



# Q2/2019

**Oma Savings Bank Group**

Half-Year Financial Report 30 June 2019



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Half-Year Financial Report 30 June 2019 is a translation of the original Finnish version "Puolivuosikatsaus 30.6.2019". If discrepancies occur, the Finnish version is dominant.



## Best half-year result in the history – profitable growth continues

Excellent momentum in demand for home mortgages and corporate credit

Oma Savings Bank's first half of 2019 has been excellent, and profitable growth remained strong. For the first six months of the year, profit before taxes amounted to EUR 18.7 (13.1) million. The operations of the Greater Helsinki, Oulu and Turku branches have remained brisk since they opened their doors in February. We expect the strong growth to continue during the second half of the year and our result to grow in line with our expectations.

Our net interest income grew strongly also during the second quarter, increasing 22% on the comparable period. Our deposit stocks continued to develop in line with expectations. The growth rate of our home mortgage portfolio grew excellently compared to the first quarter of the year, amounting to EUR 71.3 million and growing

6% during the second quarter. At the end of June, our home mortgage portfolio stood at EUR 1.31 (1.24) billion. Corporate loans continued to increase, growing at a solid rate of more than 5%, amounting to EUR 47.1 million. At the end of June, our corporate loans totalled EUR 921.7 (874.6) billion. The second-quarter result was affected by an increase in IT costs, a change in the recognition principles for lending fees and commissions and personnel and leasing costs related to the new branches. The result was additionally affected by the growth in expected credit losses, which was due to the substantial growth in the loan portfolio and the ECL-stage transfers of some loans.

Comparable profit before taxes for the first six months of the year was EUR 13.1 (12.8) million.

## Changes in the composition of the Board of Directors

Jarmo Partanen's commendable work as Chairman of the Board of Directors came to a natural end when he reached his retirement age. Jarmo Salmi (LL.M.) took over as the new Chairman. He has been a member of OmaSp's Board of Directors since 2014. Jaana Sandström, D.Sc. Tech. and Professor of Accounting at Lappeenranta University of Technology, started as a new Board member.

## The Group's management team was strengthened

Chief Risk Officer Kimmo Tapionsalo started as a new member of the management team in April. As CIO Kari-Mikael Markkanen left the company to pursue other opportunities, we launched a recruitment process to find a new IT director. Ville Rissanen was appointed Director of Digital Services, and he will begin in September. Ville's strong experience of digital banking services and expertise in Temenos technology will bring solid added value to our operations and key development projects.

## Sustainability is a basic pillar of our strategy

We are publishing Oma Savings Bank's first Corporate Social Responsibility (CSR) Report in connection with the half-year report. The report describes the most important social, environmental and economic impacts of the company's operations. Our CSR efforts are based on our company's values, Code of Conduct, stakeholder expectations and megatrends that affect our operations. Based on these, we have 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.

## Significant investments to enhance the customer experience

Oma Savings Bank's full-service branches in Joensuu and Jalasjärvi moved into new premises in May. During the second quarter, we also invested in our digital services and we developed a new version of our mobile bank based on customer feedback. The functionalities of OmaMobiili were complemented by, among other things, the possibility to use the virtual bar code for making payments and to keep track of the value development of funds.

The project of the banking platform proceeds according to the plans and is in a good speed.

We want our customers around Finland to experience quality personal service in the form of traditional in-office meetings and modern digital services. I believe that the investments we have made translate to an even better customer experience and, in turn, to a growing customer base.



**Pasi Sydänlammi**  
CEO

We want our customers around Finland to experience quality personal service in the form of traditional in-office meetings and modern digital services.

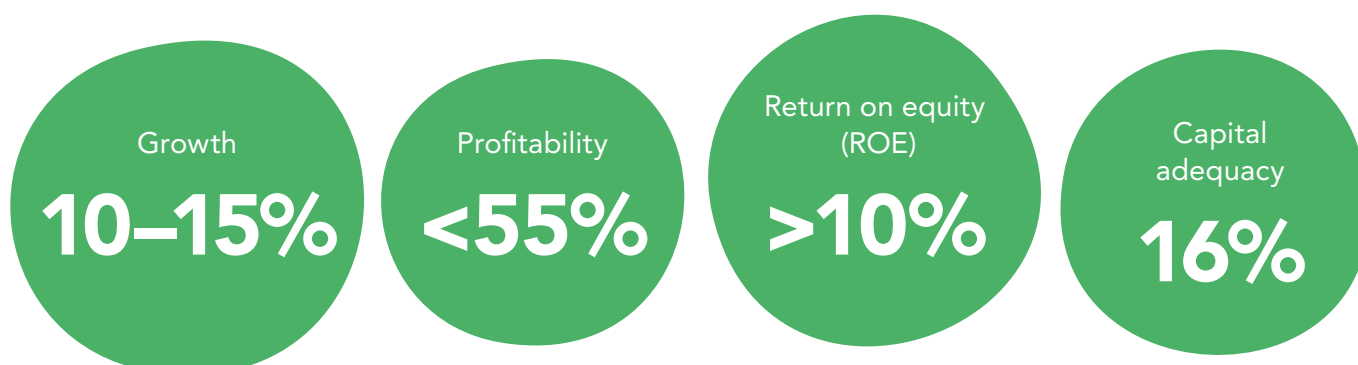
## Key figures

<p>Total operating income</p> <p><b>48.5</b> EUR milj.</p> <p>Accounting period 1–6/2019</p>	<p>Profit before taxes</p> <p><b>18.7</b> EUR milj.</p> <p>Accounting period 1–6/2019</p>	<p>Comparable profit before taxes</p> <p><b>13.1</b> EUR milj.</p> <p>Accounting period 1–6/2019</p>
<p>Cost/income ratio<sup>(1)</sup></p> <p><b>54.1%</b></p> <p>Accounting period 1–6/2019</p>	<p>Balance sheet total</p> <p><b>3,244</b> EUR milj.</p> <p>Accounting period 1–6/2019</p>	<p>Number of employees</p> <p><b>304</b></p> <p>Average, accounting period 1–6/2019</p>
<p>Equity</p> <p><b>309.4</b> EUR milj.</p> <p>Accounting period 1–6/2019</p>	<p>Common Equity Tier 1 (CET1)</p> <p><b>17.3%</b></p> <p>As percentage of risk exposure Accounting period 1-5/2019</p>	<p>Return on equity (ROE)</p> <p><b>10.8%</b></p> <p>Accounting period 1–6/2019</p>

1) The calculation principles of the key figures and alternative key figures are presented in note G15 of the Half-Year Financial Report on the page 75.

## Financial goals

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



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

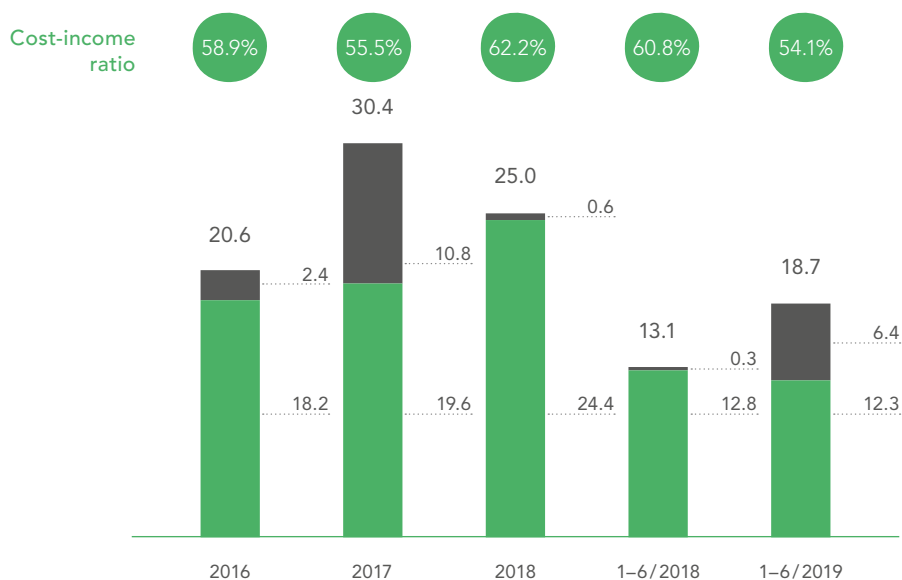
Cost/income ratio less than 55% (actual figure for 2018 62%)

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

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

# A profitably growing Finnish bank

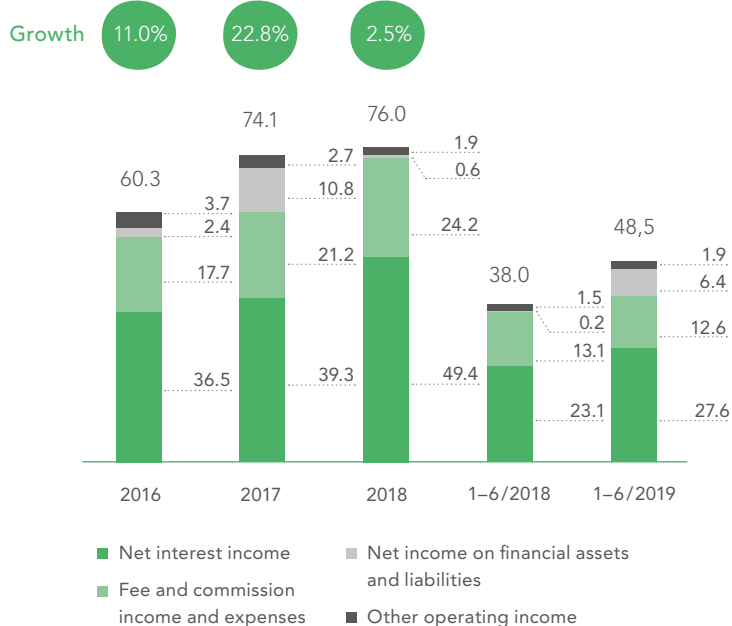
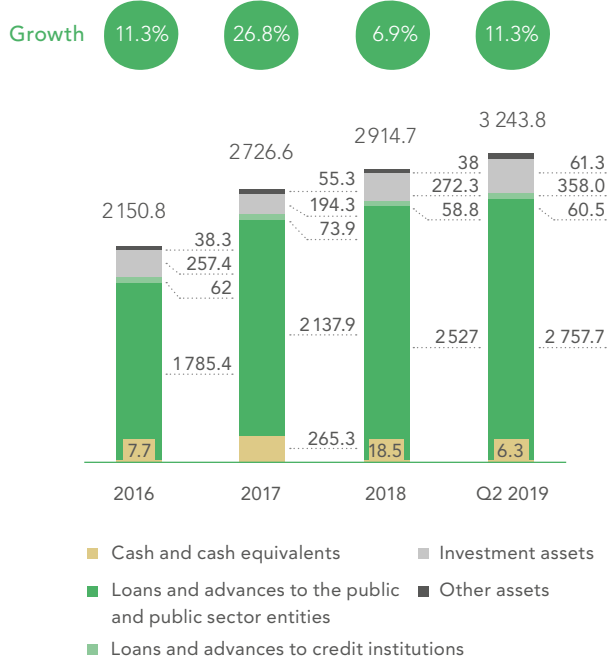
Profit before taxes, EUR mill.



■ Net income from financial assets and liabilities. Net income from financial assets and liabilities is in line with 2016–2018 In the financial statements, 'Net trading income' and 'Net investment income' add up.

Balance sheet total, EUR mill.

Total operating income, EUR mill.



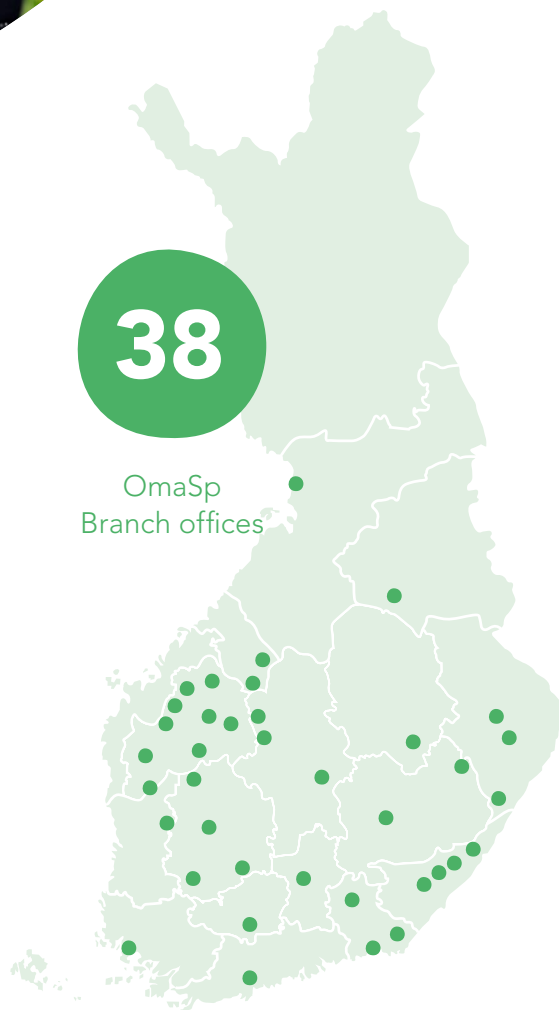


## Our goal is to offer the best local banking services – close to you

New branch offices were opened in Greater Helsinki, Oulu and Turku in early 2019. Our operations in Finland's major growth centres have received positive feedback from customers. Currently, our approximately 300 experts offer comprehensive banking services to more than 136,000 private and corporate customers via our 38 branch offices in different parts of Finland and through our digital service channels.

**38**

OmaSp  
Branch offices





Satisfaction with  
their own contact person

**4.7/5\***

\*OmaSp Parasta palvelua  
survey 12/2018.



## OmaSp – out and about in Turku

Oma Savings Bank's Turku branch office was opened in February in the very heart of the city. The office's operations got off to a flying start, as expected.

For Aliisa Leimu, Mikko Syrjälä, Sanna Suominen, Saara Korkatti and Karoliina Anttila, who work at the branch office, it was clear from the get-go that they should spread the word of the newcomer also outside the office walls, since large numbers of potential customers pass by the premises every day.

"Whenever possible, our service advisors Karoliina and Saara are out on the street telling passers-by of the alternative we offer for managing their banking affairs. I think this is very valuable in terms of increasing people's awareness of us in a city where Oma Savings Bank is relatively unknown," says Branch Manager Aliisa Leimu.

The systematic work to increase the bank's prominence in various events by its own personnel and in co-operation with, e.g., real-estate agents is working, and enquiries are being received on a daily basis. Personnel at the Turku branch have noticed that it is our unique way of working that is generating interest. Many new customers have been surprised to be offered coffee and sweet rolls in a no-rush atmosphere when they arrive to sign papers. The aim is to give customers a genuine feeling that OmaSp is there to support them in their daily lives and dreams, just as promised.

When you work in a bank with happy customers, you might even be invited for a cup of coffee on the customer's balcony, which is what happened to Finance Manager Sanna Suominen after a customer bought a new apartment.

### Wikman family appreciates smooth services above all

Joonas Wikman and Sannu Ansio from the town of Paimio, some 25 kilometres from Turku, switched to Oma Savings Bank soon after the branch office was opened. "Our young family has a busy life, and for us it is important that things run smoothly and with a minimum delay. The most important thing for us is not the lowest costs, but rather smooth services," the Wikmans say.

"At OmaSp, you can take care of all your banking affairs with one person, whether it's saving or financing. For many people, a loan is a tool for living. When it comes to life's big decisions, taking care of your banking affairs should not be a necessary evil, but instead a mutually friendly and respectful event – and that's how it is with OmaSp," Joonas says.

The Wikmans have already recommended the bank to several friends and relatives. "Our friends in a similar life situation appreciate being able to get a loan offer right then and there, instead of having to wait for it to arrive in their inbox a week later. For us, having an appointed contact person who is aware of our situation is also important, especially when facing banking issues that may be a bit more complicated. It is good to know that the bank is on our side and provides us with a realistic view of our financial affairs."

The Wikmans hope that even if the bank grows, its quality of customer service will not be compromised. That is a promise the personnel at the Turku branch office are happy to make. After all, it is the customers that they work for and come to the office for every day.





## A green heart beats in Helsinki's city centre

The location of the Helsinki branch office on Klauvinkatu is indicated by stylish billboards that are in harmony with the valuable property. The office door on the seventh floor is open; you do not have to ring a doorbell.

Everyone who works at the Helsinki branch is excited about the versatility of their work and the opportunity to leave their mark. If someone is burdened by a heavier workload, job titles are not important when the load is shared. "We are passionate about this work, and every single member of our work community is equally valuable. That is also our attitude towards our customers," says Branch Manager Tiia Matikkala.

New customers are thoughtfully acquired through, for example, partnerships. "We have noticed that in the Helsinki region, tact goes a long way in sales. We want to give our customers the chance to decide whether we meet their expectations of good banking services. When the option of making the first contact with us lies with customers from the very first engagement, we can be sure that they know how customer relationships are handled at OmaSp. We save time for both parties, and building a customer relationship is based on honesty and promises that we can live up to. We have had more enquiries showing genuine interest and leading to a customer relationship than we ever expected," says Finance Manager Lauri Leppo.

We want to keep our promise that our customers can handle all their banking affairs smoothly with their appointed contact person. Many entrepreneurs have been positively surprised by the fact that they can take care of their banking affairs with one contact person, whether their matter is business-related or personal.

A happy customer is the best advertising, but collaborating with real estate agents also generates plenty of recommendations, and some of our new customers were won over by our website. "We engage in active customer acquisition with care. It is important for us to take the time needed with each customer in order to keep our promise of offering the best banking services in town," Finance Manager Jouko Sippola says.

The entire merry team at the Helsinki branch agrees that the level of customer service and professional skill is such that every team member's face and direct phone number can be displayed with pride on the website.



## Kristiina Tikkala values effective digital services

Kristiina Tikkala is a woman who gets things done. When she had the opportunity to switch from head of international affairs at the Finnish Transport Agency to Mayor of Kolari, she did not hesitate – and she has never looked back.

In early June, she moved from a detached house in Espoo to an apartment in Espoo and a detached house in Kolari. There was a lot to pack and organise, but Kristiina was certain that the project would go as smoothly as changing banks. “Being able to count on my bank has been essential in this project. OmaSp handles everything they promise swiftly, and all I have to do is to sign the carefully prepared documents.”

Without the bank’s efficient digital services, handling the busy customer’s affairs would have been much slower. “I can access all the documents that need to be signed online, and my contact person sends me a message telling me to sign them before receiving new ones – it does not get more convenient than that! And everything keeps rolling, whether I am in Espoo, Kolari or somewhere in between.”

Kristiina recommends switching banks when there are no other major changes going on in one’s life. “Building a confidential relationship with your contact person takes time, and handling major affairs is easier when that rela-

tionship already exists. Of course, a customer relationship is also built on the professional skills of your contact person. My own confidential banking relationship with Markus Souru has lasted through many different stages of life. I prefer straightforward and clear communication, and so does Markus,” Kristiina says.

Kristiina makes extensive use of the digital services. The digital services allow you to take care of many matters, irrespective of time and place. OmaSp provides swift services also through the online bank, and you have a feeling that you get individual service. “My daughter is studying abroad, and in a situation like this, it is important to know that the digital service channels work flawlessly,” Kristiina says.

Kristiina is excited about her new role as Kolari’s Mayor. “Kolari only has a population 4,000, but during the peak holiday season, there can be as many as 20,000 travellers at one time in Kolari.” Kristiina proposes that OmaSp set up a popup bank during the late winter holiday season in Ylläs, western Lapland.

Without the bank’s efficient digital services, handling the busy customer’s affairs would have been much slower.





I get decisions  
fast in OmaSp

**4.0/5\***

\*OmaSp Parasta palvelua  
survey 12/2018.

## OmaSp's values are aligned with Kati's own values

Kati Kanninen works as a freelancer in the well-being sector, and she is a relatively new customer of OmaSp. Kati switched to OmaSp when she felt it was the right time to somewhat reorganise her life.

Kati Kanninen works as a freelancer in the well-being sector, and she is a relatively new customer of OmaSp. Kati switched to OmaSp when she felt it was the right time to somewhat reorganise her life. When Kati heard about OmaSp's different approach compared to larger banks, the decision was easy. "OmaSp's values made an impression on me. The fact that the foundations and co-operatives use their dividends to bring vitality and well-being to their operating regions is also pretty unique in my view," Kati says.

Kati's life situation, which includes four children who have hobbies of their own, is so busy that she does not really have time to ponder her banking affairs on a daily basis. "Taking care of day-to-day affairs is smooth as an OmaSp customer, but I can also count on them to handle my other banking affairs in a way that is most beneficial to me, and I know that they are on my side. In my current life situation, I can safely concentrate on what takes the most time – that is my children and work."

In her work, Kati encourages people to stop and think about what is important to them, and to take care of their own well-being and that of their loved ones. One of the most important basic human needs is the need to be seen. It is not a given that you are seen as a person and not as a number in every bank. "I believe that OmaSp's customers have an experience that they are known by their bank and that they can count on not being left alone with their financials when they need help."

Through her own children, Kati has a good understanding of what the future generation expects from their bank. Everything must be convenient and preferably in a mobile format. Young people know what suits them and are quick to make decisions. They are aware of the surrounding world. OmaSp will have no problem keeping up with the younger generation.

## Oulu's services stand out

The Oulu branch office opened its doors to welcoming customers at the end of last year.

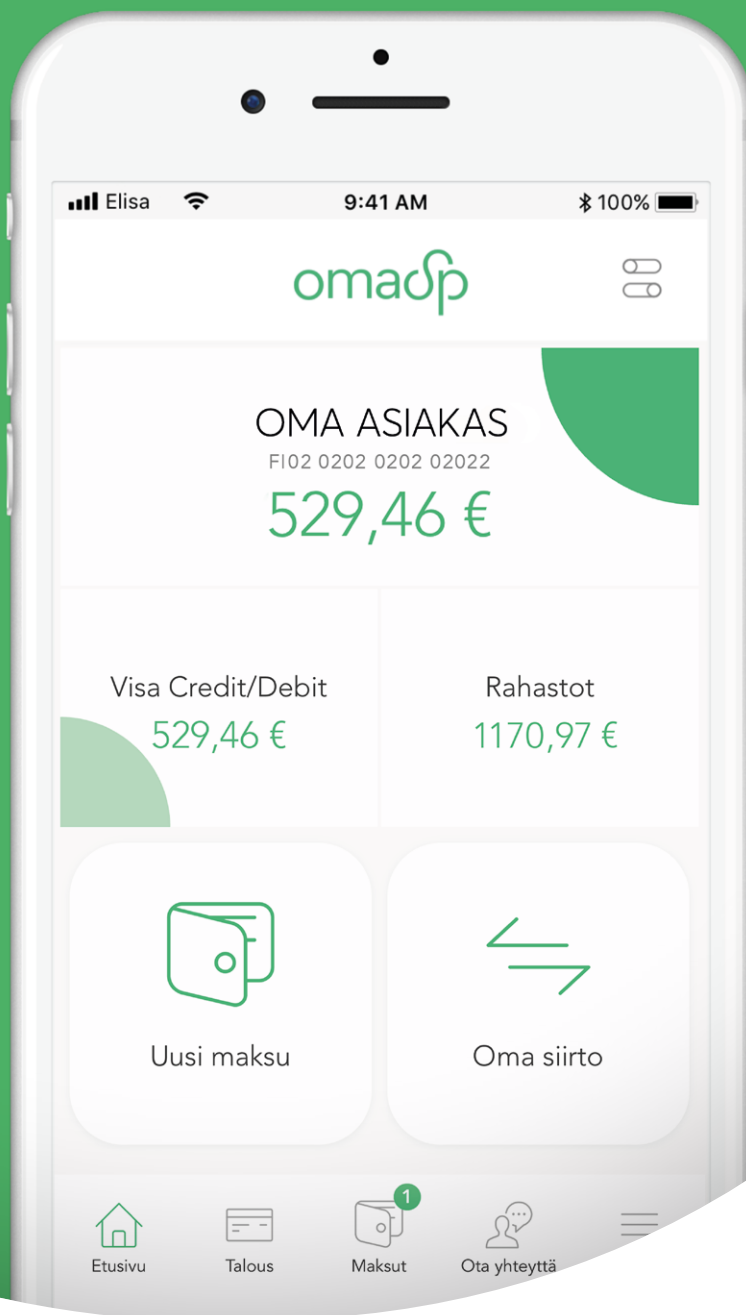
The new OmaSp employees at the Oulu branch were happy with the thorough induction they received in the bank's operating culture. The new colleagues got to work in long-standing offices in order to learn OmaSp's systems and ways of working. It is great to see that helping and sharing ideas with colleagues is such an obvious part of the bank's culture. When the Oulu branch was opened, the role of service adviser was taken on by Jarmo Lepänen from Hyllykallio's branch in southern Ostrobothnia. According to the Oulu employees, Jarmo brought with him the welcomed courage to say out loud how good a bank OmaSp is. The excellent results in annual customer satisfaction surveys and our exceptionally customer-service-oriented concept differentiates us from the rest.

Promoting a new bank in the area is a long-term effort. You have to be visible in places where potential customers move. "We have been in operation for six months now, and we are noticing that our persistent work is paying off. You have to give people time to think about switching banks. We have confidence in what we do, and we are certain that we will achieve our targets. It is a joy telling our customers about the high quality of OmaSp's banking services. We want to give our customers a sense of security in daily life, and prosperity," Branch Manager Seppo Ilola concludes.

Overall service  
satisfaction

**4.3/5\***

\*OmaSp Parasta palvelua  
survey 12/2018.



## OmaMobiili mobile service revamped

Based on customer feedback, we developed a new version of the OmaMobiili service, which was launched in app stores in May. In addition to new features, the mobile app has a new look in line with the bank's colour scheme. At the same time, the appearance of the OmaVahvistus authentication app was updated to match the look of the revamped OmaMobiili. The functionalities of OmaMobiili were complemented by the possibility to use the virtual bar code for paying. Now it is also possible to monitor the development of funds' value.





# Corporate Social Responsibility Report (Unaudited)

## Sustainability

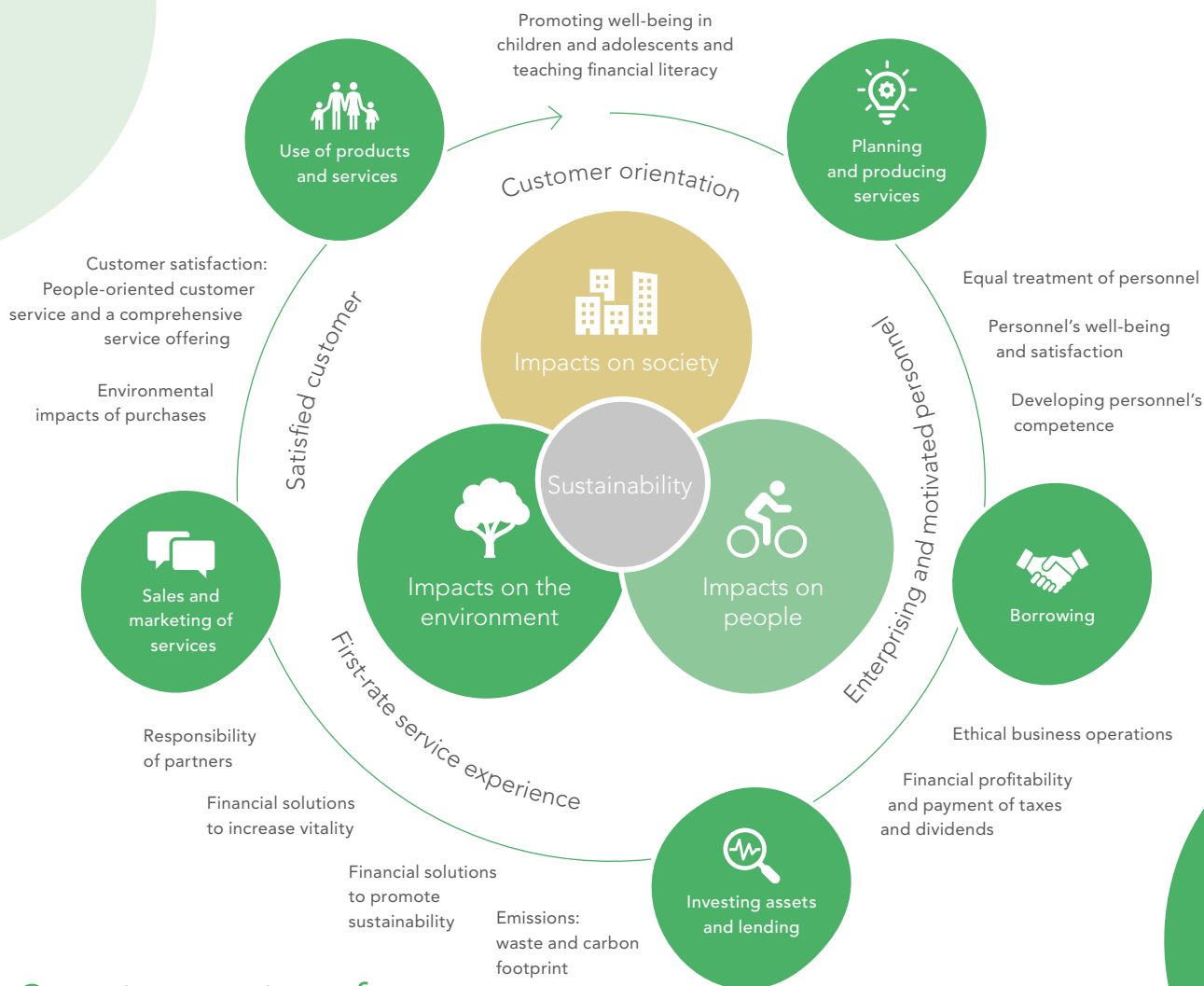
Sustainability is one of the basic pillars of our strategy. It is at the heart of our business and an important part of our future operations. This is Oma Savings Bank's first Corporate Social Responsibility (CSR) Report, describing the most important social, environmental and economic impacts of the company's operations.

Our CSR efforts are based on our company's values, Code of Conduct, stakeholder expectations and megatrends that affect our operations. Based on these, we have defined four key sustainability themes for the company: 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.

As part of the CSR reporting process, we have drawn up sustainability targets for 2019–2023. We will use the annual CSR Report to monitor the implementation of the targets. In addition, we have made a commitment to support the UN's 17 Sustainable Development Goals. Our aim is to include five of the targets that have the greatest impact on our operations in OmaSp's management, strategy and day-to-day operations.

### Our bank operates broadly

**throughout Finland,** and our history dates back more than 140 years. We offer comprehensive banking services in various parts of Finland and via several digital service channels. We have approximately 300 motivated and enterprising experts serving more than 136,000 private and corporate customers. In 2018, we were listed on the Helsinki Stock Exchange's main market listing. A significant proportion of our personnel are also the bank's owners.



## Starting points for OmaSp's sustainability efforts

### Value chain and operating environment

Sustainability in the financial sector means complying with the common practices, laws, regulations and sustainable development principles that govern the sector. The idea is to bear responsibility for economic and social stability, as well as for the climate and the environment.

The financial sector has played an important role in building well-being in Finland. It guarantees a stable society and basic security for citizens. At OmaSp, we also have an impact on society, people and the environment, both directly and indirectly. We have identified these impacts, and we take them into account in every stage of our value chain.

We contribute to producing direct basic services and opportunities for citizens, companies and organisations. Our efforts have an impact both locally and nationwide. Promoting the financial literacy of young people is one of the financial sector's most important sustainability

themes – and it is for us, too. We also have a significant role in steering financing toward sustainable development targets.

At the heart of our strategy is satisfied customers. Our goal is to achieve the highest level of customer satisfaction in the sector, and we are getting there by being present in our customers' lives. Our efforts are boosted by our enterprising and motivated personnel. We know that when it comes to responsible and sustainable operations, taking stakeholders into account brings a considerable competitive advantage. That is why we are strongly committed to our customers, our personnel and our operating environment. We strive to take the interests of all our stakeholders into account in our operations. In this way, we are contributing to building an economically, socially and environmentally sustainable society.





## Megatrends affecting the operating environment

One challenge faced by the financial sector is the transformation of the operating environment; this includes, e.g., the aging of the population and the shift in working life. These transformations in the operating environment, i.e. global megatrends, are the main thrust of the development that is shaping the structures of societies and companies.

We are keeping a keen eye on changes in our operating environment. In order to respond to future challenges better, we have identified five global megatrends that significantly influence our operations. We take these megatrends into account in all stages of our value chain.

**Globalisation** links societies, economies and actors together. The political and economic situation has a major impact on the competitive playing field. International supervision and regulation is increasing, and the sector is expected to react quickly, adapt and display international service know-how. Active monitoring and forecasting of the political and economic situation are highlighted. The financial sector must reinforce solvency, the financial structure and liquidity in order to balance the economy.

**Technological development** is changing the financial sector in many ways. Customer behaviour is changing and new digital services are being introduced alongside traditional services. It is possible to compile and utilise large

volumes of data, which places demands on IT management and especially on information security.

The financial sector plays a central role in safeguarding well-being in a **demographic shift**, as general prosperity and the elderly population grow and urbanisation continues. As the elderly population grows, opportunities for personal service must be ensured. Services must take into account the aging of the users. The service offering also outside cities must be taken into account in order to ensure a good customer experience. It is important to promote the operations of vital growth centres by being present.

**The shift in working life** is also affecting the financial sector. In working life, workers of different ages and the different ways of working must be taken into account. The importance of personal competence development is growing. It is becoming increasingly difficult to secure the best talents, which means employers must stand out from the competition.

The scarcity of natural resources and **climate change** pose major challenges on a global scale. The financial sector is also expected to operate more transparently and sustainably. In addition, demand for financial solutions and products related to sustainable development is growing.

### First-rate service experience

- Personal and readily available service
- Broad network of branch offices
- Comprehensive digital service channels
- A pro-active approach

### Sustainability and customer orientation

- The company's CSR efforts are at the core
- Customer-oriented development of product and service offering

### Enterprising and motivated personnel

- We support career development through continuous development and training
- Varied and sustainable work
- A significant proportion of our personnel are owners of the bank

## Values and Code of Conduct

Our values and our Code of Conduct form the foundation for our sustainability efforts. Our values are **customer orientation**, **co-operation**, **reliability**, **expertise** and **results**. Our Code of Conduct is based on these values, and they describe the ethical foundation of our operating rules and

values and our sustainability. At the heart of our strategy is satisfied customers, which we aim to reach through a first-rate service experience, sustainable operations and customer orientation, not to mention with our enterprising and motivated personnel.

### Our Code of Conduct is based on our values



We look after the customer's interests



We are committed to confidentiality and the protection of privacy



We communicate openly



We require sustainability from our stakeholders



We comply with insider and trade regulations



We avoid conflicts of interest and identify them in advance



We do not give or receive bribes



We comply with good governance



Together we create a successful work community

## Stakeholder co-operation

Open dialogue with our stakeholders is important to us. We have identified six important stakeholder groups that we communicate with every day. Well-functioning stakeholder co-operation increases transparency and a common understanding about our operations and how

we develop them. We develop our operations in accordance with the perspectives and hopes of our stakeholders, and their expectations also serve as the starting point for our sustainability efforts.

Our owners and investors expect our operations to provide good shareholder value and to generate a sufficient return on investments. They also place importance on open and active dialogue and clear communication. Approximately 76% of Oma Savings Bank's shares belong to non-profit organisations. The largest individual owner is the savings bank foundation Etelä-Karjalan Säästöpankkisäätiö, with a roughly 35% stake. In 2018, we were listed on the Nasdaq Helsinki Oy stock exchange, thanks to which the bank now has more than 1,700 shareholders.

At the heart of the service offering are daily banking services intended for private and corporate customers. Customers expect from us good, continuous and personal service in all our service channels, as well as competitive products. Diverse service channels, good availability and confidentiality are considered important.



We engage in active dialogue with various authorities. The authorities expect us to comply with the legislation and requirements and to react to any changes.

We employ approximately 300 experts in different parts of Finland. Our personnel expect a stable and attractive workplace where they enjoy being at work. Our employees are highly enterprising people. Opportunities for personal development and to influence as well as an appreciation of expertise are considered important. Personnel also expects fair and equal treatment.

We collaborate with different co-operation partners, subcontractors and the media. Importance is placed on a safe partnership with shared values. The media, for its part, expects open communication and active dialogue.

# 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.

## 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
 <p>We are local and close to the customer</p>	<p>People-oriented customer service</p> <p>Customer satisfaction</p>	<ul style="list-style-type: none"> <li>• We operate openly and are easily available</li> <li>• We know our customers personally</li> <li>• We have the highest rating in customer satisfaction in the sector</li> <li>• We focus on the availability of our services and on our service channels</li> </ul>
 <p>We take care of our personnel</p>	<p>Personnel's well-being</p> <p>Competence development and training</p>	<ul style="list-style-type: none"> <li>• We achieve the highest rating in work satisfaction in the sector</li> <li>• We implement annual work well-being plans and related targets</li> <li>• We continuously develop our personnel's competence and professional skills (OmaSp Master)</li> <li>• We keep track of the annual hours and days of training</li> <li>• Over the years, there are no cases of harassment or bullying</li> </ul>
 <p>We promote collective well-being</p>	<p>Vitality of local communities</p> <p>Well-being of children and adolescents</p>	<ul style="list-style-type: none"> <li>• We continue our efforts to support SMEs operating outside urban centres</li> <li>• We create new jobs within the limits of growth</li> <li>• We report on our tax footprint and on our financial figures</li> <li>• Over the years, there is not a single ethical breach of the Code of Conduct</li> <li>• We continue with the implementation of the Yrityskylä learning environment and the Oma Onni web-based learning environment that teaches financial literacy</li> <li>• We maintain communication on financial management aimed at adolescents and children</li> </ul>
 <p>We contribute to sustainable development</p>	<p>Sustainable investments</p> <p>Carbon footprint</p>	<ul style="list-style-type: none"> <li>• We comply with the principles of sustainable financing in our operations</li> <li>• We improve young people's knowledge of sustainable financial management (Oma Onni)</li> <li>• We survey our carbon footprint and other environmental impacts</li> <li>• We minimise travel in our internal operations and take advantage of remote working opportunities</li> </ul>

## 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.

### 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.

## UN Sustainable Development Goals







## We are local and close to the customer

People-oriented customer service is very important to us, and we regularly monitor our customer satisfaction.

We are present in the day-to-day lives of our customers in our 38 offices around Finland, in addition to which, we serve our customers via our digital channels – at anytime and wherever they are in the world. Our broad network of offices and comprehensive digital services ensure that our services are conveniently available in the form that suits the customer. Each one of our offices is the bank's flagship in that area. Thanks to our broad network of offices, we know the local market and our customer base. This allows us to make decisions easily and quickly in the customer's own office.



38 offices  
throughout Finland



OmaMobiili and  
OmaKonttori



Online bank



Customer  
visits



Customer service,  
call center & chat

In 2018, we focussed on the availability of our services and on our service channels by strengthening our operations in Finland's main growth centres in Greater Helsinki, Oulu and Turku. We also developed our digital service channels and launched the OmaVahvistus user ID app and the bank's own innovation, the OmaKonttori app, which provides our customers with personal service anytime, anywhere.



Thanks to our way of operating, we are the bank of satisfied customers. Our goal is to provide a high-quality service experience, and we achieve that through personal service and readily available services. We place great importance on the quality of our customer service and on ensuring that our services are flexibly available. We therefore also serve our customers in our offices during weekday evenings and on Saturdays. Every customer is also offered their own personal bank advisor. Our operations and our product and service offering are furthermore developed with an eye to the customer's needs.

Overall service  
satisfaction

4.3/5\*

Satisfaction with the  
customer's own office

4.1/5\*

Satisfaction with  
the customer's own  
contact person

4.7/5\*

\*We measure the level of our customer satisfaction annually through a customer survey. Our annual goal is to achieve the highest rating in both customer satisfaction and customer service in the sector. According to the Parasta Palvelua (i.e. Best Service) survey of 12/2018, we have a very high level of customer satisfaction.

## We take care of our personnel

We employ 300 motivated and enterprising experts in various parts of Finland. A significant proportion of our personnel are also the bank's shareholders, which contributes to their commitment and work motivation. We promote and maintain the diversity of our work community by recruiting experts of all ages. The gender and age distribution in our company is on a more equal footing than average. We assign varied tasks that entail responsibility and we offer training opportunities to our employees. We also ensure that our employees enjoy their work and a high level of well-being, both physically and mentally. Personnel with a high level of well-being and customers who are satisfied lay the foundation for our bank's progress and success also going forward.



We diversely promote the well-being of our employees and we support career development through continuous training.



Training opportunities, such as OmaSp Master



Extensive occupational health care



Workplace health promotion events and WHP days



Exercise and meal benefits



We offer our employees varied tasks and responsibility, in addition to which, we support their career development through advancement and training opportunities. For us, a learning work community where employees can develop themselves in the manner of their choosing is important. The competence of our personnel is also a key competitive factor, therefore, we continuously work to improve it. One example of this is the **OmaSp Master training programme** that we created together with the University of Tampere. The first supervisors and experts graduated from the programme in spring 2018.

"This training programme was strongly inspired by the aim of developing supervisory work. We also recognised the importance of the role of experts, and thus decided to implement the training package for a group that included both experts and supervisors," says OmaSp's Chief Financial and Administrative Officer, Sarianna Liiri.

Overall satisfaction

**4.3/5\***



We monitor our employees' well-being, work satisfaction and satisfaction with the employer through annual personnel satisfaction surveys. We also keep track of work absences and the number of hours spent in training. We also continuously work to prevent bullying at the workplace. Our annual goal is to achieve the highest rating in employee work satisfaction in the sector. Based on the 2018 survey, **our personnel's work satisfaction is at a very high level.**

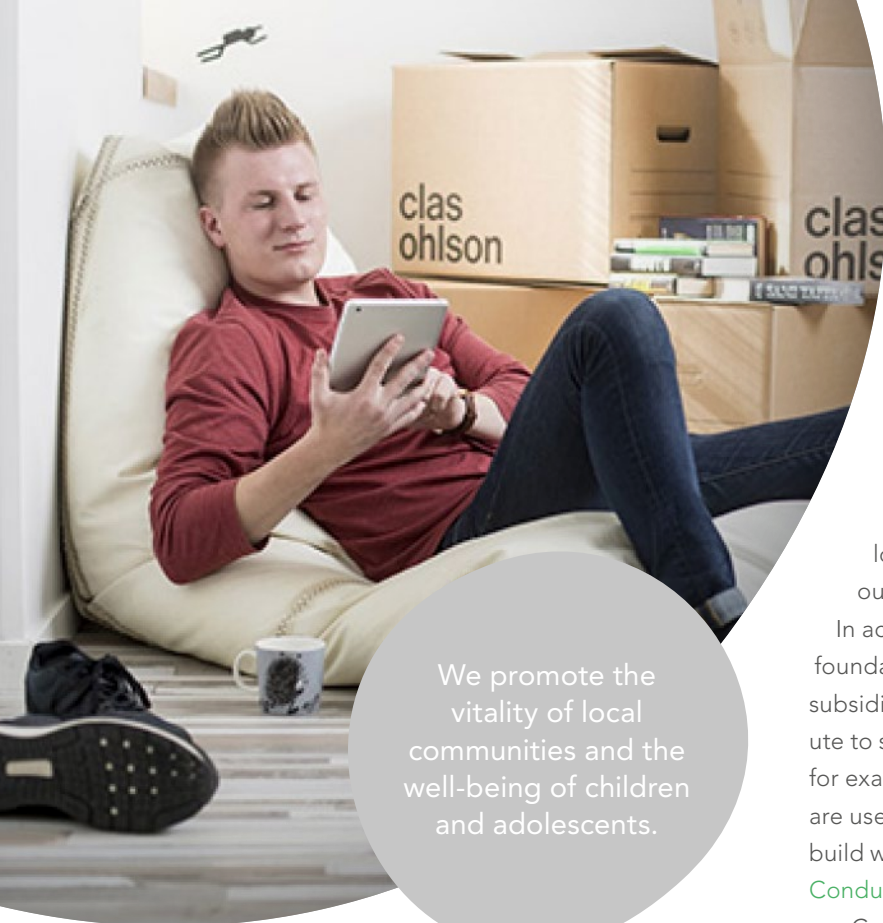
Employees consider OmaSp's future to be bright

**4.7/5\***

Employees are committed to change

**4.7/5\***

\*Personnel study 12/2018



## 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 and regional communities by offering jobs outside urban areas and by financing local SMEs.

In addition, our main shareholders, local savings bank foundations and co-operatives distribute grants and subsidies for non-profit purposes every year. We contribute to society indirectly through our economic impact, for example, through the taxes we pay. These proceeds are used to safeguard the basic functions of society and build well-being. **Our business is steered by our Code of Conduct.** In 2018, there were no reports of breaches of our Code of Conduct.

We promote the vitality of local communities and the well-being of children and adolescents.



Employment and tax footprint



Financing local SMEs



Grants and subsidies



Promoting well-being in children and adolescents



We are committed to promoting **sustainable economic growth and productive employment**. The salaries

and social benefits paid to personnel have a positive effect on employees, and through them, on the surrounding communities. We also enjoy collaborating with educational institutions, and we offer several training positions and permanent jobs suitable for a range of educational levels.

We promote the well-being and financial literacy of children and adolescents through our involvement in various **programmes that teach financial literacy**:



Oma Onni is a web-based learning environment for developing young people's financial literacy. Approximately 2,500 pupils in secondary school are currently using Oma Onni in Finland. Six foundations that own Oma Savings Bank, one co-operative and seven organisers of upper secondary education are involved.



Yrityskylä is a learning environment on working life, the economy and society that is aimed at sixth- and ninth-grade pupils. It operates nationwide in eight regions and is based on the Finnish school curriculum. As much as 75% of sixth-graders participated in Yrityskylä in the 2018–2019 school year.



It is important to us to **promote the vitality of local communities in Finland and the success of entrepreneurs living outside urban centres**, which is why we are the first bank in Finland to support, together with the European Investment Bank, micro-entrepreneurs and social enterprises. The agreements are based on the EU's programme for Employment and Social Innovation (EaSI). In addition, in 2018 we signed an agreement with the Nordic Investment Bank on a loan programme for financing SMEs, small midcaps and environmental projects.



# We contribute to sustainable development

We know that the financial sector plays a major role in promoting sustainable development in society and globally. **Sustainable development is one of the guiding perspectives in our financing decisions.** We aim to steer assets toward targets that are sustainable for the well-being of the environment, the climate and people. Through our financing decisions we can also promote the development of green products and services **by enabling sustainable investments.** Going forward, our aim will be to increase our customers' awareness of the state of the environment. For that reason, in future we will also examine the impacts of our own operations on the environment, biodiversity and the climate.



We enable sustainable investments and we minimise our emissions.



Sustainable financial decisions



Sustainable investments



Minimising our own emissions



We aim to ensure the financial sustainability of both society and individuals, now and for years to come. Therefore, **sustainable development is the starting point for our financing solutions.** We believe that in our financing decisions we must also bear responsibility for our customers' financial well-being. We implement our decisions in a way that is sustainable both for us and for our customers:

➡ We focus mostly on granting secured loans to solvent customers.

➡ We work to combat the increase in short-term loans and we teach young people financial literacy through, among other things, the Oma Onni programme.



A large percentage of our corporate customers are SMEs or agriculture and forestry customers. Through our financing decisions we can promote the development of environmentally sustainable products and services through these companies. **We enable sustainable investments** in both new technology and

services. Together with the Nordic Investment Bank (NIB), we are financing not only SMEs and midcaps, but also numerous environmental projects. These projects may include, e.g., renovation projects to improve the energy efficiency of residential buildings. Going forward, our aim will be to increase our customers' awareness of the state of our environment.



In terms of our own operations, our goal is to **minimise our impacts on the environment, biodiversity and the climate.** We take advantage of opportunities to work remotely, and we encourage our employees to use public transport to get to work. As a means of boosting our own environmental efforts, in the near future, we will examine the environmental impacts of our operations and report on our carbon footprint. In terms of customers travelling to conduct business with us, we can minimise emissions caused by travel by developing digital services and enabling remote meetings, e.g., using the Oma Konttori app.

# Oma Savings Bank Group's half-year report January–June 2019

## April–June 2019

- Net interest income was EUR 14.4 (11.9) million, an increase of 21.8% compared to the corresponding period last year.
- Net fee and commission income decreased 10.7%, totalling EUR 6.4 (7.2) million. The decrease was due to a change in the recognition principles for lending fees and commissions. The impact on fee and commission income was EUR –0.8 million.
- Operating income came to EUR 21.1 (20.5) million.
- Operating expenses came to a total of EUR 11.9 (11.8) million.
- The net impact of expected credit losses was EUR –1.9 (+0.3) million. The final credit losses in the second quarter amounted to EUR 0.4 (0.7) million.
- The Group's profit before taxes was EUR 6.8 (8.4) million.
- The comparable profit before taxes, amounted to EUR 7.9 (8.3) million.

## January – June 2019

- Net interest income was EUR 27.6 (23.1) million, an increase of 19.6% compared to the corresponding period last year.
- Net fee and commission income decreased 3.6%, totalling EUR 12.6 (13.1) million. The decrease was due to a change in the recognition principles for lending fees and commissions. The impact on fee and commission income was EUR –0.8 million.
- Operating income came to EUR 48.5 (38.0) million.
- Net income on financial assets and liabilities was EUR 6.4 (0.3) million. The most significant non-recurring items in this item were Oy Samlink Ab's extra dividend and the capital gain from the disposal of Samlink's shares.
- Operating expenses came to a total of EUR 26.2 (23.1) million. The increase in operating expenses increased due to investments in new branches and especially due to the increase in personnel and IT-expenses.
- The net impact of expected credit losses was EUR –2.4 (–1.0) million. The final credit losses in the second quarter amounted to EUR 1.2 (0.8) million.
- The Group's profit before taxes was EUR 18.7 (13.1) million.
- The company's comparable profit before taxes was EUR 13.1 (12.8) million.

## Outlook for the 2019 accounting period (unchanged)

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

To read more about the outlook, please go to page 34.

# Significant events in January–June 2019

- Oma Savings Bank announced in January that the company will be implementing a new banking platform using Temenos technology together with Cognizant and at the same time would be selling to Cognizant Technology Solutions Finland Oy its 15.45% holding in the current IT services provider Oy Samlink Ab. The transaction was carried out on 1 April 2019. At the same time, OmaSp signed an agreement with Oy Samlink Ab to develop a new banking platform based on the Temenos T24 and Temenos Payment Hub software, and a 10-year service agreement for the production and maintenance of basic banking services. The delivery of the basic banking platform will cost OmaSp about EUR 20 million. The aim is to roll out the platform in 2021.
- YIT published in March that the company would be investing in a new joint venture focussing on rental flats in Finland. Oma Savings Bank Plc's associate company GT Invest Oy owns 51% of the joint venture, which invests in rental flats built by YIT in Finland. Oma Savings Bank Plc's holding in GT Invest is nearly 49%.
- In March, Oma Savings Bank issued a EUR 300 million covered bond. The bond's maturity is 5 years and its maturity date is 3 April 2024.
- The composition of Oma Savings Bank's Group management team changed in April when Chief Risk Officer Kimmo Tapionsalo (M.Sc. Econ) became a member of the management team. In April, the company announced a change in the director of IT and the launch of a recruitment process for a new IT Director. In June, the company announced that Ville Rissanen (M.Sc.) has been chosen as Director of Digital Services and a member of the Group's management team. He will start in his task in September 2019 and will bear overall responsibility for ICT systems and for developing the company's digital systems.
- Oma Saving Bank's extensive supervisor and expert training programme, OmaSp Master, started up in May. The company is carrying out the 15-credit training programme in co-operation with Tampere University. The training programme is a significant investment in developing the competence of supervisors and specialists.
- Oma full-service branches in Joensuu and Jalasjärvi moved into new premises in May. Investments in our digital services continued and we launched a new version of our mobile bank.



# Oma Savings Bank Group's key figures

The Group's key figures (1,000 euros)	1-6/ 2019	1-6/ 2018	1-12/ 2018	2019 Q2	2018 Q2
<sup>1)</sup> Operating income/loss	53,811	43,432	88,092	23,751	23,293
Net interest income	27,635	23,105	49,351	14,440	11,853
% of operating income/loss	51.4%	53.2%	56.0%	60.8%	50.9%
Total operating income	48,455	38,000	75,958	21,063	20,538
Total operating expenses	26,203	23,119	47,237	11,910	11,833
<sup>1)</sup> Cost/income ratio, %	54.1%	60.8%	62.2%	56.5%	57.6%
Impairment losses on financial assets, net	-3,552	-1,812	-3,746	-2,348	-311
Profit before taxes	18,696	13,069	24,976	6,804	8,394
% of operating income/loss	34.7%	30.1%	28.4%	28.6%	36.0%
Profit/loss for the accounting period	16,249	10,615	20,322	5,461	7,123
Balance sheet total	3,243,770	2,803,087	2,914,661	3,243,770	2,803,087
Equity	309,383	249,536	290,330	309,383	249,536
<sup>1)</sup> Return on assets (ROA) %	1.1%	0.8%	0.7%	0.7%	1.0%
<sup>1)</sup> Return on equity (ROE) %	10.8%	8.6%	7.6%	7.1%	11.5%
<sup>1)</sup> Earnings per share (EPS), euro	0.55	0.42	0.78	0.18	0.28
Average number of shares (excluding own shares)*	29,585,000	25,088,783	25,822,093	29,585,000	25,090,367
Number of shares at the end of the year (excluding own shares)*	29,585,000	25,096,700	29,585,000	29,585,000	25,096,700
Equity ratio, %	9.5%	8.9%	10.0%	9.5%	8.9%
Total capital (as percentage of risk exposure)	17.9%	16.9% <sup>2)</sup>	19.3%	17.9%	16.9% <sup>2)</sup>
Common Equity Tier 1 (CET1) (as percentage of risk exposure)	17.3%	15.8% <sup>2)</sup>	18.4%	17.3%	15.8% <sup>2)</sup>
Tier 1 (T1) (as percentage of risk exposure)	17.3%	15.8% <sup>2)</sup>	18.4%	17.3%	15.8% <sup>2)</sup>
<sup>1)</sup> Liquidity coverage ratio (LCR) %	154.2%	327.9%	134.8%	154.2%	327.9%
Average number of employees	304	280	288	310	292
Employees at the end of the period	311	306	293	311	306

## Alternative performance measures excluding items affecting comparability:

<sup>1)</sup> Comparable profit before taxes	13,086	12,777	26,210	7,894	8,272
<sup>1)</sup> Comparable cost-to-income ratio, %	61.2%	61.3%	61.1%	53.8%	58.0%
<sup>1)</sup> Comparable earnings per share (EPS), euro	0.35	0.41	0.82	0.21	0.28
<sup>1)</sup> Comparable return on equity (ROE) %	7.0%	8.5%	8.0%	8.3%	11.4%

\* The number of shares in the comparable periods take into account the 50:1 stock split carried out on 9 November 2018.

<sup>1)</sup> The calculation principles of the key figures are presented in note G15 of the financial statements.

Items linked to the comparability of the key figures and the actual calculation are presented in the income statement.

<sup>2)</sup> The figure does not correspond to the published interim report for H1 2018. In its Q3 2018 reporting, Oma Savings Bank corrected Common Equity Tier 1 capital and adequacy calculations on issued shares to employees year 2017. Retained earnings for the interim period are not included in the Common Equity Tier 1 capital.

# Resolutions of the Annual General Meeting

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.

## Dividend

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.

## Fees paid to the Board of Directors

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.

## Composition of the board of directors

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.

## Auditor and auditor's fee

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.

## Amendment to the Nomination Committee's charter

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.

# Operating environment

Oma Savings Bank Plc operates in a stable, business-friendly environment in Finland. Finland's gross domestic product (GDP) has shown solid growth since 2015, increasing by 2.8% in 2016, 3.0% in 2017 and by 1.7% in 2018 <sup>(1)</sup>. Finland's GDP is expected to continue to grow, at an estimated average annual rate of 1.6% in the period 2019–2022 <sup>(2)</sup>.

According to Statistics Finland's labour survey, there were 32,000 more employed persons in April of 2019 than in the previous year's corresponding period. In May 2019, the employment rate was 73.1% (72.3%) and the unemployment rate was on average 8.8% (9.3%). <sup>(3)</sup>

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 preliminary data, the prices of old dwellings in housing companies rose by 0.7% in May 2019 in Greater Helsinki and declined by 0.9% in the rest of Finland. Year-on-year, the prices of old dwellings rose by 0.5% in Greater Helsinki and declined by 2.5% in the rest of Finland. According to Statistics Finland's preliminary data, transactions involving old dwellings in housing companies decreased by 3.8% from January to May of this year compared to the same period last year. <sup>(4)</sup>

In May of 2019, total loans to households had increased by 2.4% over the previous 12 months, with the home mortgage portfolio accounting for 2.0% of that growth. The number of corporate loans grew 7.1% in the same period. The volume of households' deposits grew a total of 7.9% over a 12-month period. <sup>(5)</sup>

The credit portfolio's growth has largely been calm, but the rapid growth in housing company loans has held steady, at roughly 10% per year. The terms and conditions for new home mortgages have relaxed slightly in the first half of the year, as margins narrowed and long repayment periods became more common. Economic growth is expected to slow down in the near future, and new residential construction projections to decrease. Consumer confidence in the economy and views concerning the right time to take out a loan have weakened compared to the same period last year. <sup>(6)</sup>

(1) Statistics Finland, Gross Domestic Product grew by 1.7 per cent in 2018. Published on 20 June 2019

(2) IMF, DataMapper 07/2019

(3) Statistics Finland, The number of employed persons grew from the year before. Published on 25 June 2019

4) Statistics Finland, Prices of old dwellings in housing companies rose slightly in May in Greater Helsinki. Published on 27 June 2019

5) Bank of Finland, MFI balance sheet (loans and deposits) and interest rates. Published on 2 July 2019

(6) Bank of Finland and Financial Supervisory Authority, Macroeconomic Stability Report 1/2019: Summer, Published on 28 June 2018

## Credit rating

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

# Financial statements

The corresponding period last year has been used as the comparable period in income statement items, and the date 31 December 2018 as the comparable period for the balance sheet and capital adequacy.

## Result 4–6/2019

The Group's profit before taxes for April–June 2019 was EUR 6.8 (8.4) million and the profit for the accounting period was EUR 5.5 (7.1) million. The cost/income ratio was 56.5% (57.6%). The change that was made to the recognition principles during the second quarter reduced the amount of fee and commission income received from lending by EUR 0.8 million. The figure includes the over-time recognition for the most important service fees for the entire first half of 2019. The fee and commission income to be recognised over time is spread out over the coming years according to the average maturity of the loans.

### Income

Operating income totalled EUR 21.0 (20.5) million. Total operating income grew by 2.6% year-on-year.

Net interest income grew 21.8%, totalling EUR 14.4 (11.9) million. During the review period, interest income grew 17.2%, totalling EUR 16.0 (13.6) million. Interest expenses decreased by 13.9% year-on-year, and were EUR 1.5 (1.8) million in the second quarter. The development of net interest income was affected especially by the increase in interest income resulting from the growth in the loan portfolio and by a reduction in refinancing costs along with the issue of covered bonds.

Fee and commission income and expenses (net) decreased by 10.7% to EUR 6.4 (7.2) million. The total amount of fee and commission income was EUR 7.5 (8.1) million. The change is due to a change in the recognition principles for lending fees and commissions. Fee and commission expenses were EUR 1.2 (1.0) million.

The net income on financial assets and liabilities was EUR –0.3 (0.1) million during the period.

Other operating income was EUR 0.6 (1.4) million. The change is explained by the repayment from the old Deposit Guarantee Fund in 2019 that was recognised during the first quarter, whereas the repayment for 2018 was recognised during the second quarter.

Profit before taxes

**6.8**  
EUR mill.

Period 4–6/2019

Comparable  
profit before taxes

**7.9**  
EUR mill.

Period 4–6/2019

### Expenses

Total operating expenses grew 0.7%, totalling EUR 11.9 (11.8) million.

Personnel expenses decreased 4.3%, amounting to EUR 3.9 (4.1) million. In the review period, the average number of employees was 310 (292). Other operating expenses decreased 2.9%, to EUR 6.9 (7.1) million. The change is due to the recognition of the Guarantee Deposit Fund contribution and the Financial Stability Authority contribution already in the first quarter, whereas the contributions in 2018 were recognised in the course of the second quarter.

Depreciation, amortisation and impairments on tangible and intangible assets grew by 68.1% to EUR 1.1 (0.7) million. This growth is largely 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 assets and depreciation is recognised on the item. In the previous accounting period, lease expenses were recognised in the item 'Other operating expenses'. Depreciation expenses grew EUR 0.5 million and other operating expenses fell EUR 0.2 million compared to the comparable period.

Impairment losses on financial assets were EUR 2.3 (0.3) million. The item includes the change in expected credit losses, final credit losses and credit loss refunds on customer loans. The net impact of expected credit losses in the second quarter was EUR –1.9 (+0.3) million. The growth in expected credit losses was largely due to a few individual customers' growing credit risks and transfer to stage 3. Final credit losses over the period came to EUR 0.4 (0.7) million.

# Result 1–6/2019

The Group's profit before taxes for January–June 2019 was EUR 18.7 (13.1) million and the profit for the accounting period was EUR 16.2 (10.6) million. The cost/income ratio was 54.1% (60.8%).

The H1 comparable profit before taxes increased by 2.4%, amounting to EUR 13.1 (12.8) million. The comparable profit has been adjusted for EUR 6.4 (0.3) million in net income on financial assets and liabilities and the impact of recognition principles for lending fees and commissions was EUR 0.7 million. The item mostly consists of a non-recurring change in the fair value of Oy Samlink Ab's shares recognised during the first quarter and the extra dividend paid by Oy Samlink Ab. The comparable cost/income ratio was 61.2% (61.3%).

## Income

Operating income totalled EUR 48.5 (38.0) million. Total operating income grew by 27.5% year-on-year.

Net interest income grew 19.6%, totalling EUR 27.6 (23.1) million. During the review period, interest income grew 15.1%, totalling EUR 30.7 (26.7) million. Interest expenses decreased by 14.4% year-on-year, and were EUR 3.0 (3.5) million in the first half of the year. The development of net interest income was affected especially by the increase in interest income resulting from the growth in the loan portfolio and by a reduction in refinancing costs along with the issue of covered bonds.

Fee and commission income and expenses (net) decreased by 3.6% to EUR 12.6 (13.1) million.

The total amount of fee and commission income was EUR 14.9 (14.9) 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 change in the recognition principles for lending fees and commissions. The impact of the change on fee and commission income was EUR –0.8 million. The figure includes the over-time recognition for the most important service fees for the entire first half of 2019. The item to be recognised over time is spread out over the coming years under interest

income according to the average maturity of the loans. The increase in fee and commission income from payment transfers is due to the growth in customer volumes. Fee and commission expenses were EUR 2.3 (1.9) million.

The net income on financial assets and liabilities was EUR 6.4 (0.3) 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 G10.

Other operating income was EUR 1.9 (0.5) million.

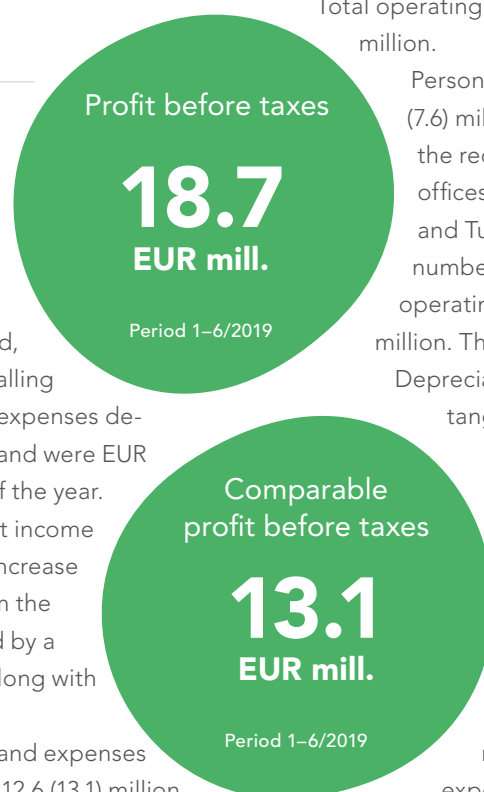
## Expenses

Total operating expenses grew 13.3% to EUR 26.2 (23.1) million.

Personnel expenses grew 8.0%, totalling EUR 8.2 (7.6) million. This increase resulted mainly from the recruitment of personnel for the new branch offices that opened up in greater Helsinki, Oulu and Turku. In the review period, the average number of employees was 304 (280). Other operating expenses grew 11.5%, to EUR 15.8 (14.2) million. The increase is due to the rise in IT costs.

Depreciation, amortisation and impairments on tangible and intangible assets amounted to EUR 2.2 (1.4) million. This growth is largely 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 assets and depreciation is recognised on the item. In the previous accounting period, lease expenses were recognised in the item 'Other operating expenses'.

Impairment losses on financial assets were EUR 3.6 (1.8) million. The item includes the change in expected credit losses, final credit losses and credit loss refunds on customer loans. The net impact of expected credit losses during H1 was EUR –2.4 (–1.0) million. The growth in expected credit losses is largely due to a few individual customers' growing credit risks and transfer to stage 3. Impairment losses on financial assets are presented in Note G11. Final credit losses over the period amounted to EUR 1.2 (0.8) million.



The comparable profit and items affecting comparability are presented below:

	1-6/2019	1-6/2018	1-12/2018	2019 Q2	2018 Q2
<b>Profit before taxes</b>	<b>18,696</b>	<b>13,069</b>	<b>24,976</b>	<b>6,804</b>	<b>8,394</b>
<b>Operating income:</b>					
IPO	-	-	1,549	-	-
Impact of amortisation on fee and comission income	743	-	-	743	-
Net income on financial assets and liabilities	-6,352	-292	-556	347	-122
<b>Operating expenses</b>					
IPO	-	-	241	-	-
<b>Comparable profit before taxes</b>	<b>13,086</b>	<b>12,777</b>	<b>26,210</b>	<b>7,894</b>	<b>8,272</b>
Income taxes in income statement	-2 447	-2,454	-4,653	-1 343	-1,270
Change of deferred taxes	-178	58	-247	-218	24
<b>Comparable profit/loss for the accounting period</b>	<b>10,462</b>	<b>10,381</b>	<b>21,310</b>	<b>6,332</b>	<b>7,026</b>



# Balance sheet

The Group's balance sheet total grew during January–June 2019 by 11.3% to EUR 3,243.8 (2,914.7) million. The key items on the balance sheet developed during the period as follows:

## Loans and other receivables

In total, loans and other receivables grew 9.0% to EUR 2,818.2 (2,585.8) million. The growth was made up mostly of private customers' mortgages and consumer credits.

## Investment assets

The Group's investment assets grew 31.5% during the period, totalling EUR 358.0 (272.3) million. The increase is mainly due to the growth in debt securities.

## 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 in January–June by 5.6% to EUR 1,951.4 (1,847.7) million. The item consists mostly of deposits received from the public, which came to EUR 1,860.2 (1,755.8) million at the end of March.

## Debt securities issued to the public

Total debt securities issued to the public grew during the period by 28.5% to EUR 918.6 (714.9) million. Oma Savings Bank issued a EUR 300 million covered bond on 27 March 2019. A EUR 110 million covered bond matured in May. Total debt securities issued to the public are shown in more detail in note G7.

## Equity

Group equity grew in January–June by 6.6% to EUR 309.4 (290.3) million. The profit for the accounting period accounted for EUR 16.2 million of the increase in equity capital. The fair value reserve grew by EUR 7.0 million. A dividend distribution of EUR 4.1 million decreased the retained earnings.

## Own shares

On 30 June 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.

## 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 19.8 (22.0) million, were mostly made up of bank guarantees and other guarantees. Irrevocable commitments given to a customer, which totalled EUR 213.2 (187.2) million at the end of June, consisted mainly of undrawn credit facilities.

## Significant events after the period

Oma Savings Bank's Board of Directors is not aware of any factors that would materially affect the company's financial position in the period after the date of the interim report.

## Financial goals

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

- Growth: 10–15% annual growth in total operating income under the current market conditions
- Profitability: Cost/income ratio less than 55%
- Return on equity (ROE): Long-term return on equity (ROE) over 10%
- Capital adequacy: Core capital ratio (CET1) at least 16%

## Outlook for the 2019 accounting period (unchanged)

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

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

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

# Capital adequacy

The total capital (TC) ratio of the Oma Savings Bank Group remained strong and was 17.9% (19.3%) at the end of the period. The common equity tier 1 capital's (CET1) ratio to risk-weighted assets was 17.3% (18.4%), clearly exceeding the minimum level for the financial goals approved by the Board of Directors, 16%. Risk-weighted assets, EUR 1,700.7 (1,498.7) million, rose by 13.5% on the comparable 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 and due to investments in funds. In its capital adequacy calculations, Oma Savings Bank Group applies the standard method for credit risks and the basic method for operative risks. In the standard method, exposures are divided into exposure classes and the minimum limits for credit spreading are determined in the retail receivables class. The basic method is applied when calculating the capital requirement for market risk for the foreign exchange position.

At the end of the review period, the capital structure of Oma Savings Bank Group was strong, consisting mostly of core capital (CET1). The Group's total own funds (TC) were EUR 304.3 (288.8) million when the capital requirement for the bank's own funds was EUR 178.6 (157.4) million. Tier 1 capital (T1) was EUR 293.5 (275.8) million, consisting entirely of common equity Tier 1 capital (CET1). Tier 2 capital (T2) was EUR 10.8 (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, EUR 16.2 million, is included in the common equity Tier 1 capital based on the permission granted by the Finnish Financial Supervisory Authority. The leverage ratio was 8.9 (9.3)% at the end of the period.

The main items in the capital adequacy calculation (1,000 euros)	30.6.2019	31.12.2018	30.6.2018
Common Equity Tier 1 capital before regulatory adjustments	301,647	281,557	235,712 <sup>(1)</sup>
Regulatory adjustments on Common Equity Tier 1	-8,172	-5,799	-5,470
<b>Common Equity Tier 1 (CET1) capital, total</b>	<b>293,475</b>	<b>275,758</b>	<b>230,241<sup>(1)</sup></b>
Additional Tier 1 capital before regulatory adjustments	-	-	-
Regulatory adjustments on additional Tier 1 capital	-	-	-
<b>Additional Tier 1 (AT1) capital, total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier 1 capital (T1 = CET1 + AT1), total</b>	<b>293,475</b>	<b>275,758</b>	<b>230,241<sup>(1)</sup></b>
Tier 2 capital before regulatory adjustments	10,778	13,031	15,550
Regulatory adjustments on Tier 2 capital	-	-	-
<b>Tier 2 capital (T2), total</b>	<b>10,778</b>	<b>13,031</b>	<b>15,550</b>
<b>Total capital (TC = T1 + T2) / Total own funds</b>	<b>304,253</b>	<b>288,789</b>	<b>245,792<sup>(1)</sup></b>
<b>Risk-weighted assets</b>			
Credit and counterparty risk, standardised approach	1,553,601	1,367,127	1,335,699
Credit valuation adjustment risk (CVA)	14,773	5,401	3,801
Market risk	6,109	-	5,165
Operational risk, basic indicator approach	126,170	126,170	110,887
<b>Risk-weighted assets, total</b>	<b>1,700,654</b>	<b>1,498,699</b>	<b>1,455,551</b>
Common Equity Tier 1 (CET1) (as percentage of risk exposure), %	17.26%	18.40%	15.82% <sup>(1)</sup>
Tier 1 (T1) (as percentage of risk exposure), %	17.26%	18.40%	15.82% <sup>(1)</sup>
Total capital (as percentage of risk exposure), %	17.89%	19.27%	16.89% <sup>(1)</sup>
<b>Leverage ratio (1,000 euros)</b>	<b>30.6.2019</b>	<b>31.12.2018</b>	<b>30.6.2018</b>
Tier 1 capital	293,475	275,758	230,241 <sup>(1)</sup>
Total amount of exposures	3,313,940	2,972,018	2,870,549
<b>Leverage ratio, %</b>	<b>8.86%</b>	<b>9.28%</b>	<b>8.02%<sup>(1)</sup></b>

(1) The figure does not correspond to the published interim report for H1 2018. In its Q3 2018 reporting, Oma Savings Bank corrected Common Equity Tier 1 capital and adequacy calculations on issued shares to employees year 2017. Retained earnings for the interim period are not included in the Common Equity Tier 1 capital.

The total capital requirement for banks' own funds consists of the Pillar I minimum capital requirement (8.0%) and various capital buffer requirements. Capital buffer requirements include, but are not limited to, the fixed capital buffer set by the Credit Institution Act (2.5%), the discretionary SREP requirement according to Pillar II, the countercyclical capital buffer requirement, and the systemic risk buffer. The Finnish Financial Supervisory Authority (FIN-FSA) has not imposed on Oma Savings Bank Plc a supervisory review and evaluation process (SREP) requirement based on the supervisory authority's assessment. FIN-FSA makes a decision on the countercyclical capital buffer requirement quarterly, and a countercyclical capital buffer requirement has thus far not been imposed on Finnish credit institutions. FIN-FSA imposed a systemic risk buffer requirement on credit institutions on June 2018, with an effective date of 1 July 2019. A systemic risk buffer of 1% to be covered by the consolidated core 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 keep its decision unchanged.

#### Group's total capital requirement, 30 June 2019 (1,000 euros)

Capital	Pillar I minimum capital requirement	Buffer requirements					Total capital requirement	
		Pillar II (SREP) capital requirement	Capital conservation buffer	Countercyclical buffer*	O-SII	Systemic risk buffer		
CET1	4.50%	0.00%	2.50%	0.00%	0.00%	0.00%	7.00%	119,122
AT1	1.50%						1.50%	25,510
T2	2.00%						2.00%	34,013
<b>Total</b>	<b>8.00%</b>	<b>0.00%</b>	<b>2.50%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>10.50%</b>	<b>178,645</b>

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

Oma Savings Bank Group's capital adequacy and risk position is described in greater detail in the section 'Pillar III'.



# Interim Report tables

## Consolidated condensed income statement

Note	(1,000 euros)	1-6/2019	1-6/2018	1-12/2018	2019 Q2	2018 Q2
	Interest income	30,669	26,648	55,949	15,969	13,630
	Interest expenses	-3,034	-3,543	-6,599	-1,529	-1,776
<b>G8</b>	<b>Net interest income</b>	<b>27,635</b>	<b>23,105</b>	<b>49,351</b>	<b>14,440</b>	<b>11,853</b>
	Fee and commission income	14,914	14,946	29,694	7,546	8,133
	Fee and commission expenses	-2,322	-1,890	-5,535	-1,159	-979
<b>G9</b>	<b>Fee and commission income and expenses, net</b>	<b>12,592</b>	<b>13,057</b>	<b>24,158</b>	<b>6,387</b>	<b>7,155</b>
<b>G10</b>	Net income on financial assets and financial liabilities	6,352	292	556	-347	122
	Other operating income	1,876	1,546	1,893	583	1,409
	<b>Total operating income</b>	<b>48,455</b>	<b>38,000</b>	<b>75,958</b>	<b>21,063</b>	<b>20,538</b>
	Personnel expenses	-8,198	-7,594	-16,321	-3,892	-4,067
	Other operating expenses	-15,817	-14,186	-28,128	-6,885	-7,092
	Depreciation, amortisations and impairment losses on tangible and intangible assets	-2,187	-1,339	-2,788	-1 133	-674
	<b>Total operating expenses</b>	<b>-26,203</b>	<b>-23,119</b>	<b>-47,237</b>	<b>-11,910</b>	<b>-11,833</b>
<b>G11</b>	Impairment losses on financial assets, net	-3,552	-1,812	-3,746	-2,348	-311
	Share of profit from associated companies	-5	-	-	-2	-
	<b>Profit before taxes</b>	<b>18,696</b>	<b>13,069</b>	<b>24,976</b>	<b>6,804</b>	<b>8,394</b>
	Income taxes	-2,447	-2,454	-4,653	-1,343	-1,270
	<b>Profit for the accounting period</b>	<b>16,249</b>	<b>10,615</b>	<b>20,322</b>	<b>5,461</b>	<b>7,123</b>
	<b>Of which:</b>					
	Shareholders of Oma Savings Bank Plc	16,250	10,566	20,203	5,458	7,076
	Non-controlling interest	-1	48	119	2	46
	<b>Total</b>	<b>16,249</b>	<b>10,615</b>	<b>20,322</b>	<b>5,461</b>	<b>7,123</b>
	<b>Earnings per share (EPS), euro</b>	<b>0,55</b>	<b>0,42</b>	<b>0,78</b>	<b>0,18</b>	<b>0,28</b>

**Profit before taxes excluding items  
affecting comparability:**

	1-6/2019	1-6/2018	1-12/2018	2019 Q2	2018 Q2
<b>Profit before taxes</b>	<b>18,696</b>	<b>13,069</b>	<b>24,976</b>	<b>6,804</b>	<b>8,394</b>
<b>Operating income:</b>					
IPO	-	-	1,549	-	-
Impact of amortisation on fee and comission income	743	-	-	743	-
Net income on financial assets and liabilities	-6,352	-292	-556	347	-122
<b>Operating expenses</b>					
IPO	-	-	241	-	-
<b>Comparable profit before taxes</b>	<b>13,086</b>	<b>12,777</b>	<b>26,210</b>	<b>7,894</b>	<b>8,272</b>
Income taxes in income statement	-2,447	-2,454	-4,653	-1,343	-1,270
Change of deferred taxes	-178	58	-247	-218	24
<b>Comparable profit/loss for the accounting period</b>	<b>10,462</b>	<b>10,381</b>	<b>21,310</b>	<b>6,332</b>	<b>7,026</b>

# Consolidated condensed statement of comprehensive income

(1,000 euros)	1-6/2019	1-6/2018	1-12/2018	2019 Q2	2018 Q2
<b>Profit for the accounting period</b>	16,249	10,615	20,322	5,461	7,123
<b>Other comprehensive income before taxes</b>	8,769	519	386	4,561	-33
<b>Items that will not be reclassified through profit or loss</b>	<b>-42</b>	<b>4</b>	<b>110</b>	<b>-21</b>	<b>-</b>
Gains and losses on remeasurements from defined benefit pension plans	-42	4	110	-21	-
Interest in associated companies' comprehensive income	-	-	-	-	-
<b>Items that may later be reclassified through profit or loss</b>	<b>8,812</b>	<b>516</b>	<b>276</b>	<b>4,582</b>	<b>-32</b>
Measured at fair value	8,812	516	276	4,582	-32
Cash flow hedge	-	-	-	-	-
<b>Income taxes</b>	<b>-1,754</b>	<b>-104</b>	<b>-77</b>	<b>-912</b>	<b>7</b>
<b>For items that will not be reclassified to profit or loss</b>	<b>8</b>	<b>-1</b>	<b>-22</b>	<b>4</b>	<b>-</b>
Gains and losses on remeasurements from defined benefit pension plans	8	-1	-22	4	-
<b>Items that may later be reclassified to profit or loss</b>	<b>-1,762</b>	<b>-103</b>	<b>-55</b>	<b>-916</b>	<b>7</b>
Measured at fair value	-1,762	-103	-55	-916	7
Cash flow hedge	-	-	-	-	-
<b>Other comprehensive income for the accounting period after taxes</b>	<b>7,016</b>	<b>415</b>	<b>309</b>	<b>3,649</b>	<b>-27</b>
<b>Comprehensive income for the accounting period</b>	<b>23,265</b>	<b>11,030</b>	<b>20,631</b>	<b>9,109</b>	<b>7,097</b>
<b>Attributable to:</b>					
Shareholders of Oma Savings Bank Plc	23,266	10,982	20,512	9,107	7,051
Non-controlling interest	-1	48	119	2	46
<b>Total</b>	<b>23,265</b>	<b>11,030</b>	<b>20,631</b>	<b>9,109</b>	<b>7,097</b>

# Consolidated condensed balance sheet

Note	Assets (1,000 euros)	30.6.2019	31.12.2018	30.6.2018
	Cash and cash equivalents	6,346	18,521	7,964
<b>G3</b>	Loans and advances to credit institutions	60,480	58,832	60,975
<b>G3</b>	Loans and advances to the public and public sector entities	2,757,744	2,527,016	2,326,600
<b>G4</b>	Financial derivatives	8,505	1,593	1,926
<b>G5</b>	Investment assets	357,951	272,253	267,874
	Shares of companies consolidated by the equity method	5,672	175	-
	Intangible assets	7,279	5,039	5,470
	Tangible assets	24,439	16,547	17,225
	Other assets	12,513	12,286	113,784
	Deferred tax assets	1,419	1,342	1,268
	Current income tax assets	1,423	1,057	-
	<b>Total assets</b>	<b>3,243,770</b>	<b>2,914,661</b>	<b>2,803,087</b>
Note	Liabilities (1,000 euros)	30.6.2019	31.12.2018	30.6.2018
<b>G6</b>	Liabilities to credit institutions	81,612	89,793	37,402
<b>G6</b>	Liabilities to the public and public sector entities	1,869,820	1,757,911	1,694,150
<b>G4</b>	Financial derivatives	-	-	854
<b>G7</b>	Debt securities issued to the public	918,604	714,863	760,731
	Subordinated liabilities	15,200	25,200	25,200
	Provisions and other liabilities	25,442	15,698	15,018
	Deferred tax liabilities	23,709	20,866	19,660
	Current income tax liabilities	-	-	536
	<b>Total liabilities</b>	<b>2,934,387</b>	<b>2,624,331</b>	<b>2,553,551</b>
	Equity	30.6.2019	31.12.2018	30.6.2018
	Share capital	24,000	24,000	24,000
	Reserves	146,666	139,616	108,557
	Retained earnings	138,002	125,964	116,298
	<b>Shareholders of Oma Savings Bank Plc</b>	<b>308,668</b>	<b>289,580</b>	<b>248,856</b>
	Shareholders of Oma Savings Bank Plc	308,668	289,580	248,856
	Non-controlling interest	715	750	680
	<b>Equity, total</b>	<b>309,383</b>	<b>290,330</b>	<b>249,536</b>
	<b>Total liabilities and equity</b>	<b>3,243,770</b>	<b>2,914,661</b>	<b>2,803,087</b>

Off-balance sheet commitments (1,000 euros)	30.6.2019	31.12.2018	30.6.2018
Guarantees and pledges	19,500	21,735	17,310
Other commitments given to a third party	266	297	441
<b>Commitments given to a third party on behalf of a customer</b>	<b>19,765</b>	<b>22,032</b>	<b>17,751</b>
Undrawn credit facilities	213,250	187,244	234,428
<b>Irrevocable commitments given in favour of a customer</b>	<b>213,250</b>	<b>187,244</b>	<b>234,428</b>
<b>Group's off-balance sheet commitments, total</b>	<b>233,015</b>	<b>209,276</b>	<b>252,179</b>



# Consolidated condensed cash flow statement

(1,000 euros)	1-6/2019	1-6/2018	1-12/2018
<b>Cash flow from operating activities</b>			
Profit/loss for the accounting period	16,249	10,615	20,322
Changes in fair value	-151	-517	-583
Share of profit from associated companies	5	-	-
Depreciation and impairment losses on investment properties	170	-162	200
Depreciation, amortisation and impairment losses on tangible and intangible assets	2,187	1,339	2,788
Gains and losses on sales of tangible and intangible assets	36	402	387
Impairment and expected credit losses	3,552	1,812	3,746
Income taxes	2,447	2,454	4,653
Other adjustments	1,025	-362	865
Adjustments to the profit/loss of the accounting period	9,271	4,966	12,056
<b>Cash flow from operations before changes in receivables and liabilities</b>	<b>25,520</b>	<b>15,581</b>	<b>32,378</b>
<b>Increase (-) or decrease (+) in operating assets</b>			
Debt securities	-32,287	-66,671	-74,917
Loans and advances to credit institutions	-702	-1,508	-2,495
Loans and advances to customers	-234,218	-191,768	-393,972
Derivatives and hedge accounting	215	145	93
Investment assets	-46,187	-6,253	-3,229
Other assets	136	-85,359	15,734
<b>Total</b>	<b>-313,044</b>	<b>-351,414</b>	<b>-458,787</b>
<b>Increase (+) or decrease (-) in operating liabilities</b>			
Liabilities to credit institutions	-8,182	1,409	53,800
Deposits	104,340	54,314	116,125
Provisions and other liabilities	3,840	-7,694	-6,801
<b>Total</b>	<b>99,999</b>	<b>48,029</b>	<b>163,125</b>
<b>Paid income taxes</b>	<b>-1,800</b>	<b>-2,856</b>	<b>-5,061</b>
<b>Total cash flow from operating activities</b>	<b>-189,325</b>	<b>-290,660</b>	<b>-268,346</b>

	1-6/2019	1-6/2018	1-12/2018
<b>Cash flow from investments</b>			
Investments in tangible and intangible assets	-6,701	-637	-1,170
Proceeds from sales of tangible and intangible assets	169	603	1,129
Acquisition of associated companies and joint ventures	-5,501	-	-175
Changes in other investments	1,207	-	19
<b>Total cash flow from investments</b>	<b>-10,827</b>	<b>-34</b>	<b>-196</b>
<b>Cash flows from financing activities</b>			
Subordinated liabilities, changes	-10,000	-2,600	-2,800
Debt securities issued to the public	203,363	23,770	-22,098
Acquisition of non-controlling interests	-	-45	-45
Other monetary changes in equity items	-	-	31,344
Payments of lease liabilities	-229	-	-
Dividends paid	-4,212	-2,112	-2,112
<b>Total cash flows from financing activities</b>	<b>188,923</b>	<b>19,013</b>	<b>4,289</b>
<b>Net change in cash and cash equivalents</b>	<b>-11,229</b>	<b>-271,681</b>	<b>-264,253</b>
<b>Cash and cash equivalents at the beginning of the accounting period</b>	<b>59,405</b>	<b>323,658</b>	<b>323,658</b>
<b>Cash and cash equivalents at the end of the accounting period</b>	<b>48,176</b>	<b>51,978</b>	<b>59,405</b>
<b>Cash and cash equivalents are formed by the following items</b>			
Cash and cash equivalents	6,346	7,964	18,521
Receivables from credit institutions repayable on demand	41,830	44,014	40,884
<b>Total</b>	<b>48,176</b>	<b>51,978</b>	<b>59,405</b>
<b>Received interest</b>	30,333	19,496	49,290
<b>Paid interest</b>	-2,537	-1,442	-5,246
<b>Dividends received</b>	1,153	365	987

# Consolidated statement of changes in equity

30 June 2019 (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
<b>Equity, 1 January 2019</b>	24,000	137,396	2,220	139,616	125,964	289,580	750	290,330
<b>Comprehensive income</b>								
Profit/loss for the accounting period	-	-	-	-	16,250	16,250	-1	16,249
Other comprehensive income	-	-	7,049	7,049	-34	7,015	-	7,015
<b>Total comprehensive income</b>	-	-	<b>7,049</b>	<b>7,049</b>	<b>16,216</b>	<b>23,265</b>	<b>-1</b>	<b>23,265</b>
<b>Transactions with owners</b>								
Distribution of dividends	-	-	-	-	-4,177	-4,177	-34	-4,212
Other changes	-	-	-	-	-	-	-	-
<b>Transactions with owners, total</b>	-	-	-	-	<b>-4,177</b>	<b>-4,177</b>	<b>-34</b>	<b>-4,212</b>
<b>Equity total, 30 June 2019</b>	<b>24,000</b>	<b>137,396</b>	<b>9,269</b>	<b>146,666</b>	<b>138,002</b>	<b>308,668</b>	<b>715</b>	<b>309,383</b>

31 December 2018 (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
<b>Equity, 31 December 2017</b>	24,000	106,087	4,181	110,268	106,439	240,706	778	241,484
Impact of IFRS9, January 1, 2018			-2,181	-2,181	1,432	-749	-131	-880
<b>Equity, 1 January 2018</b>	<b>24,000</b>	<b>106,087</b>	<b>1,999</b>	<b>108,086</b>	<b>107,871</b>	<b>239,957</b>	<b>647</b>	<b>240,604</b>
<b>Comprehensive income</b>								
Profit/loss for the accounting period	-	-	-	-	20,203	20,203	119	20,322
Other comprehensive income	-	-	221	221	88	309	-	309
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>221</b>	<b>221</b>	<b>20,291</b>	<b>20,512</b>	<b>119</b>	<b>20,631</b>
<b>Transactions with owners</b>								
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
<b>Transactions with owners, total</b>	<b>-</b>	<b>31,309</b>	<b>-</b>	<b>31,309</b>	<b>-2,198</b>	<b>29,111</b>	<b>-16</b>	<b>29,095</b>
<b>Equity total, 31 December 2018</b>	<b>24,000</b>	<b>137,396</b>	<b>2,220</b>	<b>139,616</b>	<b>125,964</b>	<b>289,580</b>	<b>750</b>	<b>290,330</b>

30 June 2018 (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
<b>Equity, 31 December 2017</b>	24,000	106,087	4,181	110,268	106,439	240,706	778	241,484
Impact of IFRS9, January 1, 2018			-2,181	-2,181	1,432	-749	-131	-880
<b>Equity, 1 January 2018</b>	<b>24,000</b>	<b>106,087</b>	<b>1,999</b>	<b>108,086</b>	<b>107,871</b>	<b>239,957</b>	<b>647</b>	<b>240,604</b>
<b>Comprehensive income</b>								
Profit/loss for the accounting period	-	-	-	-	10,566	10,566	48	10,614
Other comprehensive income	-	-	412	412	3	415	-	474
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>412</b>	<b>412</b>	<b>10,569</b>	<b>10,981</b>	<b>48</b>	<b>11,030</b>
<b>Transactions with owners</b>								
Distribution of dividends	-	-	-	-	-2,112	-2 112	-	-2,112
Other changes	-	-	60	60	-30	30	-15	15
<b>Transactions with owners, total</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>60</b>	<b>-2,142</b>	<b>-2,082</b>	<b>-15</b>	<b>-2,097</b>
<b>Equity total, 30 June 2018</b>	<b>24,000</b>	<b>106,087</b>	<b>2,471</b>	<b>108,557</b>	<b>116,298</b>	<b>248,856</b>	<b>680</b>	<b>249,536</b>



## Interim Report notes

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# G1 Accounting principles for the interim report

## 1 About the accounting principles

The Group's parent company is Oma Savings Bank Plc, whose domicile is in Seinäjoki and head office is in Lappeenranta, Valtakatu 32, 53100 Lappeenranta. A copy of the financial statements and interim reports is available on the Bank's website at [www.omasp.fi](http://www.omasp.fi).

Oma Savings Bank Group comprises the parent company Oma Savings Bank Plc, 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%).

The interim report is drawn up in accordance with the IAS 34 Interim Financial Reporting standard. The accounting principles for the interim report are the same as for the 2018 financial statements, apart from the changes resulting from the implementation of the IFRS 16 Leases standard.

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

The Board of Directors has approved the half-year report for 1 January–30 June 2019 in its meeting on 8 August 2019.

## 2 Changes to the accounting principles

### 2.1 Lease agreements

The Group began to apply the IFRS 16 Leases standard in the accounting period beginning on 1 January 2019. The standard replaced the IAS 17 standard and the IFRIC 4 Determining Whether an Arrangement Contains a Lease. In connection with the implementation, earlier accounting periods have not been adjusted to correspond with the new standard. The impacts of the standard's implementation on the Group's income statement and balance sheet are detailed in note G14.

Leases in which the Group functions as the lessee are entered 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. On the starting date of the lease, the right-of-use asset is valued at acquisition cost, which includes the amount of lease liability in accordance with the initial value and any initial direct costs and the asset item's estimated restoration costs and any rents paid by the starting date of the lease, minus received incentives. A right-of-use asset is amortised and interest on the lease liability is expensed. The amortisation is carried out during the period between the starting date of the lease and the earlier of the end of the right-of-use asset's financially useful life or the end of the lease term. The company's management has decided that the duration of offices' permanent leases is five years.

At the start of the lease, the lease liability is the current value of the rents to be paid during the lease term. When a variable lease is based on the index or price, these are taken into account in determining the lease liability. The Group recognises the lease liability in later periods based on the effective interest method. Rents consist of fixed payments and variable lease payments, which depend on the index. The Group applies IFRS 16's exemptions and recognises leases of no more than 12 months and low-value assets as expenditure in equal instalments during the lease term.

Oma Savings Bank Group, when functioning as the lessor, does not have agreements that are classified as finance leasing. Leases handled as operating leases are recognised in equal instalments over the lease term in the income statement items 'Net income from investment assets' or 'Other operating income'.

### 2.2 Clarification of the recognition principles for fee and commission income

Significant lending transaction and processing fee income is recognised 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 change on fee and commission income of the first half of 2019 is EUR –790 thousand and the impact on interest income is EUR +47 thousand. The clarification of the over-time recognition principles concerns new credit issued to companies and housing companies.

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

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Preparing this interim report 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 interim report and the information included in the accompanying notes. The essential estimates by the management team relate to the future and the material factors of uncertainty in terms of the date of reporting. They are closely related to, for example, the determination of fair value and the impairment of financial assets, loans and other receivables as well as tangible and intangible assets. Even though the estimates are based on management's best current perception, it is possible that the results deviate from the estimates used in the interim report.

Accounting principles requiring management's discretion and factors of uncertainty related to estimates did not change significantly compared to the 2018 financial statements.

## G2 Categorisation of financial assets and liabilities

<b>Assets, 30 June 2019 (1,000 euros)</b>	<b>Amortised cost</b>	<b>Fair value through other comprehensive income</b>	<b>Fair value through profit or loss</b>	<b>Hedging derivatives</b>	<b>Book value, total</b>	<b>Fair value</b>
Cash and cash equivalents	6,346	-	-	-	6,346	6,346
Loans and advances to credit institutions	60,480	-	-	-	60,480	60,480
Advances to customers	2,757,660	-	84	-	2,757,744	2,757,744
Derivatives, hedge accounting	-	-	-	8,505	8,505	8,505
Debt instruments	-	269,462	263	-	269,725	269,725
Equity instruments	-	-	80,988	-	80,988	80,988
<b>Total financial assets</b>	<b>2,824,487</b>	<b>269,462</b>	<b>81,335</b>	<b>8,505</b>	<b>3,183,789</b>	<b>3,183,789</b>
Investments in associated companies	-	-	-	-	5,672	5,672
Investment properties	-	-	-	-	7,238	8,990
Non-financial assets	-	-	-	-	47,072	47,072
<b>Assets 30 June, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,243,770</b>	<b>3,245,523</b>

<b>Liabilities, 30 June 2019 (1,000 euros)</b>	<b>Other liabilities</b>	<b>Hedging derivatives</b>	<b>Book value, total</b>	<b>Fair value</b>
Liabilities to credit institutions	81,612	-	81,612	81,612
Liabilities to customers	1,869,820	-	1,869,820	1,869,820
Debt securities issued to the public	918,604	-	918,604	918,604
Subordinated liabilities	15,200	-	15,200	15,200
<b>Total financial liabilities</b>	<b>2,885,236</b>	<b>-</b>	<b>2,885,236</b>	<b>2,885,236</b>
Non-financial liabilities	-	-	49,151	49,151
<b>Liabilities 30 June, 2019</b>	<b>2,885,236</b>	<b>-</b>	<b>2,934,387</b>	<b>2,934,387</b>

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

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



<b>Assets, 30 June 2018 (1,000 euros)</b>	<b>Amortised cost</b>	<b>Fair value through other comprehensive income</b>	<b>Fair value through profit or loss</b>	<b>Hedging derivatives</b>	<b>Book value, total</b>	<b>Fair value</b>
Cash and cash equivalents	7,964	-	-	-	7,964	7,964
Loans and advances to credit institutions	60,975	-	-	-	60,975	60,975
Advances to customers	2,326,600	-	-	-	2,326,600	2,326,600
Derivatives, hedge accounting	-	-	-	1,926	1,926	1,926
Debt instruments	-	217,409	3,325	-	220,734	220,734
Equity instruments	-	-	39,633	-	39,633	39,633
<b>Total financial assets</b>	<b>2,395,540</b>	<b>217,409</b>	<b>42,959</b>	<b>1,926</b>	<b>2,657,834</b>	<b>2,657,834</b>
Investment properties	-	-	-	-	7,505	9,006
Non-financial assets	-	-	-	-	137,748	137,748
<b>Assets 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,803,087</b>	<b>2,804,587</b>

<b>Liabilities, 30 June 2018 (1,000 euros)</b>	<b>Other liabilities</b>	<b>Hedging derivatives</b>	<b>Book value, total</b>	<b>Fair value</b>
Liabilities to credit institutions	37,402	-	37,402	37,402
Liabilities to customers	1,694,150	-	1,694,150	1,694,150
Derivatives	-	854	854	854
Debt securities issued to the public	760,731	-	760,731	760,731
Subordinated liabilities	25,200	-	25,200	25,200
<b>Total financial liabilities</b>	<b>2,517,483</b>	<b>854</b>	<b>2,518,337</b>	<b>2,518,337</b>
Non-financial liabilities	-	-	-	-
<b>Liabilities 30 June 2018</b>	<b>2,517,483</b>	<b>854</b>	<b>2,518,337</b>	<b>2,518,337</b>

## G3 Loans and other receivables

(1,000 euros)	30.6.2019	31.12.2018	30.6.2018
<b>Loans and advances to credit institutions</b>			
Deposits	41,830	40,884	44,014
Other	18,651	17,948	16,961
<b>Loans and advances to credit institutions, total</b>	<b>60,480</b>	<b>58,832</b>	<b>60,975</b>
<b>Loans and advances to the public and public sector entities</b>			
Loans	2,671,309	2,450,631	2,259,204
Used overdraft facilities	60,711	52,114	44,030
Loans intermediated through the State's assets	209	312	389
Credit cards	25,470	23,761	22,950
Bank guarantee receivables	45	198	27
<b>Loans and advances to the public and public sector entities, total</b>	<b>2,757,744</b>	<b>2,527,016</b>	<b>2,326,600</b>
<b>Loans and advances, total</b>	<b>2,818,225</b>	<b>2,585,848</b>	<b>2,387,575</b>

The cash flow calculations of the expected credit losses are presented in note G11 Impairment losses on financial assets.

## G4 Financial derivatives

Assets (1,000 euros)	30.6.2019	31.12.2018	30.6.2018
<b>Fair value hedge</b>			
Interest rate derivatives	8,343	1,519	1,159
<b>Other hedging derivatives</b>			
Share and share index derivatives	162	74	767
<b>Total derivative assets</b>	<b>8,505</b>	<b>1,593</b>	<b>1,926</b>

Liabilities (1,000 euros)	30.6.2019	31.12.2018	30.6.2018
<b>Fair value hedge</b>			
Interest rate derivatives	-	-	867
Share and share index derivatives	-	-	-13
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>854</b>

<b>Change in the value of hedged object / Fair value hedge</b>	<b>-9,453</b>	<b>-1,884</b>	<b>-243</b>
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<b>Change in the value of hedged object / Other hedging derivatives</b>	<b>202</b>	<b>436</b>	<b>-219</b>
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Nominal values of underlying items and fair values of derivatives 30 June 2019 (1,000 euros)	Residual maturity			Fair values		
	Less than 1 year	1–5 years	Over 5 years	Total	Assets	Liabilities
<b>Fair value hedge</b>	-	<b>665,000</b>	-	<b>665,000</b>	<b>8,343</b>	-
Interest rate swaps	-	665,000	-	665,000	9,388	-
Cva and Dva adjustments	-	-	-	-	-1,045	-
<b>Other hedging derivatives</b>	<b>25,791</b>	<b>32,948</b>	-	<b>58,740</b>	<b>162</b>	-
Share and share index derivatives	25,791	32,948	-	58,740	-1,045	-
Cva and Dva adjustments	-	-	-	-	-108	-
<b>Derivatives total</b>	<b>25,791</b>	<b>730,896</b>	-	<b>756,688</b>	<b>8,505</b>	-

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

Nominal values of underlying items and fair values of derivatives 30 June 2018 (1,000 euros)	Residual maturity			Fair values		
	Less than 1 year	1–5 years	Over 5 years	Total	Assets	Liabilities
<b>Fair value hedge</b>	<b>5,000</b>	<b>365,000</b>	<b>-</b>	<b>370,000</b>	<b>1,159</b>	<b>867</b>
Interest rate swaps	5,000	365,000	-	370,000	1,227	1,048
Cva and Dva adjustments	-	-	-	-	-68	-182
<b>Other hedging derivatives</b>	<b>24,626</b>	<b>33,274</b>	<b>-</b>	<b>57,900</b>	<b>767</b>	<b>-13</b>
Share and share index derivatives	24,626	33,274	-	57,900	853	
Cva and Dva adjustments	-	-	-	-	-87	-13
<b>Derivatives total</b>	<b>29,626</b>	<b>398,274</b>	<b>-</b>	<b>427,900</b>	<b>1,926</b>	<b>854</b>

## G5 Investment assets

Investment assets (1,000 euros)	30.6.2019	31.12.2018	30.6.2018
<b>Measured at fair value through profit or loss</b>			
Debt securities	263	439	3,325
Shares and other equity instruments	80,988	36,157	39,633
<b>Assets measured at fair value through profit or loss, total</b>	<b>81,251</b>	<b>36,596</b>	<b>42,959</b>
<b>Measured at fair value through other comprehensive income</b>			
Debt securities	269,462	228,480	217,409
Shares and other equity instruments	-	-	-
<b>Measured at fair value through other comprehensive income, total</b>	<b>269,462</b>	<b>228,480</b>	<b>217,409</b>
<b>Investment properties</b>	<b>7,238</b>	<b>7,176</b>	<b>7,505</b>
<b>Total investment assets</b>	<b>357,951</b>	<b>272,253</b>	<b>267,874</b>
<b>Changes in investment properties (1,000 euros)</b>	<b>30.6.2019</b>	<b>31.12.2018</b>	<b>30.6.2018</b>
<b>Cost, 1 January</b>	<b>12,635</b>	<b>13,671</b>	<b>13,671</b>
+ Increases	274	554	-
- Decreases	-77	-1,639	-942
+/- Transfers	-	49	49
<b>Cost at the end of the period</b>	<b>12,831</b>	<b>12,635</b>	<b>12,778</b>
<b>Accumulated depreciation and impairment, 1 January</b>	<b>-5,458</b>	<b>-5,435</b>	<b>-5,435</b>
+ Accumulated depreciation of decreases and transfers	35	186	101
- Depreciation	-195	-410	-141
+/- Impairment and their changes	24	201	201
+/- Other changes	-	-	-
<b>Accumulated depreciation and impairment at the end of the period</b>	<b>-5,593</b>	<b>-5,458</b>	<b>-5,274</b>
<b>Book value, 1 January</b>	<b>7,176</b>	<b>8,236</b>	<b>8,236</b>
<b>Book value at the end of the period</b>	<b>7,238</b>	<b>7,176</b>	<b>7,504</b>

Measured at fair value through profit or loss and measured at fair value through other comprehensive income (1,000 euros) 30 June 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	All total
Quoted								
Public sector entities	-	-	-	-	116,037	-	-	116,037
From others	-	60,639	-	60,639	151,859	-	-	212,498
Non-quoted								
From others	-	20,349	-	20,349	1,566	263	-	22,178
<b>Total</b>	<b>-</b>	<b>80,988</b>	<b>-</b>	<b>80,988</b>	<b>269,462</b>	<b>263</b>	<b>-</b>	<b>350,713</b>

Measured at fair value through profit or loss and measured at fair value through other comprehensive income (1,000 euros) 31 December 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	All total
Quoted								
Public sector entities	-	-	-	-	104,656	-	-	104,656
From others	-	15,202	-	15,202	122,242	-	-	137,444
Non-quoted								
From others	-	21,215	-	21,215	1,583	179	-	22,977
<b>Total</b>	<b>-</b>	<b>36,417</b>	<b>-</b>	<b>36,417</b>	<b>228,480</b>	<b>179</b>	<b>-</b>	<b>265,076</b>



Measured at fair value through profit or loss and measured at fair value through other comprehensive income (1,000 euros) 30 June 2018	Equity instruments				Debt-based				All total
	Fair value through other comprehensive income	Fair value through profit or loss	At amortised cost	Total	Fair value through other comprehensive income	Fair value through profit or loss	At amortised cost	Total	
Quoted									
Public sector entities	-	-	-	-	100,302	-	-	100,302	100,302
From others	-	19,260	-	19,260	114,995	3,145	-	118,140	137,400
Non-quoted									
From others	-	20,371	3	20,373	2,112	180	-	2,292	22,665
<b>Total</b>	<b>-</b>	<b>39,631</b>	<b>3</b>	<b>39,633</b>	<b>217,409</b>	<b>3,325</b>	<b>-</b>	<b>220,734</b>	<b>260,367</b>

The cash flow calculations of the expected credit losses are presented in note G11 Impairment losses on financial assets.

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

(1,000 euros)	30.6.2019	31.12.2018	30.6.2018
Liabilities to credit institutions			
Repayable on demand	7,468	11,871	13,353
Other than repayable on demand	74,144	77,923	24,049
<b>Total liabilities to credit institutions</b>	<b>81,612</b>	<b>89,793</b>	<b>37,402</b>
Liabilities to the public and public sector entities			
Deposits	1,860,181	1,755,760	1,693,579
Repayable on demand	1,644,289	1,542,386	1,500,504
Other	215,893	213,375	193,075
Other financial liabilities	186	267	328
Other than repayable on demand	186	267	328
Changes in fair value in terms of borrowing	9,453	1,884	243
<b>Liabilities to the public and public sector entities, total</b>	<b>1,869,820</b>	<b>1,757,911</b>	<b>1,694,150</b>
<b>Liabilities to the public and public sector entities and liabilities to credit institutions, total</b>	<b>1,951,432</b>	<b>1,847,704</b>	<b>1,731,552</b>

## G7 Debt securities issued to the public

(1,000 euros)	30.6.2019	31.12.2018	30.6.2018
Bonds	771,621	582,908	582,790
Certificates of deposit	146,982	131,955	177,941
<b>Total debt securities issued to the public</b>	<b>918,604</b>	<b>714,863</b>	<b>760,731</b>

Maturity of bonds	Nominal value	Interest	Year of issue	Due date	Book value		
					30.6.2019	31.12.2018	30.6.2018
Oma Sp Oyj 6.5.2019	110,000	margin 1.000% / variable	2016	6.5.2019	-	109,978	109,947
Oma Sp Oyj 3.4.2020	125,000	margin 0.880% / variable	2017	3.4.2020	124,951	124,919	124,887
Oma Sp Oyj 12.12.2022	350,000	0.125% / fixed	2017–2018	12.12.2022	348,258	348,010	347,956
Oma Sp Oyj 3.4.2024	300,000	0.125% / fixed	3/2019	3.4.2024	298,412	-	-
					<b>771,621</b>	<b>582,908</b>	<b>582,790</b>

Maturity of deposit certificates	less than 3 months	3–6 months	6–9 months	9–12 months	Book value, total
30.6.2019	104,987	14,991	19,966	7,039	146,982
31.12.2018	106,973	24,983	-	-	131,955
30.6.2018	120,979	56,961	-	-	177,941

## G8 Net interest income

(1,000 euros)	1-6/2019	1-6/2018	1-12/2018
<b>Interest income</b>			
Advances to the public and public sector entities	28,093	24,296	50,912
Debt securities	1,062	1,047	2,167
Derivatives	1,230	903	2,188
Other interest income	284	401	683
<b>Total interest income</b>	<b>30,669</b>	<b>26,648</b>	<b>55,949</b>
<b>Interest expenses</b>			
Liabilities to credit institutions	-228	-411	-675
Liabilities to the public and public sector entities	-1,004	-1,219	-2,316
Debt securities issued to the public	-1,434	-1,661	-3,085
Subordinated liabilities	-195	-249	-477
Other interest expenses	-173	-3	-46
<b>Total interest expenses</b>	<b>-3,034</b>	<b>-3 543</b>	<b>-6,599</b>
<b>Net interest income</b>	<b>27,635</b>	<b>23,105</b>	<b>49,351</b>

## G9 Fee and commission income and expenses

(1,000 euros)	1-6/2019	1-6/2018	1-12/2018
<b>Fee and commission income</b>			
Lending	5,299	5,910	11,276
Deposits	45	70	129
Card and payment transactions	6,601	5,922	12,271
Intermediated securities	52	54	110
Reserves	1,165	1,257	2,452
Legal services	353	346	721
Brokered products	647	678	1,313
Granting of guarantees	408	279	640
Other fee and commission income	345	429	782
<b>Total fee and commission income</b>	<b>14,914</b>	<b>14,946</b>	<b>29,694</b>
<b>Fee and commission expenses</b>			
Card and payment transactions	-1,565	-1,389	-2,890
Securities	-129	-40	-1,626
Other fee and commission expenses	-628	-461	-1,020
<b>Total fee and commission expenses</b>	<b>-2,322</b>	<b>-1,890</b>	<b>-5,535</b>
<b>Fee and commission income and expenses, net</b>	<b>12,592</b>	<b>13,057</b>	<b>24,158</b>

# G10 Net income on financial assets and financial liabilities

(1,000 euros)	1-6/2019	1-6/2018	1-12/2018
<b>Net income on financial assets measured at fair value through profit or loss</b>			
Debt securities			
Capital gains and losses	-	-	-116
Valuation gains and losses	-	-16	-104
<b>Total debt securities</b>	<b>-</b>	<b>-16</b>	<b>-220</b>
Shares and other equity instruments			
Dividend income	1,320	544	1,289
Capital gains and losses	90	5	-90
Valuation gains and losses	5,927	-331	-712
<b>Total shares and other equity instruments</b>	<b>7,338</b>	<b>218</b>	<b>486</b>
<b>Net income on financial assets measured at fair value through profit or loss, total</b>	<b>7,338</b>	<b>202</b>	<b>266</b>
<b>Net income on financial assets measured at fair value through other comprehensive income</b>			
Debt securities			
Capital gains and losses	131	-1	-4
Difference in valuation reclassified from the fair value reserve to the income statement	-120	96	396
<b>Total debt securities</b>	<b>11</b>	<b>95</b>	<b>393</b>
<b>Net income on financial assets measured at fair value through other comprehensive income, total</b>	<b>11</b>	<b>95</b>	<b>393</b>



<b>Net income from investment properties (1,000 euros)</b>	<b>1-6/2019</b>	<b>1-6/2018</b>	<b>1-12/2018</b>
Rent and dividend income	357	413	818
Capital gains and losses	-40	-402	-387
Other gains from investment properties	7	5	10
Maintenance expenses	-474	-470	-919
Depreciation and impairment on investment properties	-170	162	-200
Rent expenses on investment properties	-	-	-13
<b>Net income from investment properties, total</b>	<b>-320</b>	<b>-293</b>	<b>-691</b>
<b>Net gains on trading in foreign currencies</b>	<b>5</b>	<b>22</b>	<b>45</b>
<b>Net gains from hedge accounting</b>	<b>47</b>	<b>5</b>	<b>744</b>
<b>Net income from trading</b>	<b>-729</b>	<b>262</b>	<b>-202</b>
<b>Net income on financial assets and financial liabilities, total</b>	<b>6 352</b>	<b>292</b>	<b>556</b>

# G11 Impairment losses on financial assets

(1,000 euros)	1-6/2019	1-6/2018	1-12/2018
ECL from advances to customers and off-balance sheet items	-2,344	-971	-1,699
ECL from debt instruments	-33	-55	-64
<b>Expected credit losses, total</b>	<b>-2,376</b>	<b>-1 026</b>	<b>-1,763</b>
<b>Final credit losses</b>			
Final credit losses	-1,216	-848	-2,216
Refunds on realised credit losses	40	62	234
<b>Recognised credit losses, net</b>	<b>-1,176</b>	<b>-786</b>	<b>-1,983</b>
<b>Impairment on receivables, total</b>	<b>-3,552</b>	<b>-1,812</b>	<b>-3,746</b>

## Expected credit losses, loans and advances

Loans and advances to credit institutions and to public and general government, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	30.6.2019	30.6.2018	31.12.2018
				Total	Total	Total
<b>Expected credit losses 1 January 2019</b>	<b>1,504</b>	<b>1,825</b>	<b>8,247</b>	<b>11,577</b>	<b>9,762</b>	<b>9,762</b>
Transfer to stage 1	195	-187	-111	-104	-323	-449
Transfer to stage 2	-72	407	-472	-137	-244	-162
Transfer to stage 3	-9	-225	3,173	2,939	1,311	3,045
New debt securities	569	256	61	886	1,455	1,917
Matured debt securities	-401	-123	-1 386	-1,910	-1,577	-2,953
Realised credit losses	1	-14	-411	-424	-	-1,183
Recoveries on previous realised credit losses	-4	10	-15	-8	-	-
Changes in credit risk	-62	373	779	1,090	388	1,245
Changes in the ECL model parameters	-	-	-	-	-	-
Manual corrections, at credit level	-6	-	-	-5	-	356
<b>Expected credit losses 30 June 2019</b>	<b>1,716</b>	<b>2,323</b>	<b>9,865</b>	<b>13,904</b>	<b>10,771</b>	<b>11,577</b>

Off-balance sheet commitments (1,000 euros)	Stage 1	Stage 2	Stage 3	30.6.2019	30.6.2018	31.12.2018
				Total	Total	Total
<b>Expected credit losses 1 January 2019</b>	<b>384</b>	<b>121</b>	<b>89</b>	<b>594</b>	<b>710</b>	<b>710</b>
Transfer to stage 1	52	-33	-1	18	-	-3
Transfer to stage 2	-3	6	-3	-	-	-
Transfer to stage 3	-0	-3	3	-	-	-
New debt securities	158	82	32	272	328	327
Matured debt securities	-204	-40	-25	-269	-305	-394
Realised credit losses	-	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-	-
Changes in credit risk	-5	-2	3	-4	-61	-46
Changes in the ECL model parameters	-	-	-	-	-	-
Manual corrections, at credit level	-	-	-	-	-	-
<b>Expected credit losses 30 June 2019</b>	<b>381</b>	<b>132</b>	<b>97</b>	<b>610</b>	<b>672</b>	<b>594</b>

#### Expected credit losses, investment assets

Debt securities, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	30.6.2019	30.6.2018	31.12.2018
				Total	Total	Total
<b>Expected credit losses 1 January 2019</b>	<b>499</b>	<b>49</b>	<b>-</b>	<b>548</b>	<b>484</b>	<b>484</b>
Transfer to stage 1	1	-13	-	-12	-7	-
Transfer to stage 2	-	-	-	-	16	20
Transfer to stage 3	-	-	-	-	-	-
New debt securities	32	17	-	49	154	190
Matured debt securities	-4	-8	-	-12	-24	-44
Realised credit losses	-	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-	-
Changes in credit risk	10	-2	-	8	-85	-102
Changes in the ECL model parameters	-	-	-	-	-	-
Manual corrections, at credit level	-	-	-	-	-	-
<b>Expected credit losses 30 June 2019</b>	<b>538</b>	<b>43</b>	<b>-</b>	<b>581</b>	<b>538</b>	<b>548</b>

## G12 Fair values in accordance with the valuation method

The determination of the fair value of financial instruments is set out in note G2 Accounting principles under "Determining the fair value" of the financial statements for the year 2018.

Level 3's recognised equity-based investments include the shares of companies that are strategic to Oma Savings Bank's operations.

### Items repeatedly valued at fair value

Financial assets (1,000 euros)	30.6.2019			
	Level 1	Level 2	Level 3	Total
<b>Measured at fair value through profit or loss</b>				
Equity-based	60,636	1,607	18,745	80,988
Debt-based	263	-	84	347
Financial derivatives	-	8,505	-	8,505
<b>Measured at fair value through other comprehensive income</b>				
Debt-based	264,246	-	5,216	269,462
<b>Financial assets total</b>	<b>325,146</b>	<b>10,112</b>	<b>24,045</b>	<b>359,302</b>

## Items repeatedly valuated at fair value

Financial assets (1 000 euros)	31.12.2018				30.6.2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Measured at fair value through profit or loss</b>								
Equity-based	15,200	1,214	20,176	36,590	19,260	1,198	19,069	39,527
Debt-based	179	-	84	263	3,325	-	184	3,509
Financial derivatives	-	1,593	-	1,593	-	1,073	853	1,926
<b>Measured at fair value through other comprehensive income</b>								
Debt-based	228,191	-	289	228,480	217,115	-	295	217,409
<b>Financial assets total</b>	<b>243,570</b>	<b>2,807</b>	<b>20,549</b>	<b>266,926</b>	<b>239,700</b>	<b>2,270</b>	<b>20,401</b>	<b>262,372</b>

## At amortised cost

Financial liabilities (1 000 euros)	31.12.2018				30.6.2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Other financial liabilities</b>	-	-	-	-	-	854	-	854
<b>Total financial liabilities</b>	-	-	-	-	-	854	-	854

## Investment transactions 30 June 2019, categorised to Level 3

Financial assets measured at fair value through profit or loss (1 000 euros)	30.6.2019			31.12.2018			30.6.2018		
	Equity-based	Debt-based	Total	Equity-based	Debt-based	Total	Equity-based	Debt-based	Total
<b>Book value 1 January 2019</b>	<b>20,176</b>	<b>84</b>	<b>20,260</b>	<b>19,119</b>	<b>718</b>	<b>19,837</b>	<b>19,119</b>	<b>718</b>	<b>19,837</b>
+ Acquisitions	-	-	-	1,179	-	1,179	-	-	-
- Sales	-6,556	-	-6,556	-76	-	-76	-56	-	-56
- Matured during the year	-	-	-	-	-532	-532	-	-500	-500
+/- Realised changes in value recognised on the income statement	5,175	-	5,175	-67	-100	-167	6	-32	-26
+/- Unrealised changes in value recognised on the income statement	-50	-	-50	20	-1	19	-	-1	-1
+ Transfers to Level 3	-	-	-	-	-	-	-	-	-
- Transfers to Level 1 and 2	-	-	-	-	-	-	-	-	-
<b>Book value 30 June 2019</b>	<b>18,745</b>	<b>84</b>	<b>18,829</b>	<b>20,176</b>	<b>84</b>	<b>20,260</b>	<b>19,069</b>	<b>184</b>	<b>19,253</b>

Measured at fair value through other comprehensive income (1 000 euros)	30.6.2019			31.12.2018			30.6.2018		
	Equity-based	Debt-based	Total	Equity-based	Debt-based	Total	Equity-based	Debt-based	Total
<b>Book value 1 January 2019</b>	<b>-</b>	<b>289</b>	<b>289</b>	<b>-</b>	<b>749</b>	<b>749</b>	<b>-</b>	<b>749</b>	<b>749</b>
+ Acquisitions	-	4,965	4,965	-	-	-	-	-	-
- Sales	-	2	2	-	-6	-6	-	-	-
- Matured during the year	-	-	-	-	-451	-451	-	-451	-451
+/- Realised changes in value recognised on the income statement	-	-	-	-	-	-	-	-	-
+/- Unrealised changes in value recognised on the income statement	-	248	248	-	-	-	-	-	-
+/- Changes in value recognised in other comprehensive income	-	-	-	-	-3	-3	-	-3	-3
+ Transfers to Level 3	-	-	-	-	-	-	-	-	-
- Transfers to Level 1 and 2	-	-289	-289	-	-	-	-	-	-
<b>Book value 30 June 2019</b>	<b>-</b>	<b>5,216</b>	<b>5,216</b>	<b>-</b>	<b>289</b>	<b>289</b>	<b>-</b>	<b>295</b>	<b>295</b>

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

Equity-based	Hypothetical change	30.6.2019 Potential impact on equity			31.12.2018 Potential impact on equity			30 June 2018 Potential impact on equity		
		Market value	Positive	Negative	Market value	Positive	Negative	Market value	Positive	Negative
Measured at fair value through profit or loss	+/- 15 %	18,745	2,812	-2,812	2,176	3,026	-3,026	19,069	2,860	-2,860
Measured at fair value through other comprehensive income	+/- 15 %	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>18,745</b>	<b>2,812</b>	<b>-2,812</b>	<b>20,176</b>	<b>3,026</b>	<b>-3,026</b>	<b>19,069</b>	<b>2,860</b>	<b>-2,860</b>

Debt-based	Hypothetical change	30.6.2019 Potential impact on equity			31.12.2018 Potential impact on equity			30.6.2018 Potential impact on equity		
		Market value	Positive	Negative	Market value	Positive	Negative	Market value	Positive	Negative
Measured at fair value through profit or loss	+/- 15 %	84	13	-13	84	13	-13	184	28	-28
Measured at fair value through other comprehensive income	+/- 15 %	5,216	782	-782	289	43	-43	295	44	-44
<b>Total</b>		<b>5,300</b>	<b>795</b>	<b>-795</b>	<b>373</b>	<b>56</b>	<b>-56</b>	<b>479</b>	<b>72</b>	<b>-72</b>



# G13 Business combinations

## 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 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 are recognised in the consolidated balance sheet in the item 'Shares of companies consolidated by the equity method'.

# G14 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. The classification into operating leases and finance leasing was removed. The lessee enters the right-of-use asset in the balance sheet based on its right to use the item 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 the simplified cumulative catch-up transition method. The comparative data relating to the previous financial periods have not been adjusted. The accounting principles in accordance with IFRS 16 are presented in note G1 'Accounting principles' of the interim report.

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. The adoption of the IFRS 16 standard does not therefore 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)	1.1.2019
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	4,448
Lease obligations 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
<b>Lease liability recognised at 1 January 2019</b>	<b>6,071</b>

<b>Assets (1,000 euros)</b>	<b>30.6.2019</b>
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<b>Book value premises, 1 January 2019</b>	<b>5,934</b>
Increases	106
Depreciation	-641
<b>Book value premises, 30 June 2019</b>	<b>5,399</b>
Refundable at the end of the lease	15
<b>Book value equipment, 1 January 2019</b>	<b>122</b>
Increases	362
Depreciation	-82
<b>Book value equipment, 30 June 2019</b>	<b>401</b>

<b>Liabilities (1,000 euros)</b>	<b>30.6.2019</b>
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<b>Lease liabilities, 30 June 2019</b>	<b>5,842</b>
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<b>Maturity analysis (undiscounted cash flows)</b>		
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less than 1 year	1 – 5 years	over 5 years
<b>1,482</b>	<b>4,322</b>	<b>218</b>

<b>Impact on result: (1,000 euros)</b>	<b>30.6.2019</b>
--	------------------

Depreciation	
Premises	-641
Equipment	-82
Interest expenses	-42
Leases of short-term leases	-13
Leases of low-value assets	-410
<b>Lease expenses total</b>	<b>-1,188</b>

# G15 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:**

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

### Operating income/loss

Interest income, fee and commission income, net income on financial assets and liabilities, other operating income

### Operating income, total

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

### Total operating expenses

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

### Liquidity coverage ratio (LCR), %

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

### Cost/income ratio, %

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

### Comparable cost/income ratio, %

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

### Comparable profit before taxes

Profit/loss before taxes without items effecting comparability

### Return on equity (ROE), %

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

### Comparable return on equity (ROE), %

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

### Total return on assets (ROA), %

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

### Equity ratio, %

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

### Total capital (TC), %

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

### Common Equity Tier 1 (CET1)

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

### Tier 1 equity ratio (T1), %

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

### Earnings per share (EPS), EUR

Profit/loss for the accounting period belonging to the parent company owners

Average number of shares outstanding

### Comparable earnings per share (EPS), EUR

Comparable profit/loss – Share of non-controlling interests

Average number of shares outstanding

# Independent Auditor's Report on Review of Consolidated Half-Year Report of Oma Savings Bank plc

To the Board of Directors of Oma Savings Bank plc

This document is an English translation of the Finnish auditor's report.  
Only the Finnish version of the report is legally binding.

## Introduction

We have reviewed the accompanying consolidated half-year report of Oma Savings Bank plc which comprise the condensed consolidated balance sheet as at 30 June 2019, condensed consolidated income statement, statement of comprehensive income, changes in equity, and cash flows for the six months ended 30 June 2019 and notes to the condensed interim information. The Board of Directors and the CEO are responsible for the preparation and presentation of the condensed consolidated half-year report in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

## Scope of review

We conducted our review in accordance with International Standards on Review Engagements ISRE 2410 'Review of Interim Financial Information Performed by the

Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated half-year report of Oma Savings Bank plc for the six month period ended 30 June 2019 has not been prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

KPMG OY AB

Helsinki, 8 August 2019

FREDRIK WESTERHOLM  
Authorised Public Accountant, APA



## **PILLAR III**

Disclosure Report on capital  
adequacy and risk-management  
30 June 2019



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The 30 June 2019 Pillar III is a translation of the original Finnish version "Pilari III".  
If discrepancies occur, the Finnish version is dominant.

# 1. Introduction

EU Capital Requirements Regulation (575/2013), Part 8, sets requirements for the disclosure obligation of institutions and the disclosure of information concerning banks' risks, their management and capital adequacy. The disclosure of the information in question is discussed more fully in many other regulations, for example, the European Banking Authority (EBA) has provided more detailed guidance on the disclosure obligations.

The Oma Savings Bank Group complies with its disclosure obligation by annually publishing comprehensive information on its capital adequacy and risk management (so-called Pillar III information) alongside its financial statements. In its half-year report, the Oma Savings Bank Group presents the essential part information of capital adequacy and risk management. The section 'Pillar III Disclosure Report on capital adequacy and risk management' is unaudited.

## 2. Summary

### Risk management key figures

(1,000 euros)	30.6.2019	31.12.2018
<b>Own funds</b>		
Common Equity Tier 1 (CET1) capital	293,475	275,758
Total capital (TC)	304,253	288,789
Pillar I minimum capital requirement (8,0 %)	136,052	119,896
Pillar I total capital requirement	178,645	157,424
<b>Risk weighted assets</b>		
Credit and counterparty risk, standardised approach	1,553,601	1,367,127
Credit valuation adjustment (CVA)	14,773	5,401
Market risk	6,109	-
Operational risk, basic indicator approach	126,170	126,170
<b>Risk weighted assets, total</b>	<b>1,700,654</b>	<b>1,498,699</b>
<b>Ratios</b>		
Common Equity Tier 1 (CET1) (as percentage of risk exposure)	17.26%	18.40%
Total capital (as percentage of risk exposure)	17.89%	19.27%
Leverage ratio, %	8.86%	9.28%
Liquidity coverage ratio (LCR), %	154.24%	134.80%

Oma Savings Bank's Board of Directors has approved a minimum Common Equity Tier 1 (CET1) ratio financial target of at least 16 per cent.

Oma Savings Bank's strong growth continued in the first half of the year. The company's risk strategy supports

the bank's strategy in terms of business growth. One of the main tasks of risk management is to create prerequisites for achieving growth without an increase in risk levels or disturbances in daily operations.

## EU OV1 – Overview of RWAs

(1 000 euroa)			RWAs		Minimum capital requirements
			30.6.2019	31.12.2018	30.6.2019
	<b>1</b>	Credit risk (excluding CCR)	1,549,591	1,365,069	123,967
Article 438(c)(d)	<b>2</b>	Of which the standardised approach	1,549,591	1,365,069	123,967
Article 107 Article 438(c)(d)	<b>6</b>	CCR	18,784	7,459	1,503
Article 438(c)(d)	<b>7</b>	Of which mark to market	4,010	2,058	321
Article 438(c)(d)	<b>12</b>	Of which CVA	14,773	5,401	1,182
Article 438(c)(d)	<b>13</b>	Of which mark to market	4,010	2,058	321
Article 438(c)(d)	<b>14</b>	Of which original exposure	-	-	-
	<b>18</b>	Of which standardised approach	-	-	-
Article 438(e)	<b>19</b>	Market risk	6,109	-	489
	<b>20</b>	Of which the standardised approach	6,109	-	489
Article 438(e)	<b>22</b>	Large exposures	-	-	-
Article 438(f)	<b>23</b>	Operational risk	126,170	126,170	10,094
	<b>24</b>	Of which basic indicator approach	126,170	126,170	10,094
Article 437 (2), Article 48 and Article 60	<b>27</b>	Amounts below the thresholds for deduction (subject to 250% risk weight)	13,881	13,881	1,110
Article 500	<b>28</b>	Floor adjustment	-	-	-
	<b>29</b>	<b>Total</b>	<b>1,700,654</b>	<b>1,498,699</b>	<b>136,052</b>

### 3. Own funds

At the end of the review period, the capital structure of the Oma Savings Bank Group was strong. Total own funds (TC) came to EUR 304.3 million, of which Tier 1 capital (T1) accounted for EUR 293.5 million. Tier 1 capital consisted in its entirety of Common Equity Tier 1 capital (CET1). Tier 2 capital (T2) was EUR 10.8 million. Tier 2 capital contains Oma Savings Bank's debenture loans.

Common Equity Tier 1 capital includes the profit of the financial year, which has been subject to a review by the auditors and therefore can be included in CET1 capital on the basis of permission granted by Financial Supervisory Authority in accordance with the Capital Requirements Regulation. Deductions due to prudential filters on CET 1 are made up of value adjustments based on calculation of prudent valuation.

#### Own funds

(1 000 euroa)	30.6.2019	31.12.2018
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>301,647</b>	<b>281,557</b>
Share capital	24,000	24,000
Reserve for invested unrestricted equity*	133,304	133,515
Retained earnings	135,074	121,822
Fair value reserve	9,269	2,220
<b>Regulatory adjustments on Common Equity Tier 1 capital</b>	<b>-8,172</b>	<b>-5,799</b>
Intangible assets	-7,279	-5,039
Deferred tax assets	-532	-491
Value adjustments due to the requirements for prudent valuation	-361	-269
<b>Common Equity Tier 1 (CET1) capital</b>	<b>293,475</b>	<b>275,758</b>
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>-</b>	<b>-</b>
<b>Regulatory adjustments on Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 (AT1) capital</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital before regulatory adjustments</b>	<b>10,778</b>	<b>13,031</b>
Tier 2 capital before regulatory adjustments	10,778	13,031
<b>Regulatory adjustments on Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>Tier 2 (T2) capital</b>	<b>10,778</b>	<b>13,031</b>
<b>Total capital (TC)</b>	<b>304,253</b>	<b>288,789</b>

\* The assets raised in the 2017–2018 personnel offerings, EUR 3.9 million, are not included in Common Equity Tier 1 capital.

## 4. Credit risk

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

### 4.1 Structure of credit risk

The company's credit risk primarily consists of loans secured by immovable property, retail exposures and business loans. 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 and the collaterals are high quality.

#### Bank's loan portfolio by customer group

Credit balance (1,000 euros)	30.6.2019	31.12.2018
Private customers	1,645,896	1,502,435
Business customers	584,016	528,739
Housing association	257,392	243,113
Agriculture, forestry, fishing industry	243,675	231,397
Other	40,670	32,908
<b>Total</b>	<b>2,771,648</b>	<b>2,538,593</b>

#### Mortgage bank's LTV distribution

LTV	30.6.2019	30.6.2019
0–50%	26.8%	26.7%
50–60%	15.0%	15.2%
60–70%	19.6%	19.5%
70–80%	15.2%	14.3%
80–90%	13.2%	14.7%
90–100%	10.2%	9.7%
>100%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

The table shows the LTV ratio of the loans used as collateral for bonds covered at the reporting date, based on mortgage bank regulations. In the classes of the table the number of the whole loan is seen in that LTV class to which its biggest LTV value belongs. For example a loan of 55,000 euros with a 100,000 euros real estate collateral is calculated to LTV class 50–60% on the whole.

## 4.2 Management of credit risk

### 4.2.1 Credit risk management systems

The development of credit risks is monitored regularly using different methods. Credit risk monitoring takes into account, for example, the quality, structure, credit shortfall development and non-performing loans of the loan portfolios. Non-performing loans are considered ECL stage 3 loans and stage 2 loans in which the collateral risk is significant. In addition, the development of credit risks is monitored in relation to the set control limits.

The structure of the loan portfolio is monitored per customer group and based on the sector allocation of business customers. Of the business customer base sectors, the four largest are real estate, agriculture and forestry, wholesale and retail and construction. The development of the sectors in question is regularly monitored and reported on to the bank's management and Board of Directors.

Credit risks are continuously monitored by keeping

an eye on past-due exposures, non-performing loans and the development of credit rating units and the credit ratings of individual customers. The bank does not have any customers whose liabilities exceed the limit set by the Credit Institution Act, namely 10 per cent of the bank's own funds (high customer risks). The risks associated with Oma Savings Bank's loans are low in terms of the annual income level and risk-bearing capacity. Non-performing loans and payment delays are continuously monitored.

Non-performing receivables remained at the same level as the previous year and accounted for 1.4 (1.5)% of the loan portfolio. Past-due receivables (30–90 days) came to EUR 1.7 (17.4) million at the end of the year. Under certain circumstances, when a debtor faces financial difficulties, the customer can be granted concession from the original loan terms in the form of deferred amortisation or loan rearrangement to ensure the customer's ability to pay and avoid potential credit losses. Granting forbearance requires that the customer's financial difficulties are short-term and temporary. The Group has forbearance receivables of a total of EUR 83.6 (73.4) million.

### Matured and non-performing receivables

(1,000 euros)	30.6. 2019	Share %	31.12. 2018	Share %
Matured receivables, 30–90 days	14,721	0.5%	17,419	0.7%
Non-matured or matured less than 90 days, non-repayment likely	9,506	0.3%	9,242	0.4%
Non-performing receivables, 90–180 days	10,831	0.4%	7,327	0.3%
Non-performing receivables, 181 days–1 year	7,472	0.3%	7,834	0.3%
Non-performing receivables, > 1 year	12,909	0.5%	11,587	0.4%
<b>Matured and non-performing receivables total</b>	<b>55,438</b>	<b>2.0%</b>	<b>53,409</b>	<b>2.0%</b>
Performing receivables and matured receivables with forbearances	74,218	2.6%	66,517	2.5%
Defaulted receivables with forbearances	9,419	0.3%	6,843	0.3%
<b>Loan servicing flexibility items total</b>	<b>83,636</b>	<b>3.0%</b>	<b>73,359</b>	<b>2.8%</b>

The company's loan portfolio contains a small amount of wrong-way risk. As a rule, customers with a poor credit rating are not financed. An exception can occur if the financing is critical in terms of the asset used as collateral.

#### **4.2.2 Collateral management**

The company issues guidelines on the assessment of collateral and use of covenants in its credit risk management guidelines. Each type of collateral has a different valuation percentage and the collateral is carefully valued at fair value. The collateral values are monitored regularly both in connection with lending and as a separate regular process. Additionally, collateral assessment is carried out by a party independent of the loan decision and collateral assessment is largely carried out by persons with an applicable degree.

#### **4.2.3 Credit risk adjustments**

Oma Savings Bank only has specific credit risk adjustments which are calculated using the IFRS 9 standard's ECL model (expected credit loss). The ECL model estimates the final credit loss resulting for the bank after the collateral used for the loan has been realised. The calculations take into account the customer's ability to service their debt, their rating level, any forbearance and the number of collaterals linked to the loan.

### **4.3 Counterparty risk**

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Oma Savings Bank is also exposed to counterparty risk from its liquidity portfolio investments and asset management, from large individual customer entities and sector concentrations.

The investment activities are directed by the liquidity and market risk strategies approved by the company's Board of Directors.

Derivatives are used very moderately and only for hedging purposes. Derivatives do not have daily collateral settlements.

## 4.4 Credit risk tables

### EU CR1-A – Credit quality of exposures by exposure class and instrument

		a	b	c	e	f	g
		Gross carrying values of		Specific credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net value
		Defaulted exposures	Non-defaulted exposures				
30.6.2019 (1,000 euros)							(a+b-c)
16	Central governments or central banks	-	143,422	-	-	-	143,422
17	Regional governments or local authorities	-	2,191	-	-	-	2,191
18	Public sector entities	-	3,176	-	-	-	3,176
21	Institutions	-	61,881	-	-	-	61,881
22	Corporates	-	466,071	1,710	5	253	464,361
23	Of which: SMEs	-	371,494	1,682	5	259	369,812
24	Retail	-	716,705	4,792	922	429	711,912
25	Of which: SMEs	-	188,861	2,166	228	704	186,695
26	Secured by mortgages on immovable property	-	1,838,924	-	-	-	1,838,924
27	Of which: SMEs	-	396,479	-	-	-	396,479
28	Exposures in default	33,083	-	7,160	3,484	1,517	25,923
29	Items associated with particularly high risk	-	1,000	-	-	-	1,000
30	Covered bonds	-	97,950	-	-	-	97,950
32	Collective investments undertaking	-	59,275	-	-	-	59,275
33	Equity exposures	-	26,384	-	-	-	26,384
34	Other exposures	-	40,767	-	-	-	40,767
<b>35</b>	<b>Total standardised approach</b>	<b>33,083</b>	<b>3,457,747</b>	<b>13,662</b>	<b>4,411</b>	<b>2,199</b>	<b>3,477,168</b>
<b>36</b>	<b>Total</b>	<b>33,083</b>	<b>3,457,747</b>	<b>13,662</b>	<b>4,411</b>	<b>2,199</b>	<b>3,477,168</b>
37	Of which: Loans	33,026	2,762,238	13,052	4,411	2,201	2,782,213
38	Of which: Debt securities	-	331,533	-	-	-	331,533
39	Of which: Off-balance-sheet exposures	57	232,406	610	-	-2	231,853



## EU CR2-A – Changes in the stock of general and specific risk adjustments

		a
30.6.2019 (1,000 euros)		Accumulated specific credit risk adjustment
1	<b>Opening balance</b>	<b>11,463</b>
2	Increases due to amounts set aside for estimated loan losses during the period	2,199
<b>9</b>	<b>Closing Balance</b>	<b>13,662</b>
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-40
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	1,216

## EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities

		a
30.6.2019 (1,000 euros)		Gross carrying value defaulted exposures
1	<b>Opening balance</b>	<b>27,924</b>
2	Loans and debt securities that have defaulted or impaired since last reporting period	12,688
3	Returned to non-defaulted status	-3,012
4	Amounts written off	-929
5	Other changes	-3,588
<b>6</b>	<b>Closing balance</b>	<b>33,083</b>

## EU CR3 – CRM techniques – Overview

		a	b	c	d
30.6.2019 (1,000 euros)		Exposures unsecured - Carrying amount	Exporusers secured - Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees
1	Total loans	248,123	2,765,942	2,692,836	73,106
2	Total debt securities	198,630	132,903	95,005	37,897
<b>3</b>	<b>Total exposures</b>	<b>446,753</b>	<b>2,898,845</b>	<b>2,787,842</b>	<b>111,003</b>
4	Of which defaulted	2,545	23,378	22,656	723

## 4.5 Leverage ratio

The Oma Savings Bank Group's leverage ratio is presented in accordance with the European Commission Delegated Regulation and the figure describes the ratio of the group's Tier 1 capital to the total exposures. The leverage ratio has been calculated using the figures for the end of the review period. The Oma Savings Bank Group's leverage ratio on 30 June 2019 was strong at 8.9%.

The group 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 leverage ratio is expected to become a binding 3% requirement during 2019.

## 5. Market risk

Oma Savings Bank does not have market risk pursuant to Pillar I, but market risk results from fluctuations in the market prices of investment portfolio securities and the interest rate risk in the banking book. Market risk is managed through the strategy approved by the Board of Directors and conservative risk appetite. As a general rule, the company does not practice trading on its own account, but bonds are purchased for managing liquidity and derivatives are used for hedging purposes.

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.

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

#### Interest rate sensitivity analysis, change of 1%-point in the yield curve (1,000 euros)

	30.6.2019		31.12.2018	
	Change -1%	Change +1%	Change -1%	Change +1%
Change 1–12 months	-126	3,445	-1,780	6,002
Change 13–24 months	-3,886	10,989	-4,459	14,304

Oma Savings Bank's investment portfolio consists mainly of low-risk fixed income investments, because High Yield bonds form less than two per cent of the portfolio and the other bonds are Investment Grade obligations to EU states. The bank's Board of Directors is provided with regular reports on the content of the investment portfolio and its largest counterparties.

## 6. Operational risk

Operational risk forms a significant risk area for Oma Savings Bank Plc. It is typical for operational risk that any losses resulting from the risk are not always easy to measure, as the risk may materialise with a delay.

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

The company's key operational risk areas consist of the following: 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.

Oma Savings Bank Plc calculates the operational risk in accordance with Pillar I using the basic indicator approach. The operational risk of the group in the review period was EUR 126.2 million, of which the requirement of own funds was EUR 10.1 million.

The principles of operational risk management are included in the risk management policy approved by the Board of Directors.

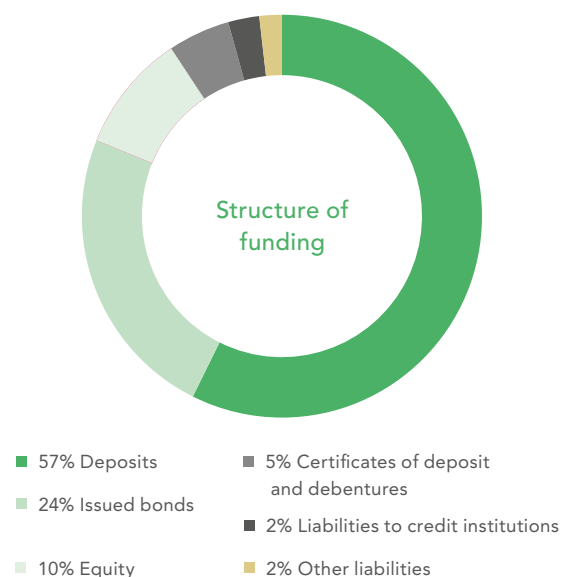
## 7. Liquidity risk

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

Liquidity risk is measured in the short and long term by monitoring the structure of the liquidity reserve and long-term liabilities. The group's liquidity coverage ratio (LCR) remained good, standing at 154.2% (31.12.2018 134.8%) at the end of June 2019, when the minimum LCR is 100%. Standard and Poor's credit rating for short-term borrowing was A-2 and for long-term borrowing BBB+.

Another significant key figure in terms of liquidity management is the Net Stable Funding Ratio (NSFR), which was 160.2% at the moment of review. The EU has yet to decide on the content and the extent to which the net stable funding ratio (NSFR) will be binding.

The Treasury unit is responsible for the Bank's reporting. Key liquidity figures are reported to the management regularly. The management reports to the Board of Directors. Additionally, the internal calculation models for liquidity risk are assessed at least once a year by risk management.





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omasp

**Oma Savings Bank Plc**

Valtakatu 32, 53100 Lappeenranta  
tel. +358 20 764 0600, [omasp@omasp.fi](mailto:omasp@omasp.fi)