		Statutory pension costs		Cost for voluntary supplementary pension	
(1,000 euros)	2019	2018	2019	2018	2019	2018
Partanen Jarmo, Chairman until 29 April 2019	174	303	30	53	-	-
Salmi Jarmo, Chairman from 29 April 2019	57	16	-	-	-	-
Hemminki Aila	30	16	-	-	-	-
Jaskari Aki	30	16	-	-	-	-
Kokkala Timo	30	16	-	-	-	-
Korpinen Heli	29	15	-	-	-	-
Mäkynen Jyrki	39	18	-	-	-	-
Sandström Jaana, from 29 April 2019	17	-	-	-		
Total	**406**	**400**	**30**	**53**	**-**	**-**

* The rest of the management team: Juutilainen Helena, Liiri Sarianna, Sillanpää Minna, Tapionsalo Kimmo (from April 2019), Rissanen Ville (from September 2019), Markkanen Kari-Mikael (until May 2019)

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 2019 was altogether EUR 145 thousand (EUR 100 thousand in 2018).

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 2019 were altogether EUR 156 thousand (EUR 53 thousand in 2018).

Related party transactions (1,000 euros)	31.12.2019			31.12.2018		
	Key personnel and their family members	Joint venture	Other related parties	Key personnel and their family members	Joint venture	Other related parties
Loans	3130	0	3222	4155	0	1743
Deposits	832	1	6214	849	0	6557
Guarantees	100	0	0	100	0	100
Received interests	25	0	90	25	0	49
Paid interests	0	0	0	1	0	10
Service fees	52	0	28	4	0	19
Services bought	0	1344	0	0	467*)	0

*) period 8–12/2018

G33 Acquisitions

Acquisition during the 2019 accounting period

Oma Savings Bank acquired 48.7% of share capital of GT Invest Oy. GT Invest Oy owns 51% of the joint venture which invests in rental flats built in Finland.

The acquired shares and private equity are recognised in the consolidated balance sheet in the item 'Shares of companies consolidated by the equity method'.

The total value of the private equity and equity holdings is EUR 5.5 million.

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 'Shares of companies consolidated by the equity method'.

G34 Leases

Adoption of IFRS 16 Leases

The IFRS 16 Leases standard came into force on 1 January 2019. The new standard replaced the IAS 17 standard and the related interpretations. As a result of IFRS 16, almost all leases are recognised in the balance sheet, with the exception of the two exemptions included in the standard which apply to short-term leases of no more than 12 months and low-value leases. As a lessee the classification into operating leases and finance leasing was removed. The lessee recognises the right-of-use asset in the balance sheet based on its right to use a specific asset and the lease liability based on its obligation to pay rent.

Oma Savings Bank Group adopted the IFRS 16 Leases standard on 1 January 2019, using the modified retrospective approach. The comparative information has not been restated. More details of the accounting principles applicable to IFRS 16 are presented in note G1 'Accounting principles' of the financial statements release.

The Group has applied the exemptions allowed by the standard and low-value leases and lease terms less than 12 months have been excluded from the scope of the application. Therefore the adoption of the IFRS 16 standard does not have a significant impact on the consolidated financial statements of the Oma Savings Bank Group.

The table below shows the rental obligations resulting from the operating leases presented when applying IAS 17 in the 2018 financial statements and the reconciliation between the lease liabilities recognised in the balance sheet on 1 January 2019. The lease liabilities recognised in the balance sheet have been determined using the weighted average of the Group's incremental borrowing rate, 1.3 per cent.

(1,000 euros)	1 Jan 2019
Operating lease commitments at December 31, 2018 as disclosed in the Group's consolidated financial statements	4,448
Lease commitments discounted January 1, 2019	4,327
Extension options reasonably certain to be exercised	1,280
Other changes	469
Recognition exemption for short-term leases	-5
Lease liability recognised at January 1, 2019	**6,071**

Assets (1,000 euros)	31 Dec 2019
Opening balance premises, January 1, 2019	**5,934**
Increases	107
Decreases	-416
Accumulated depreciation on deductions	59
Depreciation	-1,269
Closing balance premises, December 31, 2019	**4,415**
Refundable at the end of the lease	15
Opening balance equipment, January 1, 2019	**122**
Increases	410
Depreciation	-172
Closing balance equipment, December 31, 2019	**361**

Liabilities (1,000 euros)	31 Dec 2019
Lease liabilities December 31, 2019	**4,851**

Maturity analysis (undiscounted cash flows)

less than 1 year	1–5 years	over 5 years
1,433	**3,445**	**107**

Impact on result (1,000 euros):	1–12/2019
Rental income, other operating income	89
Rental income, investment properties	709
Depreciation	
Premises	-1,269
Equipment	-172
Interest expenses	-79
Leases of short-term leases	-252
Leases of low-value assets	-823
Lease expenses total	**-1,797**

G35 Events after the Financial Statements

In a stock market release published on 30 January 2020, the Nomination Committee proposes to the General Meeting that, as a condition for receiving and paying the fixed annual remuneration, the member of the Board of Directors, commits to purchase, directly based on the decision of the Annual General Meeting, Oma Savings Bank Plc shares amounting to 40% of the fixed annual remuneration on the regulated market (Nasdaq Helsinki Ltd) at a price determined by trading. It is the recommendation of the Nomination Committee that the member of the Board of Directors would not transfer the shares awarded as an annual remuneration until the membership in the Board has expired.

Share-based scheme 17 February 2020

The Board of Directors of Own Savings Bank Plc (OmaSp or the Company) has decided to establish a share-based incentive scheme for the key members of the Group. The aim of the scheme is to combine the interests of owners and key persons in order to increase the value of the Company in the long term, and to commit the key personnel to implement the Company's strategy, objectives and long-term interest and to provide them with competitive earnings of the Company's shares and a remuneration scheme based on accrual.

The share-based reward program 2020–2021 has one two-year earnings period, from January 1, 2020 to December 31, 2021. The program's target group consists of up to 15 key persons, including the CEO of the Company and the members of the Group's Management Team. The total fees payable to the system correspond to a maximum value of 420,000 shares in Oma Savings Bank Plc, including the amount paid in cash.

The Financial Stability Authority confirmed the Group's updated resolution plan of 26 February 2020. No requirement of own funds and deductible funds has been imposed on the company's resolution plan (MREL requirement).

The company is not aware of the occurrence of any events after the closing date that would require the presentation of additional information or would have a material impact on the financial position.

G36 Alternative Performance Measures (APM) and calculation of key figures

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

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

Oma Savings Bank Plc uses the following Alternative Performance Measures:

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

Calculation of key figures

Operating income, total

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

Total operating expenses

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

Liquidity coverage ratio (LCR), %

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

Cost/income ratio, %

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

Comparative cost/income ratio, %

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

Comparative profit before taxes

Profit/loss before taxes without items effecting comparability

Return on equity (ROE), %

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

Comparative return on equity (ROE), %

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

Total return on assets (ROA), %

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

Equity ratio, %

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

Total capital (TC), %

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

Common Equity Tier 1 (CET1)

$$\frac{\text{Common Equity Tier 1 (CET1)}}{\text{Risk-weighted assets total (RWA) x100}} \text{ X 100}$$

Tier 1 equity ratio (T1), %

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

Earnings per share (EPS), EUR

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

Comparative earnings per share (EPS), EUR

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

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.–31.12.2019	1.1.–31.12.2018	Note
Interest income	62,188	55,303	P25
Interest expenses	-5,266	-6,561	P25
Net interest income	**56,922**	**48,742**	
Income from equity instruments	1,393	1,289	P26
Fee and commission income	28,213	28,472	P27
Fee and commission expenses	-4,071	-5,506	P27
Net income from securities trading and foreign currency trading	7,014	-1,401	P28
Net income from assets at fair value through fair value reserve	11	393	P29
Net income from hedge accounting	-121	744	P30
Net income from investment properties	-711	-559	P32
Other operating income	1,959	1,601	P31
Administrative expenses	**-37,578**	**-35,562**	
Personnel expenses	-16,626	-15,804	P33
Other administrative expenses	-20,952	-19,757	P35
Depreciation, amortisation and impairment on tangible and intangible assets	-3,163	-2,209	P34
Other operating expenses	-7,766	-7,709	P31
Expected credit losses from financial assets at amortised cost	-8,502	-3,194	P36
Expected credit losses and impairment from other financial assets	-120	-64	P36
Operating profit	**33,482**	**25,038**	
Appropriations	-11,815	-12,074	
Income taxes	-3,043	-2,204	
Profit (loss) from ordinary activites after taxes	**18,624**	**10,760**	
Profit (loss) for the period	**18,624**	**10,760**	

Oma Savings Bank Plc
Balance sheet

Assets

(1,000 euros)	31.12.2019	31.12.2018	Note
Cash and cash equivalents	6,626	18,521	
Debt securities eligible for refinancing with central banks	234,913	195,344	
Loans and advances to credit institutions	59,666	58,782	P3
Loans and advances to the public and general government	2,949,443	2,524,529	P3
Debt securities	33,621	33,315	P4
General government	5,192	4,679	
From others	28,429	28,636	
Shares and other equity	61,809	38,107	P5
Derivative contracts	5,634	1,593	P6
Intangible assets	10,165	6,741	P7
Tangible assets	27,563	22,685	
Investment property and shares and interests in investment property	8,100	8,265	P8
Other property and shares and interests in property companies	18,300	13,156	P8
Other tangible assets	1,163	1,264	
Other assets	526	304	P10
Accrued income and prepayments	10,696	12,848	P11
Deferred tax assets	794	371	P17
Assets, total	**3,401,456**	**2,913,141**	

Liabilities and equity

(1,000 euros)	31.12.2019	31.12.2018	Note
Liabilities			
Liabilities to credit institutions	88,045	89,793	P11
Liabilities to the public and general government	2,005,643	1,757,928	P11
Deposits	2,005,563	1,757,661	
Other liabilities	81	267	
Debt securities issued to the public	926,957	712,873	P12
Other liabilities	10,610	7,024	P13
Accrued expenses and deferred income	8,881	8,305	P14
Subordinated liabilities	15,000	25,000	P14
Deferred tax liabilities	2,146	659	P16
Liabilities, total	**3,057,282**	**2,601,582**	
Appropriations			
Voluntary provisions	109,359	97,544	P13
Appropriations, total	**109,359**	**97,544**	
Equity			P23
Share capital	24,000	24,000	P24
Other restricted reserves			
Fair value reserve	8,538	2,220	
Non-restricted reserves	137,488	137,488	
Reserve for invested non-restricted equity	137,488	137,488	
Retained earnings (loss)	46,165	39,548	
Profit (loss) for the period	18,624	10,760	
Equity, total	**234,816**	**214,015**	
Liabilities and equity, total	**3,401,456**	**2,913,141**	

Off-balance sheet commitments

(1,000 euros)	31.12.2019	31.12.2018
Commitments given to a third party on behalf of a customer	**22,047**	**22,032**
Guarantees and pledges	21,781	21,735
Other	266	297
Irrevocable commitments given in favour of a customer	**191,164**	**188,532**
Other	191,164	188,532

Oma Savings Bank Plc
Cash flow statement

(1,000 euros)	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from operating activities		
Operating income after taxes	**18,624**	**10,760**
End-of-period adjustments*	**23,252**	**20,828**
Increase (-) or decrease (+) in receivables from operating activities	**-480,973**	**-456,035**
Debt securities	-32,089	-74,917
Loans and advances to credit institutions	3,205	-2,495
Loans and advances to the public and general government	-435,194	-391,038
Shares and other equity	-17,883	-3,229
Other assets	989	15,644
Increase (+) or decrease (-) in liabilities from operating activities	**245,597**	**163,119**
Liabilities to credit institutions	-1,749	53,800
Liabilities to the public and general government	243,197	116,090
Other liabilities	4,149	-6,771
Paid income taxes	-2,543	-5,061
Cash flow from operating activities, total	**-196,043**	**-266,390**
Cash flow from investing activities		
Investments in shares and other equity, increases	-5,504	-220
Investments in shares and other equity, decreases	6,721	19
Investments in tangible and intangible assets	-12,168	-1,144
Transfers of tangible and intangible assets	130	1,129
Cash flow from investing activities, total	**-10,821**	**-215**

(1,000 euros)	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from financing activities		
Subordinated liabilities, increases	-	-
Subordinated liabilities, decreases	-10,000	-2,800
Dividends paid	-4,142	-2,112
Other monetary increases in equity	-	31,344
Debt securities issued to the public	213,199	-24,088
Cash flow from financing activities, total	**199,057**	**2,344**
Net change in cash and cash equivalents	**-7,807**	**-264,262**
Cash and cash equivalents at the beginning of the period	59,355	323,617
Cash and cash equivalents at the end of the period	51,549	59,355
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash and cash equivalents	6,626	18,521
Receivables from credit institutions repayable on demand	44,923	40,834
Total	**51,549**	**59,355**
Additional information on the cash flow statement		
Received interests	63,365	55,581
Paid interests	5,325	6,426
Dividends received	1,393	1,289
***End-of-period adjustments:**		
Appropriations	11,815	12,074
Taxes on income statement	-516	2,204
Changes in fair value	121	-583
Expected credit losses and impairment losses	8,622	3,258
Depreciation, amortisation and impairment loss on intangible and tangible assets	3,647	2,374
Other adjustments	-437	1,501
Total	**23,252**	**20,828**

Parent company's notes

P1 - Parent company's accounting policies

The parent company Oma Savings Bank Plc draws up separate financial statements in accordance with the provisions of the Accounting Act and Act on Credit Institutions, the Decree of the Ministry of Finance on financial statements and consolidated financial statements of credit institutions (698/2014) and Regulations and Guidelines 2/2016 of the Financial Supervisory Authority on accounting, financial statements and management reports in the financial sector.

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 closing price on the reporting date. On the income statement, foreign exchange differences that emerged during valuation have been recognised in net gains on trading in foreign currencies.

2. Financial instruments

2.1 Classification and valuation of financial assets

In connection with initial recognition, the item belonging to financial assets is valued at fair value. 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 subsequent to the initial recognition, a loss allowance concerning expected credit losses (ECL) is recognised on the financial assets, if the financial asset is valued at amortised cost or through a fair value reserve. Impairments of financial assets are assessed for each receivable and receivable category. Impairments that cannot be allocated to individual receivables are recognised as impairments of a receivable category.

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

- valued at amortised cost,
- valued through the fair value reserve or
- financial assets valued at fair value through profit or loss.

The classification and valuation of financial assets is based on the company's business model and nature of contractual cash flows. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

2.1.1 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 company holds them as part of a business model whose objective is to collect contractual cash flows over the life of the contract. Loans and advances customers and credit institutions and cash assets belong to financial assets valued at amortised cost.

2.1.2 Financial assets valued through the fair value reserve

Financial assets are valued at fair value through the fair value reserve when the contractual cash flows consist only of capital repayments and interest payments and the company 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. Oma Savings Bank has classified some of its debt securities in this class.

2.1.3 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 the fair value reserve. 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. Oma Savings Bank has classified some of its debt securities in this class.

2.2 Equity instruments

Equity instruments are recognised at fair value through profit or loss, unless the company irrevocably chooses to measure an individual asset at fair value through the fair value reserve.

The company does not have equity-based investments valued at fair value through the fair value reserve. All equity instruments recognised according to IFRS 9 are recognised at fair value through profit and loss.

2.2.1 Assessment of business models

The company 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 company.

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.

2.2.2 Cash flow testing

If the business model is other than trading, the company 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 company 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 company contain a prepayment feature. This feature does meet the cash flow testing criteria as, in connection with a prematurely repaid loan, the company is entitled to collect reasonable compensation for the premature termination of the contract.

2.3 Derecognition

The Group derecognises a financial asset when the contractual rights to cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group does not retain control of the financial assets.

2.4 Impairment of financial assets

The impairment estimate, the expected credit loss (ECL), is recognised on all debt instruments belonging to financial assets valued at amortised cost and valued at fair value through the fair value reserve 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 the fair value reserve in the fair value reserve. For off-balance-sheet commitments, 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 credit risk related to the financial asset has significantly increased since its initial recognition (stage 2) or when the contract is impaired (stage 3). Otherwise, 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 (counterparty has been classified as being in default) for which a lifetime ECL is calculated.

2.4.1 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 company 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 company 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 company has automated a credit scoring system which is based, depending on the type of the loan, on changes in the behavioural scoring of private customers and on changes in credit ratings of business customers as well as qualitative indicators. Loan-specific stage allocation is monitored regularly. A probation period is applied for the transfers of loans out of stage 2 to stage 1.

2.4.2 Definition of default

The company has defined defaults (stage 3) as occurring in accordance with IFRS 9 in the following situations:

- Contractual payments are 90 days overdue,
- 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 of default used by the company in its regulatory reporting and is consistent with the definition of customer default. In assessing when a debtor is in default, the company 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.

2.4.3 Inputs of expected credit loss model

The calculation of the expected credit losses is based on portfolio-specific calculation rules. The loan portfolio is divided on the basis of product-specific risk characteristics into the following clusters:

- Loans to housing corporations
- Private customers' home mortgages and consumer credits
- Accounts with overdraft facilities
- Credit cards
- Loans to farmers
- Student loans
- Business customer loans

Private customers' home mortgages and consumer credits and business customers' loans form the company's two most significant clusters. With regard to these two clusters, the calculation of the expected credit losses is based on the Exposure at Default (EAD), Probability of Default (PD) and the Loss Given Default (LGD). The company uses the recorded customers' repayment behaviour data, customer-specific ratings and loan-specific collateral values as the basis for determining the parameters.

When calculating home mortgages and consumer credits, the PD parameter used is based on vintage analysis, in which loans are monitored based on their maturity. In terms of corporate loans, the PD parameter is based on a transition matrix describing changes in the customer-specific ratings. Credit rating is a grade assigned by an external party. In smaller portfolios, the PD parameter applied by the company is a simple loss-rate model.

The Exposure at Default (EAD) is the amount of exposure at the reporting date. Calculation of the EAD takes into account the payments to the loan as stated in the payment plan. 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 exposures for the total limit granted. With credit card receivables, EAD calculation applies the so-called CCF coefficient when taking into account undrawn limits.

Loss Given Default (LGD) describes the credit losses' share of the loan capital after loan-specific collateral has been factored in, when the receivable is classified in stage 3.

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

The management of the company monitors the development of a loss allowance to ensure that the model properly reflects the amount of expected credit loss. If necessary, the management refines the calculation parameters.

2.4.4 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.

2.5 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. After derecognition, payments allocated to credit loss receivables are recognised through profit or loss in the item 'Expected credit loss from financial assets recognised at amortised cost'.

2.6 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 company 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.

Financial liabilities are not reclassified subsequent to their initial recognition.

2.7 Offsetting financial assets and liabilities

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

2.8 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 date. On the income statement, foreign exchange differences that emerged during valuation have been recognised in net gains from investment operations.

2.9 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.

2.10 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. Hedge accounting conforms to 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 company 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 company's own use and investment properties, based on the purpose of use.

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 company'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 Tax-based provisions

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 company.

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

6. Off-balance-sheet commitments

Off-balance-sheet 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.

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. The counterpart is recognised as a change in receivable or liability.

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

Significant lending transaction and processing fee income is recognised in interest income over time using the effective interest method in accordance with the average expected maturity of the loan rather than recognising the income as a one-off gain. The impact of the clarification on the fee and commission income of the 2019 accounting period is EUR –2,073.1 thousand and the impact on interest income is EUR +256.4 thousand. The clarification of the over-time accounting principles concerns new credit issued to companies and housing companies.

8. 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 and
- Taking into account forward-looking information in the recognition of expected credit losses.

8.1 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 the section '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.

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 3–10 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 provision

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.

P2 Categorisation of financial assets and financial liabilities

Financial assets December 31, 2019 (1,000 euros)	Amortised cost	Fair value through profit or loss	Fair value through fair value reserve	Book value, total	Fair value
Cash and cash equivalents	6,626	-	-	6,626	6,626
Loans to credit institutions	59,666	-	-	59,666	59,666
Loans to the public and public sector entities	2,948,943	-	-	2,948,943	2,948,943
Debt securities	-	263	268,271	268,534	268,534
Shares and other equity	-	54,608	-	54,608	54,608
Derivatives	-	5,634	-	5,634	5,634
Loans to the public and general government	-	500	-	500	500
Assets total	**3,015,235**	**61,005**	**268,271**	**3,344,511**	**3,344,511**
Shares, participations and subsidiaries				7,200	7,200
Investment property				8,100	8,180
Non-financial assets				41,644	41,644
Total assets 31.12.2019	**3,015,235**	**61,005**	**268,271**	**3,401,456**	**3,401,535**

Financial liabilities December 31, 2018 (1,000 euros)	Amortised cost	Fair value through profit or loss	Bookkeeping value, total	Fair value
Liabilities to credit institutions	88,045	-	88,045	88,045
Liabilities to the public and public sector entities	2,005,643	-	2,005,643	2,005,643
Subordinated loans	15,000	-	15,000	15,000
Debt securities issued to the public	926,957	-	926,957	926,957
Financial liabilities total	**3,035,645**	**-**	**3,035,645**	**3,035,645**
Other than financial liabilities			21,637	21,637
Total liabilities 31.12.2019			**3,057,282**	**3,057,282**

Financial assets December 31, 2019 (1,000 euros)	Amortised cost	Fair value through profit or loss	Fair value through fair value reserve	Book 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
Debt securities	-	179	228,480	228,659	228,659
Shares and other equity	-	36,411	-	36,411	36,411
Derivatives	-	1,593	-	1,593	1,593
Loans to the public and general government	-	284	-	284	284
Assets total	**2,601,549**	**38,467**	**228,480**	**2,868,496**	**2,868,496**
Shares, participations and subsidiaries				1,696	1,696
Investment property				8,265	9,006
Non-financial assets				34,684	34,684
Total assets 31.12.2018	**2,601,549**	**38,467**	**228,480**	**2,913,141**	**2,913,882**

Financial liabilities December 31, 2019 (1,000 euros)	Amortised cost	Fair value through profit or loss	Book value, total	Fair value
Liabilities to credit institutions	89,793	-	89,793	89,793
Liabilities 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**
Other than financial liabilities			15,988	15,988
Total liabilities 31.12.2019			**2,601,582**	**2,601,582**

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

Loans and advances to credit institutions (1,000 euros)	2019	Of which loss allowance	2018	Of which loss allowance
Payable on demand	**44,923**	**-**	**40,833**	**-**
From the central financial institution	39,430	-	39,708	-
From domestic credit institutions	5,492	-	1,125	-
Other	**14,743**	**-**	**17,948**	**-**
Minimum reserve deposit	14,743	-	17,948	-
Total	**59,666**	**-**	**58,782**	**-**

Loans and advances to the public and general government (1,000 euros)	2019	Of which loss allowance	2018	Of which loss allowance
Companies and housing associations	879,783	9,390	753,509	4,508
Financial and insurance institutions	21,990	65	22,588	160
Public bodies	2,755	0	29	0
Households	2,031,702	7,331	1,738,405	6,141
Non-profit organisations serving households	13,212	113	9,999	100
Total	**2,949,443**	**16,898**	**2,524,529**	**10,909**
- of which subordinated receivables	500	0	284	0

Matured and non-performing receivables (1,000 euros)	2019	2018
over 90 days matured receivables	37,231	26,748
of which likely to be unpaid, which are undue or less than 90 days due	9,496	9,205
Matured and non-performing receivables, total	**46,727**	**35,953**
Contract residual amount of financial assets that have been written off as a final credit losses during the reporting period and which are further subject to recovery measures	508	10,403
Amount of final credit losses recorded on assets for the financial year	2,226	1,716

Loans and advances to credit institutions, amortised (1,000 euros)	Stage 1	Stage 2	Stage 3	31.12.2019 Total	31.12.2018 Total
Expected credit losses 1.1.2018	**1,991**	**1,938**	**7,592**	**11,521**	**10,240**
Transfer to stage 1	509	-318	-150	41	-440
Transfer to stage 2	-124	720	-326	271	-157
Transfer to stage 3	-26	-294	5,914	5,594	2,920
New debt securities	1,750	526	470	2,745	2,117
Matured debt securities	-779	-341	-3,871	-4,990	-3,280
Realised credit losses	-0	-19	-1,109	-1,129	-1,183
Recoveries on previous realised credit losses	-	-	-	-	-
Changes in credit risk	-813	-62	2,506	1,631	948
Changes in the ECL model parameters	212	763	344	1,319	-
Manual corrections, at credit level	731	-211	-	520	356
Expected credit losses 31.12.2018	**3,451**	**2,701**	**11,371**	**17,523**	**11,521**

P4 Debt securities

(1,000 euros)	2019			2018		
	Total	Of which central bank funding entitling debt securities	Of which loss allowance	Total	Of which central bank funding entitling debt securities	Of which loss allowance
Recognised at fair value through profit and loss	**263**	**0**	**0**	**179**	**0**	**0**
Other	263	0	0	179	0	0
Recognised at fair value through fair value reserve	**268,271**	**234,913**	**660**	**228,480**	**195,344**	**548**
Publicly quoted	266,720	234,913	608	226,897	195,344	492
Other	1,551	0	51	1,583	0	56
Total	**268,534**	**234,913**	**660**	**228,659**	**195,344**	**548**
of which subordinated receivables	263			179		

Debt securities, amortised (1,000 euros)	Stage 1	Stage 2	Stage 3	31.12.2019 Total	31.12.2018 Total
Expected credit losses 1.1.	**499**	**49**	**-**	**548**	**484**
Transfer to stage 1	1	-14	-	-14	-
Transfer to stage 2	-	-	-	-	20
Transfer to stage 3	-	-	-	-	-
New debt securities	35	39	-	73	190
Matured debt securities	-3	-8	-	-11	-44
Realised credit losses	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-
Changes in credit risk	31	-7	-	24	-102
Changes in the ECL model parameters	7	32	-	39	-
Manual corrections, at credit level	-	-	-	-	-
Expected credit losses 31 December	**569**	**91**	**-**	**660**	**548**

P5 Shares and other equity

(1,000 euros)	2019	2018
At fair value through profit or loss		
Publicly quoted	29,305	15,200
Other	25,303	21,211
At fair value through profit or loss, total	**54,608**	**36,411**
Of which in credit institutions	12,117	12,123
Of which in other companies	42,491	24,288
At amortised cost:		
Shares and holdings in participation companies	**5,679**	**175**
Of which in credit institutions	-	-
Of which in other companies	5,679	175
Shares and holdings in companies belonging to the same Group	**1,521**	**1,521**
Of which in credit institutions	1,521	1,521
Of which in other companies	-	-
Total at amortised cost	**7,200**	**1,696**
Total shares	**61,809**	**38,107**

P6 Derivative contracts

Nominal values of derivative contracts (1,000 euros)	2019			
Residual maturity	**less than 1 year**	**1-5 years**	**over 5 years**	**Total**
Hedging derivative contracts	40,791	699,644	-	740,436
Fair value hedge				
Interest rate derivatives				
Interest rate swaps	15,000	650,000	-	665,000
Other hedging derivatives				
Stock derivatives	25,791	49,644	-	75,436

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	-	447,715
Fair value hedge				
Interest rate derivatives				
Interest rate swaps	5,000	365,000	-	370,000
Other hedging derivatives				
Stock derivatives	18,543	59,172	-	77,715

Fair values of derivative contracts	2019		2018	
(1,000 euros)	Assets	Liabilities	Assets	Liabilities
Hedging derivative contracts				
Fair value hedge	5,337	-	1,519	-
Interest rate derivatives	5,897	-	1,772	-
CVA and DVA adjustments	-561	-	-252	-
Other hedging derivatives	297	-	74	-
Stock derivatives	423	-	250	-
CVA and DVA adjustments	-125	-	-176	-
Total	**5,634**	**-**	**1,593**	**-**

Profit or loss resulting from the hedged risk of the hedging instrument (1,000 euros)	2019	2018
Change in the value of hedged object	5,966	1,447

P7 Intangible assets

(1,000 euros)	2019	2018
IT expenses	514	430
Goodwill	2,000	2,500
Other intangible assets	7,651	3,811
Total	**10,165**	**6,741**

Intangible assets	2019	2018
Acquisition cost January 1	15,393	15,203
+ increases during the accounting period	5,322	351
- decreases during the accounting period	-42	-161
+ transfers between items	16	-
Acquisition cost December 31	20,689	15,393
Accrued amortisation and impairment January 1	-8,652	-6,932
+/- accrued amortisation on decreases and transfers	39	-
- amortisation during the accounting period	-1,878	-1,720
- impairment during the accounting period	-33	-
Accrued amortisation and impairment December 31	-10,524	-8,652
Closing balance December 31	**10,165**	**6,741**
Opening balance January 1	6,741	8,271

P8 Tangible assets

(1,000 euros)	2019		2018	
	Book value	Fair value	Book value	Fair value
Land and water				
In own use	338	338	352	352
Used for investments	910	910	640	640
Total	**1,248**	**1,248**	**991**	**992**
Buildings				
In own use	474	474	619	619
Used for investments	353	353	452	452
Total	**827**	**827**	**1,070**	**1,071**
Shares and other equity in property companies				
In own use	17,488	17,488	12,186	12,186
Used for investments	6,837	8,180	7,174	9,006
Total	**24,325**	**25,668**	**19,359**	**21,192**
Other tangible assets	**1,163**		**1,264**	
Tangible assets, total	**27,563**		**22,685**	

Investment properties have been measured at acquisition cost.

Changes in tangible assets during the accounting period

(1,000 euros)	2019			
	Investment properties and investment property shares	Other properties and property shares	Other tangible assets	Total
Acquisition cost January 1	11,679	17,652	9,413	38,743
+ increases during the accounting period	274	6,135	414	6,823
- decreases during the accounting period	-192	-380	-72	-644
+/- transfers between items	-	-16	-	-16
Acquisition cost December 31	11,760	23,390	9,755	44,906
Accrued depreciation and impairment January 1	-3,414	-4,495	-8,149	-16,058
+/- accrued depreciation ja arvonalennukset on decreases and transfers	156	223	50	429
- depreciation during the accounting period	-82	-86	-494	-661
- impairment during the accounting period	-320	-732	-	-1,052
Accrued depreciation and impairment December 31	-3,660	-5,090	-8,592	-17,343
Closing Balance December 31	**8,100**	**18,300**	**1,163**	**27,563**
Opening Balance January 1	8,265	13,156	1,264	22,685

(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	-	-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	-	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
Closing Balance December 31	**8,265**	**13,156**	**1,264**	**22,685**
Opening Balance January 1	9,140	12,995	1,653	23,788

P9 Other assets

(1,000 euros)	2019	2018
Receivables on payment transfers	60	32
Other	465	272
Total	**526**	**304**

P10 Accrued income and prepayments

(1,000 euros)	2019	2018
Interests	7,502	6,494
Other	3,194	6,354
Total	**10,696**	**12,848**

P11 Liabilities to the public and general government and liabilities to credit institutions

Liabilities to the public and general government (1,000 euros)	2019	2018
Deposits	**2,005,563**	**1,757,661**
Repayable on demand	1,697,222	1,544,286
Other	308,341	213,375
Other liabilitites		
Other	81	267
Total	**2,005,563**	**1,757,928**

Liabilities to credit institutions (1,000 euros)	2019	2018
Repayable on demand	16,052	11,871
Other	71,992	77,923
Total	**88,045**	**89,793**

P12 Debt securities issued to the public

(1,000 euros)	2019 Closing balance	2019 Nominal value	2018 Closing balance	2018 Nominal value
Certificates of deposit	154,883	155,000	129,965	130,000
Bonds	772,074	775,000	582,908	585,000
Total	**926,957**	**930,000**	**712,873**	**715,000**

Maturity of bonds	Nominal value	Interest	Year of issue	Due date	Closing balance 2019	Closing balance 2018
Oma Sp Oyj 6.5.2019	110,000	margin 1,000 % / variable	2016	06/05/2019	-	109,978
Oma Sp Oyj 3.4.2020	125,000	margin 0,880 % / variable	2017	03/04/2020	124,984	124,919
Oma Sp Oyj 12.12.2022, covered bond	350,000	0,125 % / fixed	2017-2018	12/12/2022	348,512	348,010
Oma Sp Oyj 3.4.2024, covered bond	300,000	0,125 % / fixed	2019	03/04/2024	298,578	-
					772,074	**582,908**

Maturity of deposit certificates	less than 3 months	3-6 months	6-9 months	9-12 months	Closing balance, total
31.12.2019	47,489	45,979	46,433	14,982	**154,883**
31.12.2018	104,983	24,983	-	-	**129,965**

P13 Provisions

Provisions (1,000 euros)	2019	2018
Other provisions	109,359	97,544
Total	**109,359**	**97,544**

Other liabilitites (1,000 euros)	2019	2018
Liabilities on payment transfers	7,389	5,681
Expected credit loss on loan commitments	625	612
Other	2,596	731
Total	**10,610**	**7,024**

P14 Accrued expenses and deferred income

(1,000 euros)	2019	2018
Interests	3,058	2,732
Other	5,823	5,573
Total	**8,881**	**8,305**

P15 Subordinated liabilities

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

(1,000 euros)	Bookkeeping value			
Identifying details of liability	**2019**	**2018**	**Interest %**	**Due date**
Oma Savings Bank Group's debenture loan I/2014	-	10,000	2.65	20.5.2019
Oma Savings Bank Group's debenture loan I/2017	15,000	15,000	1.25	1.2.2023
Total	**15,000**	**25,000**		

	Amount included in own funds	
Identifying details of liability	**2019**	**2018**
Oma Savings Bank Group's debenture loan I/2014	-	767
Oma Savings Bank Group's debenture loan I/2017	9,266	12,265
Total	**9,266**	**13,031**

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

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

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

P16 Deferred tax liabilities and tax assets

(1,000 euros)	2019	2018
Tax receivables calculated from other temporary differences	783	267
Amount of deferred tax assets due to fair value reserve	11	104
Deferred tax assets total	**794**	**371**
Tax liabilities calculated from other temporary differences	132	110
Amount of deferred tax liabilities due to fair value reserve	2,014	550
Deferred tax liabilities total	**2,146**	**659**

Deferred tax liabilities and tax assets are recognised in the fair value reserve through the changes in recognised fair value and financial assets held 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 company's balance sheet.

P17 Maturity distribution of financial assets and liabilities

Financial assets (1,000 euros)	2019					
	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	130,245	98,774	5,894	234,913
Loans and advances to credit institutions	44,923	14,743	0	0	0	59,666
Loans and advances to the public and general government	75,027	350,858	958,934	773,696	790,929	2,949,443
Debt securities	0	2,259	18,957	12,405	0	33,621
Derivative contracts	0	561	5,073	0	0	5,634
Total	**119,949**	**368,421**	**1,113,209**	**884,875**	**796,823**	**3,283,277**

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 liabilities (1,000 euros)	2019					
	less than 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Liabilities to credit institutions and central banks	16,052	7,441	36,781	7,771	20,000	88,045
Liabilities to the public and general government	1,741,725	181,281	82,557	81	0	2,005,643
Debt securities issued to the public	0	279,866	647,090	0	0	926,957
Subordinated debts	0	0	15,000	0	0	15,000
Derivative contracts	0	0	0	0	0	0
Total	**1,757,778**	**468,588**	**781,427**	**7,852**	**20,000**	**3,035,645**

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**

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.

P18 Itemisation of assets and liabilities in domestic and foreign denominations

Assets	2019		2018	
(1,000 euros)	**Domestic currency**	**Foreign currency**	**Domestic currency**	**Foreign currency**
Debt securities eligible for refinancing with central banks	234,913	-	195,344	-
Loans and advances to credit institutions	59,666	-	58,782	-
Loans and advances to the public and general government	2,949,443	-	2,524,529	-
Debt securities	33,621	-	33,315	-
Derivative contracts	5,634	-	1,593	-
Other assets	116,417	1,763	98,363	1,214
Total	**3,399,694**	**1,763**	**2,911,927**	**1,214**

Liabilities	2019		2018	
(1,000 euros)	**Domestic currency**	**Foreign currency**	**Domestic currency**	**Foreign currency**
Liabilities to credit institutions and central banks	88,045	-	89,793	-
Liabilities to the public and general government	2,005,643	-	1,757,928	-
Debt securities issued to the public	926,957	-	712,873	-
Subordinated liabilities	15,000	-	25,000	-
Other liabilities	12,756	-	7,684	-
Accrued expenses and deferred income	8,881	-	8,305	-
Total	**3,057,282**	**-**	**2,601,582**	**-**

P19 Fair values and book values of financial assets and liabilities and fair value hierarchy

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

Financial assets	**2019**		**2018**	
(1,000 euros)	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and cash equivalents	6,626	6,626	18,521	18,521
Loans and advances to credit institutions	59,666	59,666	58,782	58,782
Loans and advances to the public and general government	2,949,443	2,949,443	2,524,708	2,524,708
Debt securities	268,534	268,534	228,480	228,480
Shares and other equity	54,608	54,608	38,107	38,107
Derivative contracts	5,634	5,634	1,593	1,593
Total	**3,344,511**	**3,344,511**	**2,870,192**	**2,870,192**

Financial liabilities	**2019**		**2018**	
(1,000 euros)	**Book value**	**Fair value**	**Book value**	**Fair value**
Liabilities to credit institutions	88,045	88,045	89,793	89,793
Liabilities to the public and general government	2,005,643	2,005,643	1,757,928	1,757,928
Debt securities issued to the public	926,957	926,957	712,873	712,873
Subordinated liabilities	15,000	15,000	25,000	25,000
Total	**3,035,645**	**3,035,645**	**2,585,594**	**2,585,594**

2019 (1,000 euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial instruments measured at fair value	297,755	7,397	23,624	**328,776**

2018 (1,000 euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial instruments measured at fair value	243,570	2,808	20,107	**266,484**

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 measured at fair value

(1,000 euros)	**2019**			**2018**		
	Fair value	**Change in value in income statement**	**Fair value reserve 31.12.**	**Fair value**	**Change in value in income statement**	**Fair value reserve 31.12.**
Financial assets at fair value through fair value reserve	268,271	-120	10,013	228,480	396	2,227
Financial assets at fair value through profit or loss	60,505	6,765	-	38,004	-816	-
Total	**328,776**	**6,645**	**10,013**	**266,484**	**-420**	**2,227**

P20 Distribution of financial assets by risk rating

- **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	Stage 1	Stage 2	Stage 3	31.12.2019 Total	31.12.2018 Total
Risk rating 1	1,770,562	117,406	7,504	1,895,471	1,747,789
Risk rating 2	720,637	93,312	7,764	821,713	637,914
Risk rating 3	178,428	59,411	4,747	242,586	174,535
Risk rating 4	16,773	62,380	21,416	100,569	94,760
No rating	17,215	2,824	4,208	24,247	8,420
Capital items by risk rating, total	**2,703,615**	**335,333**	**45,639**	**3,084,587**	**2,663,418**
Allowance for credit losses	3,451	2,701	11,371	17,523	11,521
Total	**2,700,164**	**332,632**	**34,268**	**3,067,063**	**2,651,897**

Debt securities	Stage 1	Stage 2	Stage 3	31.12.2019 Total	31.12.2018 Total
Risk rating 1	246,244	-	-	246,244	199,830
Risk rating 2	-	-	-	-	2,951
Risk rating 3	-	-	-	-	-
Risk rating 4	-	-	-	-	-
No rating	11,558	11,128	-	22,687	26,247
Capital items by risk rating, total	**257,802**	**11,128**	**-**	**268,931**	**229,028**
Allowance for credit losses	569	91	-	660	548
Total	**257,233**	**11,038**	**-**	**268,271**	**228,480**

P21 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 off-balance sheet commitments by industry (1,000 euros)	Risk rating 1	Risk rating 2	Risk rating 3	Risk rating 4	No rating	31.12.2019 Total	31.12.2018 Total
Companies	713,768	129,121	34,188	45,406	12,260	**934,744**	**828,814**
Agriculture	22,583	723	1,498	825	41	**25,670**	**22,323**
Real estate	391,630	59,342	9,527	12,349	5,783	**478,631**	**436,050**
Construction	51,596	11,578	2,155	5,467	2,442	**73,237**	**61,606**
Wholesale and retail	71,456	19,554	2,058	9,793	650	**103,510**	**81,463**
Industry	31,800	5,341	3,483	7,451	1,498	**49,572**	**46,895**
Transportation and storage	14,222	2,896	2,153	1,191	542	**21,004**	**21,453**
Other	130,482	29,687	13,315	8,330	1,305	**183,120**	**159,024**
General government	-	-	-	-	3,180	**3,180**	**179**
Non-profit organisations	12,105	913	221	100	579	**13,919**	**10,491**
Finance and insurance	23,173	93	-	-	15	**23,282**	**24,395**
Households	1,146,424	691,585	208,178	55,063	8,213	**2,109,463**	**1,799,539**
Total December 31	**1,895,471**	**821,713**	**242,586**	**100,569**	**24,247**	**3,084,587**	**2,663,418**

P22 Impact of collaterals and other arrangements improving the quality of loans

	Amount exposed to credit risk covered by collateral		
(1,000 euros)	**31.12.2019**	**31.12.2018**	**Description of collateral held**
Home mortgages	1,521,604	1,257,497	Mostly residential real estate collateral
Business loans	807,588	706,979	Mostly property collateral
Consumer credit	288,721	266,150	Mostly residential real estate collateral
Other	343,351	300,047	Mostly property collateral
Loans and advances to the public and general government	**2,961,264**	**2,530,674**	

P23 Changes in equity during the accounting period

(1,000 euros)	At the beginning of the accounting period	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	-	-	-	-
Fair value reserve	-	-	-	-
Measured at fair value	2,220	6,318	-	8,539
Non-restricted reserves	-	-	-	-
Reserve for invested non-restricted equity	137,488	-	-	137,488
Retained earnings	39,548	10,760	-4,142	46,166
Profit for the period	10,760	18,624	-10,760	18,624
Equity, total	**214,016**	**35,702**	**-14,902**	**234,816**

Changes in fair value reserve during the accounting period

	2019			
(1,000 euros)	Debt securities	Shares and other equity	Cash flow hedge	Total
Fair value reserve January 1, 2019	**2,220**	**-**	**-**	**2,220**
Increases	14,060	-	-	14,060
Decreases	-6,394	-	-	-6,394
Reclassified from the fair value reserve to the income statement	120	-	-	120
Fair value reserve reclassification to retained earnings (transfer of shares)	-	-	-	-
Expected credit losses	112	-	-	112
Changes in fair value reserve 2019, total	**7,898**	**-**	**-**	**7,898**
Fair value reserve December 31, 2019 (gross)	10,118	-	-	10,118
Deferred tax assets (+) / liabilities (-)	-1,580	-	-	-1,580
Fair value reserve December 31, 2019	**8,538**	-	-	**8,538**

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

Calculation of distributable equity (1,000 euros)	2019	2018
Retained earnings	46,166	39,548
Profit for the financial period	18,624	10,760
Invested unrestricted equity fund	137,488	137,488
Capitalized development expenditure	-2,775	-
Total	**199,503**	**187,795**

P24 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.

	Ownership December 31, 2019		Ownership December 31, 2018	
	Number of shares	% in shares	Number of shares	% in shares
Etelä-Karjalan Säästöpankkisäätiö	10,578,759	35.8	10,425,000	35.2
Parkanon Säästöpankkisäätiö	3,400,000	11.5	3,400,000	11.5
Töysän Säästöpankkisäätiö	3,000,000	10.1	3,000,000	10.1
Kuortaneen Säästöpankkisäätiö	2,000,000	6.8	2,000,000	6.8
Hauhon Säästöpankkisäätiö	1,680,000	5.7	1,680,000	5.7
Rengon Säästöpankkisäätiö	1,120,000	3.8	1,120,000	3.8
Suodenniemen Säästöpankkisäätiö	800,000	2.7	800,000	2.7
Elo Mutual Pension Insurance Company	788,405	2.7	788,405	2.7
Joroisten Oma Osuuskunta	689,150	2.3	689,150	2.3
Pyhäselän Oma Osuuskunta	658,850	2.2	758,850	2.6
10 largest shareholders	**24,715,164**	**83.5**	**24,661,405**	**83.4**
Other	4,869,836	16.5	4,923,595	16.6
Total	**29,585,000**	100.0	**29,585,000**	100.0

The company owns 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 less deferred taxes. 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 companies' separate financial statements and the depreciation difference, minus deferred tax liabilities. In 2019 dividends were distributed EUR 4,1 million.

P25 Interest income and expenses

(1,000 euros)	2019	2018
Interest income		
Debt securities eligible for refinancing with central banks	1,510	1,178
Receivables from the public and general government	57,150	50,265
On debt securities	638	989
Derivate contracts	1,594	1,437
Negative interest expenses from financial liabilities	764	751
Other interest income	531	683
Total	**62,188**	**55,303**
Interest income from financial assets transferred to stage 3	1,395	1,185
Interest expenses		
Liabilities to credit institutions	-33	-163
Liabilities to the public and general government	-1,798	-2,316
Debt securities issued to te public	-2,761	-3,085
Subordinated liabilities	-289	-477
Negative interest income from financial assets	-369	-512
Other interest expenses	-15	-8
Total	**-5,266**	**-6,561**

P26 Income from equity instruments

(1,000 euros)	2019	2018
Dividend income from financial assets at fair value through profit and loss	230	302
From financial assets at fair value through fair value reserve	1,163	987
Total	**1,393**	**1,289**

P27 Fee and commission income and expenses

(1,000 euros)	2019	2018
Fee and commission income		
Lending	8,568	10,054
Borrowing	1,175	1,123
Payment transactions	12,305	11,280
Asset management	1,034	1,077
Brokered products	3,786	3,763
Granting of guarantees	884	640
Other fee and commission income	461	536
Total	**28,213**	**28,472**
Fee and commission expenses		
Paid delivery fees	-1,185	-1,141
Other	-2,886	-4,365
Total	**-4,071**	**-5,506**

P28 Net income from securities and currency trading

	2019			2018		
(1,000 euros)	Capital gain and loss (net)	Transfers from the fair value reserve	Total	Capital gain and loss (net)	Transfers from the fair value reserve	Total
On debt securities	-	-	-	-116	-104	-220
Shares and other equity	491	6,765	7,255	-90	-712	-802
Derivative instruments and other receivables	8	-272	-264	-227	-197	-424
Net income from securities trading, total	499	6,492	6,992	-433	-1,013	-1,446
Net income from currency trading	23	-	23	45	-	45
Net income from securities and currency trading, total	**522**	**6,492**	**7,014**	**-388**	**-1,013**	**-1,401**

P29 Net income from financial assets recognised at fair value through fair value reserve

	2019			2018		
(1,000 euros)	Capital gain and loss (net)	Transfers from the fair value reserve	Total	Capital gain and loss (net)	Transfers from the fair value reserve	Total
On debt securities	131	-120	11	-4	396	393
Total	**131**	**-120**	**11**	**-4**	**396**	**393**

P30 Net income from hedge accounting

(1,000 euros)	2019	2018
Changes in fair value of hedge instruments	4,188	5,178
Changes in fair value of hedged items	-4,309	-4,434
Total	**-121**	**744**

P31 Other operating income and expenses

(1,000 euros)	2019	2018
Other operating income		
Rent income from properties in own use	89	61
Other income	1,870	1,540
Total	**1,959**	**1,601**

Other operating expenses	2019	2018
Rent expenses	-1,680	-1,431
Expenses on properties in own use	-1,543	-1,547
Capital loss from properties in own use	-35	-
Guarantee Fund expenses	-1,232	-846
Other expenses	-3,276	-3,885
Total	**-7,766**	**-7,709**

Auditor's fees

(1,000 euros)	2019	2018
KPMG Oy Ab		
Auditor's fees by assignment group:		
Audit	290	374
Assignments as provided for in Section 1, Sub-section 1, Clause 2 of the Auditing Act	-	51
Other services	70	334
Total	**360**	**759**

P32 Net income from investment properties

(1,000 euros)	2019	2018
Rent income	709	818
Rent expenses	-1	-1
Depreciation	-164	-164
Capital gain and loss (net)	-37	-273
Impairment loss	-320	-
Other income	3	3
Other expenses	-900	-942
Total	**-711**	**-559**

P33 Personnel expenses

(1,000 euros)	2019	2018
Salaries and rewards	-13,858	-13,027
Long-term benefits	-2,768	-2,778
Pensions	-2,443	-2,324
Other long-term benefits	-325	-454
Total	**-16,626**	**-15,804**

Number of employees December 31	2019	2018
Permanent full-time employees	230	232
Permanent part-time employees	6	6
Temporary employees	36	49
Total	**272**	**287**
Average number of employees during the financial year.	294	282

Pension liabilities

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

P34 Depreciation, amortisation and impairment on tangible and intangible assets

(1,000 euros)	2019	2018
Depreciation and amortisation	**-2,398**	**-2,209**
Tangible assets	-601	-574
Intangible assets	-1,797	-1,636
Impairment and reversals of impairment losses	-765	-
Tangible assets	-765	-
Total	**-3,163**	**-2,209**

P35 Other administration expenses

(1,000 euros)	2019	2018
Other personnel expenses	-1,907	-1,552
Office expenses	-2,817	-2,355
IT expenses	-13,269	-12,140
Telephony expenses	-1,258	-1,109
Marketing expenses	-1,700	-2,601
Total	**-20,952**	**-19,757**

P36 Expected credit losses on loans and other commitments and other financial assets

(1,000 euros)	2019			
Expected credit loss on financial assets at amortised cost and guarantees and other off-balance sheet commitments	**Contractual expected credit losses, gross**	**Reversals**	**Reversals of final credit losses recognised in the income statement**	**Final credit losses recognised in the income stetement**
Loans and advances to credit institutions	95	-	-	-
Loans and advances to the public and general government	-7,213	1,129	40	-2,540
Debt securities	-	-	-	-
Off-balance sheet commitments	-13	-	-	-
Total	**-7,131**	**1,129**	**40**	**-2,540**
Expected credit losses on other financial assets				
Debt securities at fair value through fair value reserve	-112	-	-	-
Impairment on shares and other equity in subsidiaries and associated companies	-	-	-	-8
Other financial assets at fair value through fair value reserve	-	-	-	-
Total	**-112**	**-**	**-**	**-8**
Expected credit losses total	**-7,243**	**1,129**	**40**	**-2,547**

(1,000 euros)	2018			
Expected credit loss on financial assets at amortised cost and guarantees and other off-balance sheet commitments	**Contractual expected credit losses, gross**	**Reversals**	**Reversals of final credit losses recognised in the income statement**	**Final credit losses recognised in the income stetement**
Loans and advances to credit institutions	-147	-	-	-
Loans and advances to the public and general government	-2,430	1,183	75	-1,988
Debt securities	-	-	-	-
Off-balance sheet commitments	114	-	-	-
Total	**-2,464**	**1,183**	**75**	**-1,988**
Expected credit losses on other financial assets				
Debt securities at fair value through fair value reserve	-64	-	-	-
Impairment on shares and other equity in subsidiaries and associated companies	-	-	-	-
Other financial assets at fair value through fair value reserve	-	-	-	-
Total	**-64**	**-**	**-**	**-**
Expected credit losses total	**-2,528**	**1,183**	**75**	**-1,988**

P37 Rent liabilities and off-balance sheet commitments

Rent liabilities

Minimum rent payable based on irrevocable rent agreements.

(1,000 euros)	2019	2018
Within one year	1,318	1,109
During 1-5 years	2,866	3,241
Within more than 5 years	0	90
Total	**4,184**	**4,439**

Off-balance sheet commitments

(1,000 euros)	2019	2018
Commitments given to a third party on behalf of a customer		
Guarantees	21,781	21,735
Other commitments given to a third party on behalf of a customer	266	297
Irrevocable commitments given in favour of a customer	191,164	188,532
Off-balance sheet commitments, total	**213,211**	**210,564**

Other off-balance sheet arrangements

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

(1,000 euros)	2019	2018
The joint liability amount related to the group registration of value added tax	1,604	1,957

P38 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

Signatures on the financial statements and the annual report

Helsinki, February 28, 2020

OMA SAVINGS BANK PLC'S BOARD OF DIRECTORS

Jarmo Salmi
Chairman of the Board

Jyrki Mäkynen
Vice Chairman of the Board

Aila Hemminki

Aki Jaskari

Timo Kokkala

Heli Korpinen

Jaana Sandström

Pasi Sydänlammi
CEO

Auditor's Note

An audit report has been provided today.
Helsinki, February 28, 2020

KPMG Oy Ab

APA Fredrik Westerholm

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

We have audited the financial statements of Oma Savings Bank Plc (business identity code 2231936-2) for the year ended 31 December 2019. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, cash flow statement and notes.

In our 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.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are 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 our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our 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 we set is based on our 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. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we 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.

We 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 (Refer to note G2 Accounting principles for the consolidated financial statements and notes G3, G5, and G24 to the consolidated financial statements)	
• Loans and advances to customers, totalling EUR 2,960 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 applies IFRS 9 Financial Instruments and related expected credit loss (ECL) accounting to recognition of impairment losses on receivables. • 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, 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 for receivables, as well as tested controls over valuation of loan receivables and collaterals. • 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 instrument specialists were involved in the audit. • Furthermore, we considered the appropriateness of the disclosures provided in respect of receivables and expected credit losses.

Valuation of investment assets
(Refer to note G2 Accounting principles for the consolidated financial statements and notes G3, G7 and G30 to the consolidated financial statements)

- Investment assets are carried at EUR 330.0 million, for which financial assets measured at fair value totaled EUR 323.1 million, representing 10 % 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.
- 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.

- 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 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.

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.
- Consequently, the IT environment related to the financial reporting process, development activities and the application controls of individual IT systems have a significant effect on the selected audit approach.

- 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.
- We considered the progress of the basic banking platform project at an interim audit stage. Associated development costs amounting to EUR 2.8 million have been capitalised under intangible rights on the consolidated balance sheet. We examined that the costs meet the definition for an intangible asset and related recognition criteria.

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

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we 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. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our 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 our audit engagement

We were first appointed as auditors by the Annual General Meeting on 9 April 2016, and our appointment represents a total period of uninterrupted engagement of four 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 our auditor's report thereon. We 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 us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our 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 our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our 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 we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 28 February 2020

KPMG OY AB

FREDRIK WESTERHOLM
Authorised Public Accountant, KHT

omasp.fi

Oma Savings Bank Plc
Valtakatu 32, FI-53100 Lappeenranta
tel. +358 20 764 0600, omasp@omasp.fi