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# Q2/2020

**Oma Savings Bank Group**

Half-Year Financial Report 30 June 2020

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Half-Year Financial Report 30 June 2020 is a translation of the original Finnish version "Puolivuosikatsaus 30.6.2020".  
If discrepancies occur, the Finnish version is dominant.

## Oma Savings Bank Group's half-year report January–June 2020

- Net interest income increased 10.0% in April-June and 13.6% in January-June compared to the same period last year.
- The home mortgage portfolio has increased by a total of 3.5% during the second quarter. Over the previous 12 months, the home mortgage portfolio grew 16.7%. Corporate loan portfolio remained unchanged during the second quarter, following a total increase of 11.1% over the previous 12 months.
- Deposit stocks grew 6.5% during the second quarter, and growth for the previous 12 months was 14.5%.
- The 'Fee and commission income and expenses (net)' item increased in April-June by 14.7% and 11.5% in the January-June compared to the same period last year.
- In line with its strategy, the company sold most of its real estate holdings in June. As a result of the transaction, a total sales loss of EUR 2.3 million was recorded. In the same context, the company entered into long-term leases on business premises it sold and are in its own use. At the same time, the company signed long-term lease agreements for the business premises remaining in its own use. The sale of the real estate has no impact on the scope of customer services.
- Total operating income grew by 12.2% in Q2 and came to a total of EUR 23.6 (21.1) million. For the first half of the year, total operating income grew by 10.6% to EUR 53.6 (48.5) million.
- Impairment losses on financial assets were EUR 3.9 (2.3) million in the April-June and EUR 12.5 (3.6) million for the whole of the beginning of the year. The early year EUR 1.4 million can be explained by a group-specific additional loss allowance based on management judgement with which the company pre-emptively prepared for the impacts of the corona pandemic.
- The cost/ income ratio Q2 was 56.2 (56.5)% and the whole of the beginning of the year cost/income ratio was 51.3 (54.1)%. As a whole, the comparable cost/ income ratio improved and was 55.6% (62.2%).
- The Q2 profit before taxes was EUR 6.5 (6.8) million. The comparable profit before taxes for April-June was EUR 7.3 (7.2) million.


### Outlook for 2020 (unchanged)

Despite the general economic uncertainty, the company's financial position is strong and the flexible operating models allow rapid response to changes in the operating environment. The company's earning is expected to increase during the FY2020 in both key sources of income, net interest income and fee and commission income. At the same time, operating costs are projected

to remain approximately at current level, so the profitability of the company's core business is expected to continue to improve in FY2020.

More detailed earnings guidance will be provided by the company as the economic outlook for the corona pandemic progression becomes clearer and the economic impact can be better assessed.

The Group's key figures (1,000 euros)	1–6/2020	1–6/2019	Δ %	2020 Q2	2019 Q2	Δ %
Net interest income	31,391	27,635	14%	15,886	14,440	10%
Fee and commission income and expenses, net	14,042	12,592	12%	7,328	6,387	15%
Impairment losses on financial assets, net	-12,453	-3,552	251%	-3,922	-2,348	67%
Profit before taxes	13,678	18,696	-27%	6,457	6,804	-5%
Cost/income ratio, %	51.3%	54.1%	-5%	56.2%	56.5%	-1%
Balance sheet total	3,838,097	3,243,770	18%	3,838,097	3,243,770	18%
Equity	329,789	309,383	7%	329,789	309,383	7%
Return on assets (ROA) %	0.6%	1.1%	-42%	0.6%	0.7%	-14%
Return on equity (ROE) %	6.8%	10.8%	-37%	6.5%	7.1%	-9%
Earnings per share (EPS), EUR	0.38	0.55	-31%	0.18	0.18	0%
Common Equity Tier 1 (CET1) capital ratio %	16.4%	17.3%	-5%	16.4%	17.3%	-5%
Comparable profit before taxes	8,966	12,343	-27%	7,276	7,151	2%
Comparable cost/income ratio, %	55.6%	62.2%	-11%	52.8%	55.6%	1%
Comparable return on equity (ROE) %	4.5%	6.6%	-31%	7.3%	7.5%	-3%



Our home mortgage portfolio growth was close to 17% over the previous 12 months.

Net interest income grew by close to 14% and operating income grew in total by nearly 11% relative to the comparative period.

## CEO's review

# Business development continued to be strong in a demanding operating environment

**We can be pleased with the development of the business in the early part of the year. Our net interest income grew by close to 14% and operating income grew in total by nearly 11%. Positive developments in our main sources of income, namely net interest income and operating income, have continued at expected levels despite the demanding operating environment.**

Corona pandemic and the foreclosures it induces have had a broad impact on the everyday life of people and businesses during the second quarter of the year. We have invested in ensuring safe banking and

encouraged our customers to take advantage of digital service channels. Our personnel has adapted to changing situations excellently and has shown exemplary activity throughout the early part of the year.

The profit before taxes for April–June was EUR 6.5 million. Our comparable profit before taxes developed well, closing at EUR 7.3 million, an increase of 2%.

During Q2, we sold the majority of our real estate holdings to reduce our continuous maintenance costs and administrative burden. As a result of the transaction, we recognised EUR 2.3 million in sales losses. At the same time, we signed long-term lease agreements for the business premises remaining in our own use.

Despite the uncertainty in the operating environment, the quality of the loan portfolio has remained strong. We recognised EUR 6.6 million in credit losses in the second quarter. We prepared pre-emptively for the impacts of the corona pandemic with group-specific additional loss allowance based on management judgement. The allowance is still available in full.

The profit before taxes for January–June was EUR 13.7 million and our comparable profit was EUR 9.0 million. During the first half of the year, our balance sheet grew by more than 12%, coming to approximately EUR 3.8 billion, a record high.

### **Boosting Finland's economic growth through financing for SMEs**

We signed a new extension on a guarantee agreement with the European Investment Fund (EIF) worth EUR 75 million. With the co-operation programme we can ease Finnish SMEs' access to credit and encourage investing. New financing can be offered for investments made in the initial stages of an SME and for boosting current operations and implementing new projects.

Moreover, we started up national collaboration with the Finnish Enterprise Agencies. Through the collaboration, we give our support to Finnish entrepreneurs.

### **New products meet customers' wishes**

We continuously develop our digital services. We will introduce during the autumn new payment services for our customers. Among other things, the needs of entrepreneurs will be met by the launch of a diversified corporate card that will contribute to growth in the corporate business.

### **Profitable growth priority**

The Board of Directors of the bank decided in its June meeting to update long-term strategic Common Equity Tier 1 (CET1) capital ratio target to 14% as of 1 October 2020. The revised target level will significantly enhance the use of capital over the medium term. Our financial targets of annual growth in total operating income, profitability and the targeted return on equity remained unchanged.

Our strong financial position and our ability to react quickly in a changing market situation allow the bank's profitable growth also in the future, no matter what the economic situation. We expect earnings growth in both key sources of income, net interest income and fee and commission income, for the 2020 accounting period. At the same time, operating costs are estimated to remain approximately at current level.

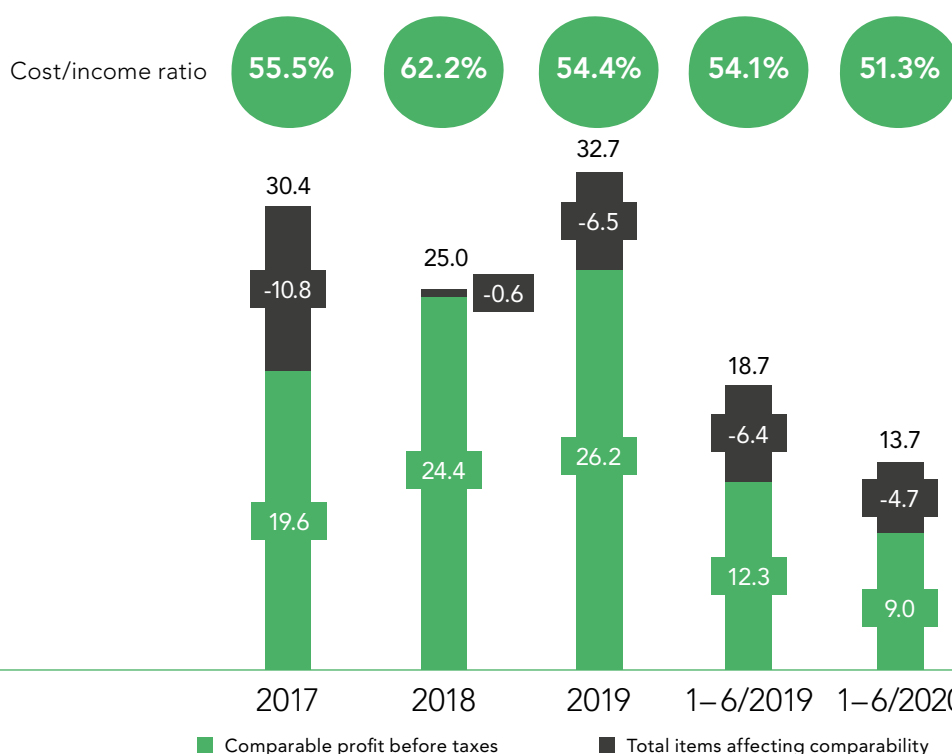
The company's core business is expected to improve further in the 2020 accounting period.



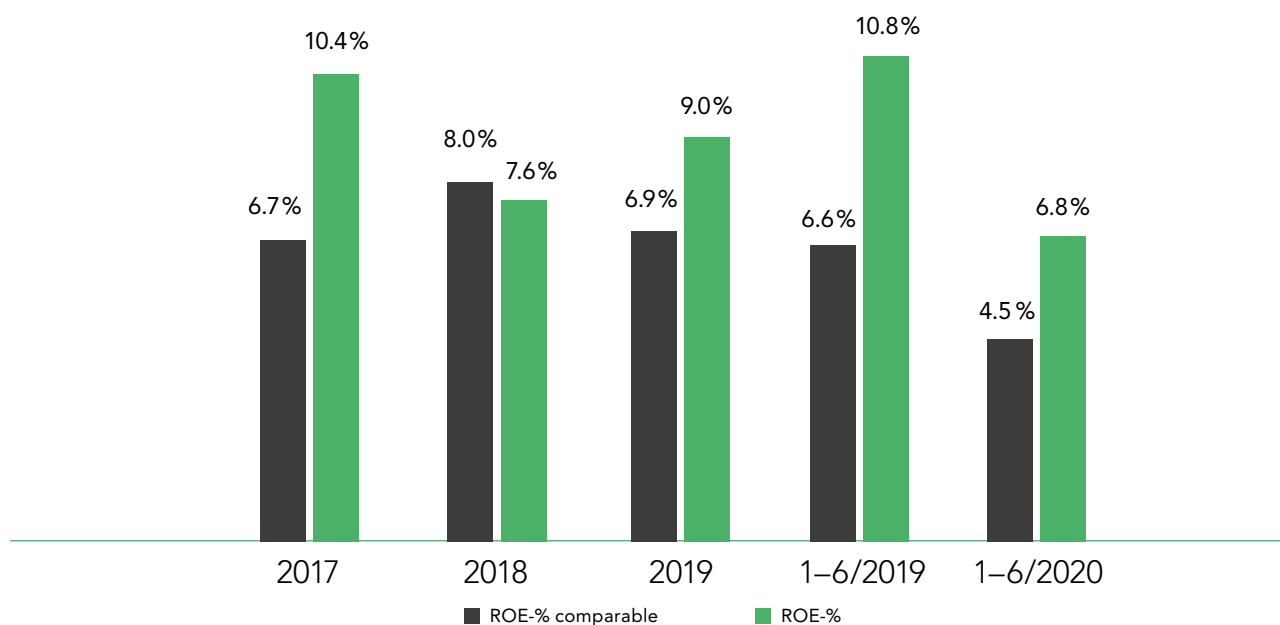
Pasi Sydänlammi  
CEO

# A profitably growing Finnish bank

Profit before taxes, EUR mill.

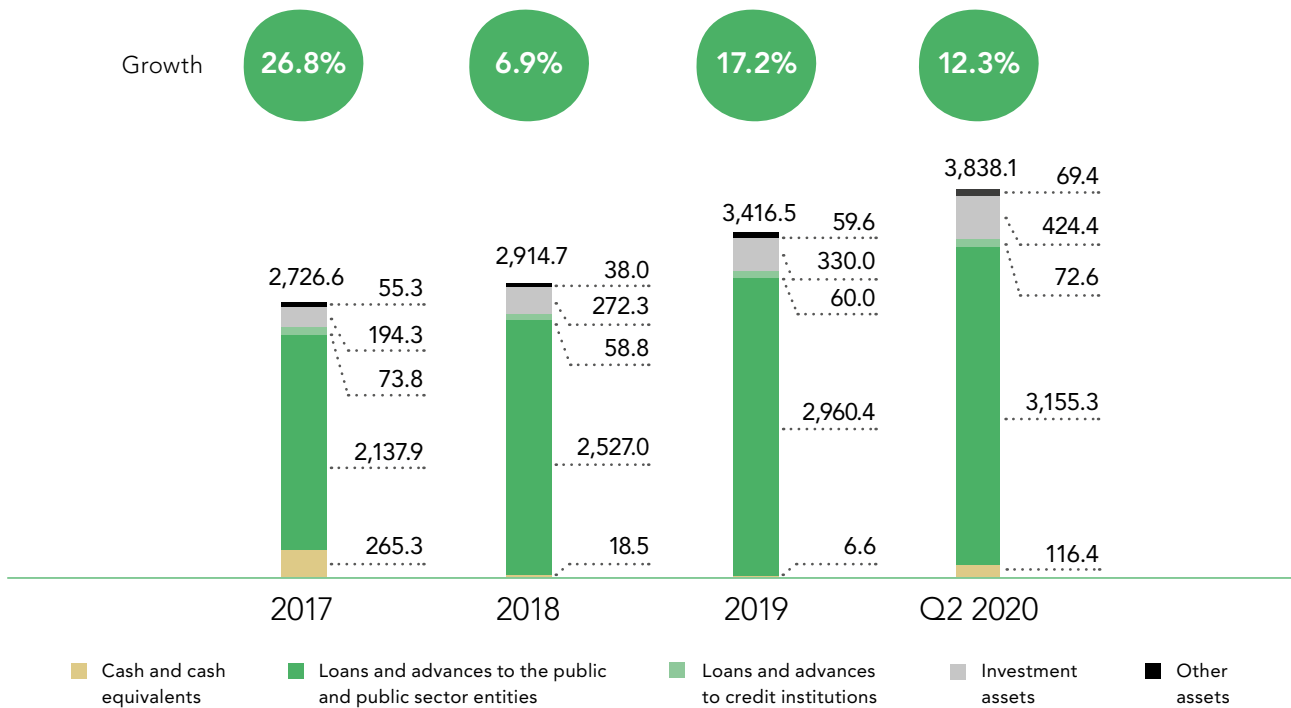


Return on equity (ROE) %

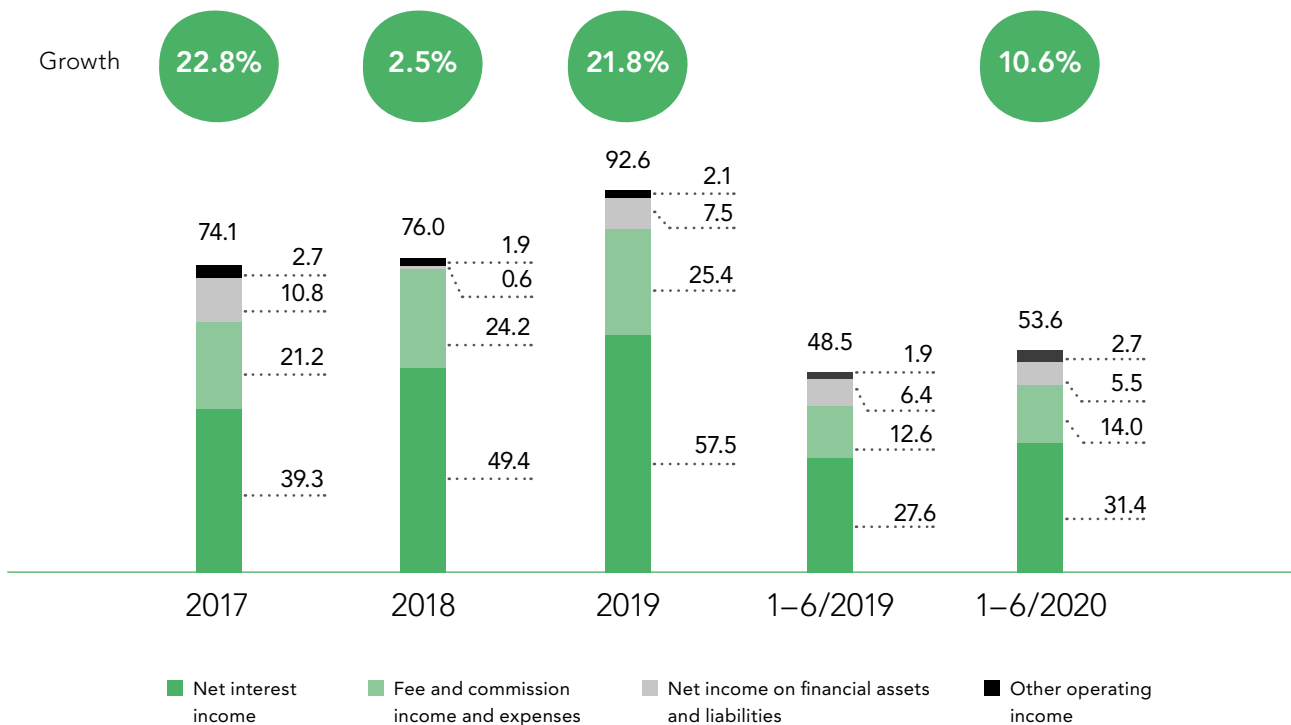


The principles for calculating comparable profit have been modified from Q2 2020 to exclude the impact of the amortization of fee and commission income from the calculation. Figures for comparative periods have been retrospectively changed.

## Balance sheet total, EUR mill.



## Total operating income, EUR mill.



# Significant events during the period

- The company issued two bonds during the period. In April, the company issued a EUR 250 million bond and in June a EUR 55 million unsecured senior bond. Both issues took place under the EUR 1.5 billion bond programme.
- In line with its strategy, the company lightened its real estate portfolio in June. The company sold some of its real estate holdings to reduce the continuous cost burden related to the real estate and the administrative process resulting from ownership of the properties. The real estate transaction included both the company's own and investment properties. The sale of the real estate does not impact the operating of the bank's branches. The bank continues to serve its customers in the same, familiar premises. As a result of the transaction, the company recognised EUR 2.3 million in sales losses. For own-occupied properties, a lease debt of EUR 2.7 million and an equivalent fixed asset has been recorded on the balance sheet.
- Due to the coronavirus pandemic, the company's Annual General Meeting was held with special arrangements according to a revised schedule on 15 June 2020. The decisions of the Annual General Meeting are available on page 25 of this half-year report. Board members re-elected at the Annual General Meeting were Aila Hemminki, Aki Jaskari, Timo Kokkala, Heli Korpinen, Jyrki Mäkynen, Jarmo Salmi and Jaana Sandström. In the Board's organising meeting on 25 June 2020, Jarmo Salmi was re-elected as Chairman of the Board and Jyrki Mäkynen as Deputy Chairman. The Board of Directors decided to perform the tasks of the Audit Committee. The Board nominated one permanent committee, the Remuneration Committee. Members of the Remuneration Committee are: Jarmo Salmi, Jyrki Mäkynen and Heli Korpinen.
- The company has updated its financial goals as part of its strategy process in line with the policy confirmed in connection with the listing on the stock exchange. The financial goals and target levels remained largely the same, but the company has updated its target level for Common Equity Tier 1 (CET1) capital ratio to at least 14 per cent as of 1 October 2020. Through its listing, the company has effective tools for capital management and a new target level allows for efficient use of equity, while retaining a sufficient buffer relative to the regulatory requirement.

# Oma Savings Bank Group's key figures

The Group's key figures (1,000 euros)	1-6/ 2020	1-6/ 2019	Δ%	1-12/ 2019	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2
Net interest income	31,391	27,635	14%	57,522	15,886	15,505	15,020	14,868	14,440
Total operating income	53,603	48,455	11%	92,573	23,625	29,978	22,937	21,181	21,063
Total operating expenses	27,524	26,203	5%	50,309	13,291	14,233	13,641	10,466	11,910
<sup>1)</sup> Cost/income ratio, %	51.3%	54.1%	-5%	54.4%	56.2%	47.5%	59.5%	49.4%	56.5%
Impairment losses on financial assets, net	-12,453	-3,552	251%	-9,567	-3,922	-8,531	-3,644	-2,371	-2,348
Profit before taxes	13,678	18,696	-27%	32,684	6,457	7,222	5,646	8,342	6,804
Profit/loss for the accounting period	11,104	16,249	-32%	27,453	5,244	5,860	4,527	6,677	5,461
Balance sheet total	3,838,097	3,243,770	18%	3,416,530	3,838,097	3,526,023	3,416,530	3,370,459	3,243,770
Equity	329,789	309,383	7%	319,865	329,789	317,519	319,865	318,145	309,383
<sup>1)</sup> Return on assets (ROA) %	0.6%	1.1%	-42%	0.9%	0.6%	0.7%	0.5%	0.8%	0.7%
<sup>1)</sup> Return on equity (ROE) %	6.8%	10.8%	-37%	9.0%	6.5%	7.4%	5.7%	8.5%	7.1%
<sup>1)</sup> Earnings per share (EPS), EUR	0.38	0.55	-31%	0.93	0.18	0.20	0.16	0.23	0.18
<sup>1)</sup> Equity ratio %	8.6%	9.5%	-10%	9.4%	8.6%	9.0%	9.4%	9.4%	9.5%
<sup>1)</sup> Total capital (TC) ratio %	16.8%	17.9%	-6%	17.3%	16.8%	17.1%	17.3%	18.0%	17.9%
<sup>1)</sup> Common Equity Tier 1 (CET1) capital ratio %	16.4%	17.3%	-5%	16.8%	16.4%	16.6%	16.8%	17.4%	17.3%
<sup>1)</sup> Tier 1 (T1) capital ratio %	16.4%	17.3%	-5%	16.8%	16.4%	16.6%	16.8%	17.4%	17.3%
<sup>1)</sup> Liquidity coverage ratio (LCR) %	132.6%	154.2%	-14%	140.1%	132.6%	79.7%	140.1%	145.6%	154.2%
Average number of employees	294	304	-3%	300	308	273	288	302	310
Employees at the end of the period	320	311	3%	279	320	282	279	294	311

## Alternative performance measures excluding items affecting comparability:

<sup>1)</sup> Comparable profit before taxes	8,966	12,343	-27%	26,228	7,276	1,690	5,270	8,614	7,151
<sup>1)</sup> Comparable cost/income ratio, %	55.6%	62.2%	-11%	57.9%	52.8%	58.2%	58.5%	48.8%	55.6%
<sup>1)</sup> Comparable earnings per share (EPS), EUR	0.25	0.33	-25%	0.71	0.20	0.05	0.15	0.23	0.19
<sup>1)</sup> Comparable return on equity (ROE) %	4.5%	6.6%	-31%	6.9%	7.3%	1.8%	5.3%	8.8%	7.5%

<sup>1)</sup> The calculation principles of the key figures are presented in note G15 of the interim report. Comparable profit is presented in the income statement.



# Operating environment

The corona pandemic and the restriction measures taken as a result caused the global economy has weakened considerably. The restriction measures taken to stop the virus and consumer's cautiousness have suppressed economic activity very strongly. The corona shock impacts the economy through several channels by reducing both demand and supply. The longer the corona pandemic and the resulting extraordinary uncertainty persists, the more it will cause long-term harm to the economy by increasing bankruptcies and unemployment. Finland's economy is forecast to contract drastically due to the corona pandemic. Gross domestic product is projected to decline by about 7% in 2020 and grow by about 3% in 2021-2022. The forecast is accompanied by exceptionally high uncertainty and alternative scenarios suggest that economic contraction in 2020 may remain at 5 per cent or deepen to 11 per cent, depending on how the epidemic situation in Finland progresses and how it is managed to manage. <sup>(1)</sup>

According to Statistics Finland's labour survey, there were 87,000 fewer employed persons and 47,000 more unemployed in June 2020 than in the previous year's comparative period. In June 2020, the employment rate trend was 72.4% and the average unemployment rate was 7.9% (6.2%). <sup>(2)</sup>

The consumer confidence indicator (CCI) was -1.6 (-3.9) in July, while still in June it was -3.9. The confidence indicator is formed from four factors, which are: views on the consumers' own economy now, expectations concerning their own and Finland's economy in 12 months, and intentions to spend money on durable goods in the next 12 months. In July, three components of the CCI strengthened compared with the previous month. Consumers' view of the current state of their own economy remained unchanged. <sup>(3)</sup>

According to Statistics Finland's preliminary data, prices of old dwellings in housing companies rose by less than 1 per cent in June 2020 compared to June 2019 in Greater Helsinki and decreased elsewhere in Finland by 4 per cent. The number of deals made through real estate agents in June was at a similar level compared to June 2019 and growth compared to May 2020 was almost 30%. <sup>(4)</sup> In the company's view, the Finnish business environment is, for now, also stable in terms of household indebtedness and housing prices, but uncertainty has grown significantly due to corona pandemic.

In May 2020, total number of loans to households had increased by 3.0% over the previous 12 months, of which the mortgage loan portfolio growth was 2.8%. In May, new mortgage loans were raised 22% less than at the same time in the comparative year. The growing use of abbreviation free has kept the annual rate of growth intact. The volume of corporate loans increased 12.1% in the same period. The volume of households' deposits grew a total of 7.6% over a 12-month period. <sup>(5)</sup>

The number of bankruptcies filed in January–March 2020 remained almost unchanged year-on-year. The number of personnel in the companies filing for bankruptcy came to 7,464, i.e. 19.2% more than in the corresponding period of 2019. <sup>(6)</sup>

The number of new building permits granted fell in March–May by 27.6% compared to the previous year and was 8.8 million cubic metres. <sup>(7)</sup> The decline in the number of granted building permits has not impacted the company's operations; instead the volume of new lending has been increased by growing the market shares.

<sup>1)</sup> Bank of Finland, Finland's economy is gradually recovering from a sudden brake. The Euro and the Economy 3/2020. Published on 9 June 2020.

<sup>2)</sup> Statistics Finland, Employment decreased and unemployment increased clearly in June. Published on 21 July 2020.

<sup>3)</sup> Statistics Finland, Consumer confidence already exceeded its average – big purchases attract. Published on 27 July 2020.

<sup>4)</sup> Statistics Finland, The differentiation in prices of old dwellings in housing companies continued as housing sales picked up in June. Published on 31 July 2020.

<sup>5)</sup> Bank of Finland, MFI balance sheet (loans and deposits) and interest rates. Published on 30 June 2020.

<sup>6)</sup> Statistics Finland, The number of bankruptcies remained at the previous year's level in January–June 2020. Published on 15 July 2020.

<sup>7)</sup> Statistics Finland, Cubic volume of granted building permits decreased. Published on 21 July 2020.

# Impacts of the corona pandemic on business

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

Early on in the coronavirus pandemic, the number of enquiries and loan amendment applications increased ten-fold and the company cleared the backlog created by the exceptional situation through additional resources and opening hours on weekends. Throughout the coronavirus pandemic, all of the bank's branches, with the exception of the Helsinki branch, served customers both face-to-face and on digital channels. During the closure of the Uusimaa region's borders, the Helsinki branch served customers only remotely. Whenever possible, the personnel have worked remotely mainly in administrative tasks.

Due to the corona pandemic, requests by customers for grace periods grew significantly within a period of a few weeks halfway through March. The number of grace periods granted at the start of the second quarter was already half of this, and by mid-June the demand for grace periods had returned to the pre-pandemic level. The duration of the grace periods was an average of 6–12 months. The company has been able to react to customers' requests and needs successfully. Resources were organised efficiently through the reorganisation of work and by adding resources.

In March, the company made a EUR 1.4 million credit loss allowance based on the management's judgement, which predicted growth in credit risk in specific sectors. The sectors were selected based on both their significance and the estimated size of the pandemic's impact. The situation of the selected sectors has not weakened during the quarter. The economic outlook is still uncertain and uncertainty may increase on the financial markets if the coronavirus pandemic takes a turn for the worse in Finland. Due to the uncertainty related to the pandemic, the company decided to maintain its provision at its previous level and to continue monitoring the situation monthly.

The impacts of the coronavirus pandemic are described in more detail in note G1.

## Credit rating and liquidity

In September 2019, Standard & Poor's confirmed a credit rating of BBB+ for Oma Savings Bank's long-term borrowing and A-2 for short-term borrowing.

In May 2020, Standard & Poor's changed Oma Savings Bank's long-term credit rating outlook from stable to negative as the Banking Industry Country Risk Assessment (BICRA) trend changed from stable to negative.

	30 Jun 2020	31 Dec 2019	30 Jun 2019
LCR	132.6%	140.1%	154.2%
NSFR	172.5%	147.6%	160.2%

The Group's liquidity coverage ratio (LCR), which describes short-term liquidity, was 132.6% on 30 June 2020. The company issued a covered bond in early April. The deposit portfolio as a whole has grown strongly, decreasing the credit-deposit ratio. The lending rate for new loans slowed at the start of the quarter due to the exceptional uncertainty on the markets caused by the coronavirus pandemic, but recovered towards its end to a normal level. Similarly, activity on the market for certificates of deposit returned to normal in the early stages of the quarter. Liquidity also strengthened once the company participated in the European Central Bank's TLTRO operation in June and through central bank financing. The volatility of the investment markets has remained fairly high during the quarter.

## Related party disclosures

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

More detailed information on related parties is given in note G32 of the 2019 financial statements. No significant changes have occurred in related party transactions after 31 December 2019. More detailed information on the share-based remuneration scheme for the management is given in the half-year report's accounting principles.

# Financial statements

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

## Result 4–6/2020

The Group's profit before taxes for Q2 was EUR 6.5 (6.8) million and the profit for the accounting period was EUR 5.2 (5.5) million. The cost/income ratio was 56.2% (56.5%).

Comparable profit before taxes in the second quarter amounted to EUR 7.3 (7.2) million and the comparable cost/income ratio was 52.8% (55.6%). The comparable profit has been adjusted for net income on financial assets and liabilities and sales losses resulting from the sale of real estate.

## Income

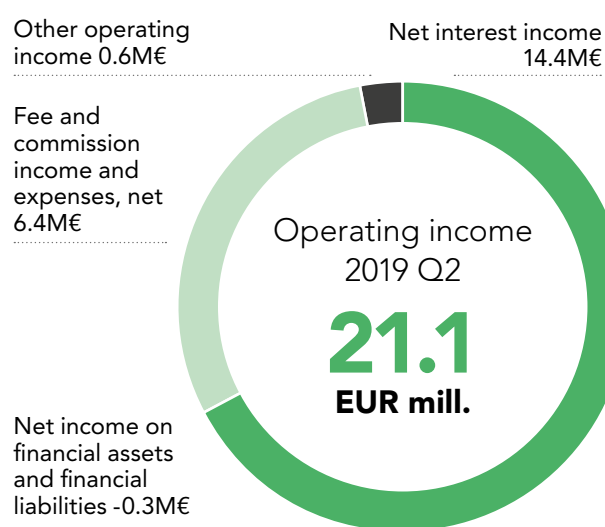
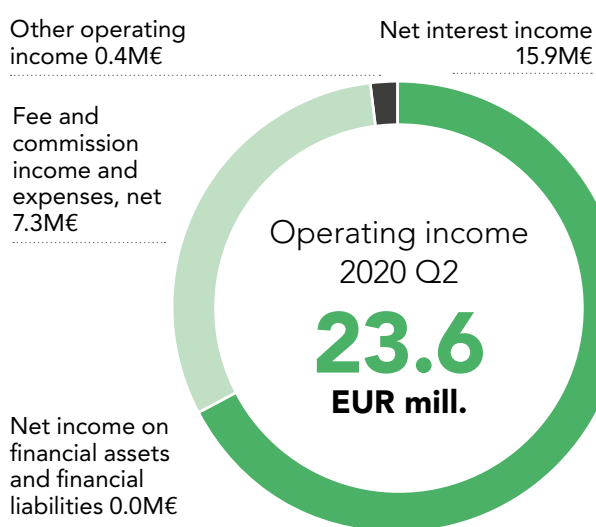
Total operating income was EUR 23.6 (21.1) million, growing by 12.2% year-on-year.

Net interest income grew 10.0%, totalling EUR 15.9 (14.4) million. During the review period, interest income grew 7.2%, totalling EUR 17.1 (16.0) million. The growth in interest income can be largely attributed to a growth in the loan stock of EUR 409.6 million as of 30 June 2019. During the same period, the average margin of the company's loan stock has remained almost unchanged, falling 0.06 percentage points.

Interest expenses decreased by 18.8% year-on-year, and were EUR 1.2 (1.5) million in the second quarter. The change in the interest terms for customer deposits made during March decreased interest expenses. The average interest on the deposits paid to the company's customers was 0.02% (0.09%) at the end of the review period.

Fee and commission income and expenses (net) grew by 14.7% to EUR 7.3 (6.4) million. The total amount of fee and commission income was EUR 8.7 (7.5) million.

## Operating income



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

The 25.4% increase in commissions from card payments and payment transactions is the result of higher customer volumes and commission income accounts that took place in the payment card business in the second quarter. The change in the actuarial processing of payment card business fee and commission income increased fee and commission income and expenses equally, and as a result of the change, the fee and commission income and expenses of the payment card business are at a higher level than before. Fee and commission expenses on card and payment transactions grew 44.0% on the comparative period. The lending rate for new loans slowed at the start of the quarter due to the exceptional uncertainty on the markets caused by the coronavirus pandemic, but recovered towards its end to a normal level.

The net income on financial assets and liabilities was EUR 0.0 (-0.3) million during the period. The item includes valuation gains of EUR 1.3 (0.4) million recognised on the valuation at fair value of shares and fund units. The EUR -0.6 million in dividend income in Q2 results from the reversal of uncertain dividend income recognised during the first quarter.

Net income on real estate was EUR -2.0 (-0.1) million. The sales losses included in the item, EUR -1.5 million, is the result of the real estate transactions carried out in June.

## Expenses

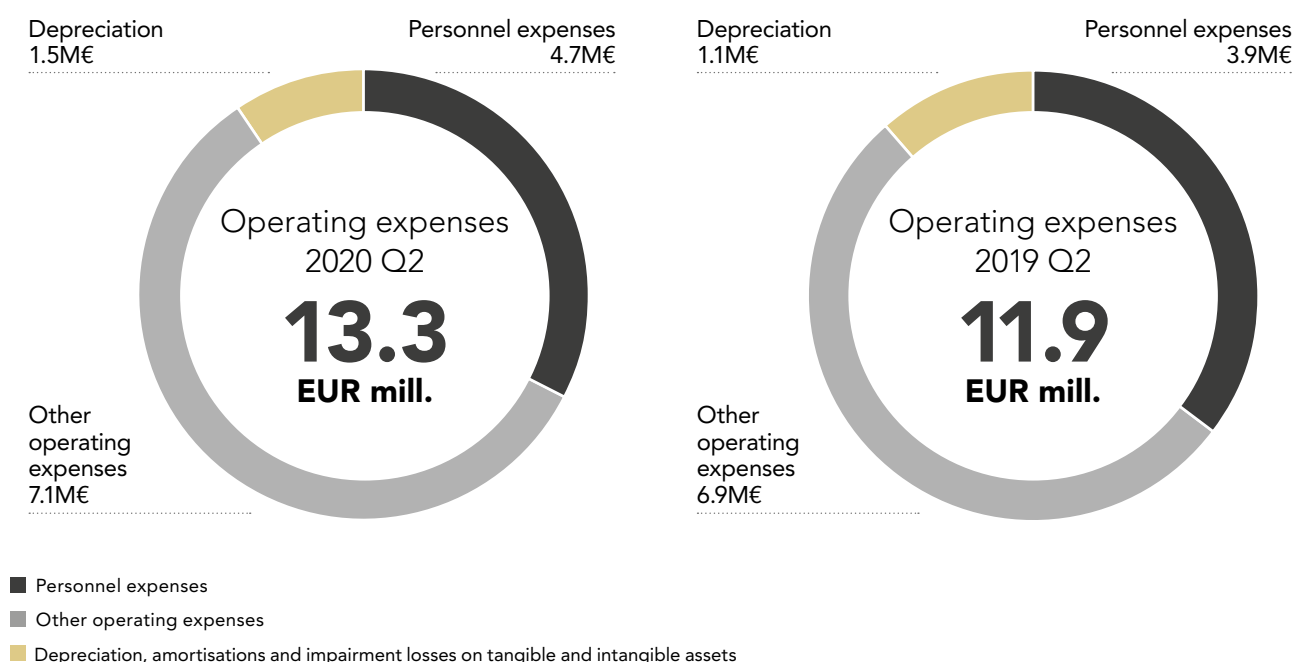
Operating expenses grew 11.6% compared to the previous year's corresponding period. Operating expenses came to a total of EUR 13.3 (11.9) million.

Personnel expenses grew 20.2%, totalling EUR 4.7 (3.9) million. Personnel expenses were increased by the personnel fund bonuses' payments and reserves, which came to a total of EUR 0.4 (0.0) million. In the review period, the average number of employees was 308 (310). The number of employees in Q2 increased due to summer employees and trainees with fixed-term contracts. The number of employees at the end of the period was 320 (311), of which 68 (60) were fixed-term.

Other operating expenses grew 3.5%, to EUR 7.1 (6.9) million. The item includes office, IT, PR and marketing costs and those stemming from the business premises in the bank's own use. During Q2, EUR 0.6 (0.0) million in sales losses on the sale of premises in own use were recognised in the item.

Depreciation, amortisation and impairments on tangible and intangible assets were EUR 1.5 (1.1) million. EUR 0.2 million in impairments resulting on real estate has been recognised in the item.

### Operating expenses



## Impairment losses on financial assets

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During the second quarter, impairment losses on financial assets (net) were EUR -3.9 (-2.3) million. The item includes the change in expected credit losses, final credit losses and credit loss refunds on customer loans and off-balance sheet commitments.

The net impact of final credit losses was EUR -6.6 (-0.4) million during April–June. The increase in the volume of credit losses is mostly the result of the insolvency of a single customer. Preparations for an increase in credit losses were made in the previous two quarters, there was no profit impact generated in the second quarter.

The net impact of expected credit losses in the second quarter was EUR +2.7 (-2.0) million.

During Q2, no significant changes were made to the expected credit loss allowance based on the management's judgement. Part of the expected credit loss allowance recognitions made earlier were reversed due to the final credit loss recognitions on loans.

The additional loss allowance of EUR 1.4 million made in March in preparation for the impacts of the corona pandemic has been unchanged. New measures have not been undertaken due to the corona pandemic during the second quarter. After March-April, the volume of applications for grace periods has normalised.

## Result 1 – 6/2020

The Group's profit before taxes for January–June was EUR 13.7 (18.7) million and the profit for the period was EUR 11.1 (16.2) million. The cost/income ratio was 51.3% (54.1%).

Comparable profit before taxes in H1 amounted to EUR 9.0 (12.3) million and the comparable cost/income ratio was 55.6% (62.2%). The comparable profit has been adjusted for net income on financial assets and liabilities and sales losses resulting from the sale of real estate recognised in Q2.

## Income

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Total operating income was EUR 53.6 (48.5) million, Growing by 10.6% year-on-year.

Net interest income grew 13.6%, totalling EUR 31.4 (27.6) million. Interest income grew 10.8%, totalling EUR 34.0 (30.7) million. The growth in interest income can be largely attributed to a growth in the loan stock of EUR 409.6 million as of 30 June 2019. During the same period, the average margin of the company's loan stock has remained almost unchanged, falling 0.06 percentage points.

Interest expenses decreased by 14.8% year-on-year, and were EUR 2.6 (3.0) million. The change in the interest terms for customer deposits made during March 2020 impacted interest expenses in full as of the second quarter. The average interest on the deposits paid to the company's customers was 0.02% (0.09%) at the end of the review period.

Fee and commission income and expenses (net) grew by 11.5% to EUR 14.0 (12.6) million. The total amount of fee and commission income was EUR 16.2 (14.9) million, an increase of 9.0%.

The 18.4% increase in commissions from card payments and payment transactions is the result of higher customer volumes and commission income accounts that took place in the payment card business. The change in the actuarial processing of payment card business fee and commission income increased fee and commission income and expenses equally, and as a result of the change, the fee and commission income and expenses of the payment card business are at a higher level than before. Fee and commission expenses on card and payment transactions grew 11.4% on the comparative period.

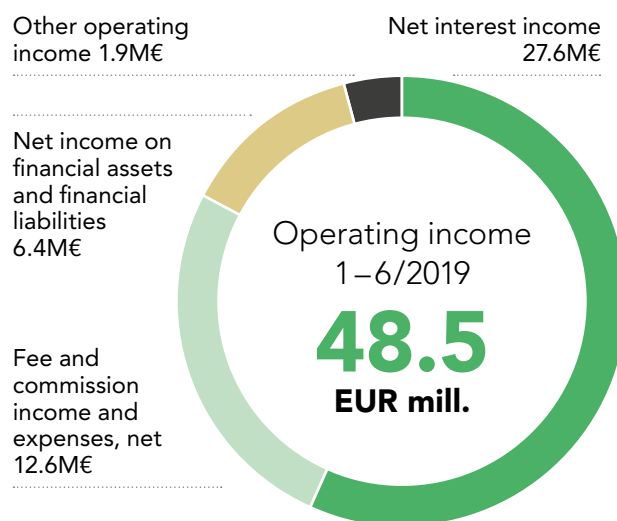
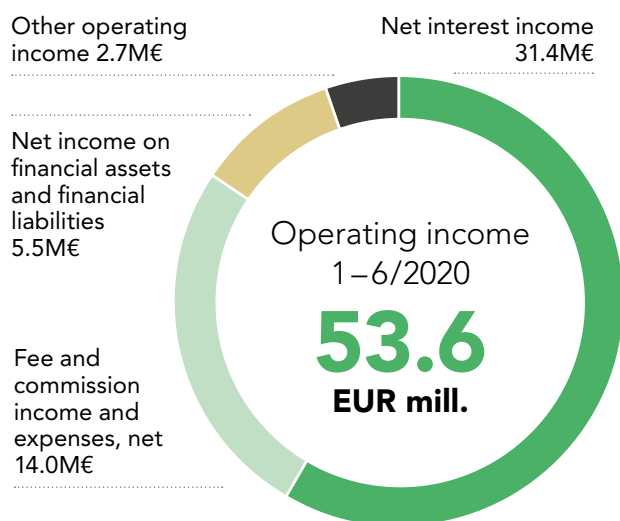
The net income on financial assets and liabilities was EUR 5.5 (6.4) million during the period. Net valuation gains and losses on shares and fund units came to EUR

-0.5 (7.3) million. The result in the comparative period is explained by the profit and extra dividend from Samlink's shares. Financial assets valued at fair value through other comprehensive income came to EUR 8.0 (0.0) million. The item consists of the sale of bonds belonging to the company's investment portfolio. In February 2020, the company sold some EUR 150 million in investments to reduce the investment portfolio's risks.

Net income on real estate was EUR -2.1 (-0.3) million. The sales losses included in the item, EUR 1.5 million, are the result of the real estate transactions carried out in Q2.

Other operating income was EUR 2.7 (1.9) million. The item includes an old over-time recognition for 2020 and a bank tax refund of EUR 1.9 (1.6) million. The refund from the old Deposit Guarantee Fund and bank tax is used to annually offset the contributions to the new Deposit Guarantee Fund and Resolution Fund, so the items have no effect on the result.

## Operating income



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

## Expenses

Operating expenses grew 5.0% compared to the previous year's corresponding period. Operating expenses came to a total of EUR 27.5 (26.2) million.

Personnel expenses grew 4.3%, totalling EUR 8.6 (8.2) million. In the review period, the average number of employees was 294 (304).

Other operating expenses grew 3.6%, to EUR 16.4 (15.8) million. The item includes office, IT, PR and marketing costs and those stemming from the business premises in the bank's own use, as well as contributions to the Deposit Guarantee Fund and the Resolution Fund. During Q2, EUR 0.6 (0.0) million in sales losses on the sale of premises in own use were recognised in the item.

Depreciation, amortisation and impairments on tangible and intangible assets were EUR 2.6 (2.2) million. Impairment losses recorded on properties of EUR 0.2 million have been recorded.

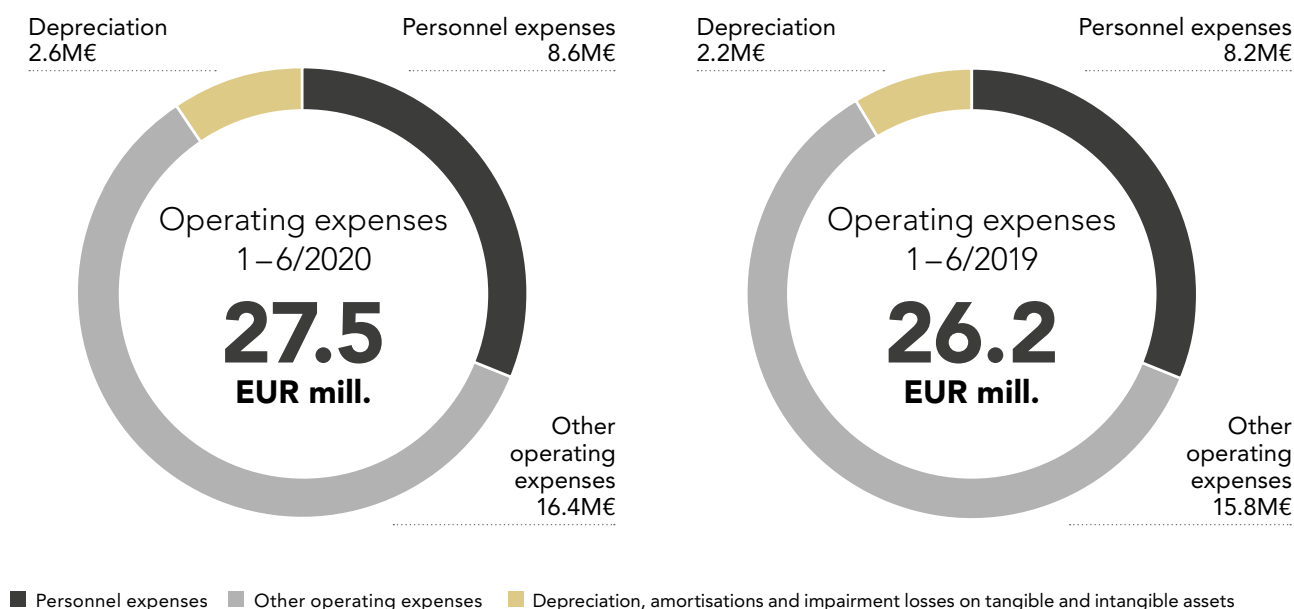
## Impairment losses on financial assets

Impairment losses on financial assets were EUR 12.5 (3.6) million in January–June. The item includes the change in expected credit losses, final credit losses and credit loss refunds on customer loans and off-balance sheet commitments.

Final credit losses over January–June amounted to EUR 7.6 (1.2) million. The increase in the volume of credit losses is mostly the result of the insolvency of a single major customer.

Expected credit losses during January–June grew by EUR 4.9 (2.4) million. New granted loans increased the expected credit losses by EUR 2.5 (1.2) million while payments to loans and the falling due of loans decreased expected credit losses by EUR 4.4 (2.2) million. The change in the expected credit losses resulting from the change in credit risk, final credit losses and stage transfers totalled EUR 8.4 (3.3) million.

### Operating expenses





# Balance sheet

The Group's balance sheet total grew during January–June 2020 by 12.3% to EUR 3,838.1 (3,416.5) million.

## Loans and other receivables

In total, loans and other receivables grew 6.9% to EUR 3,227.8 (3,020.4) million in January–June. Due to the corona pandemic's impacts, the lending rate for new loans slowed at the start of the second quarter, but recovered towards its end.

The average size of loans issued over the past 12 months has been approximately EUR 100 thousand.

### Loan portfolio by customer group, before the impairment allowances

Credit balance (1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
Private customers	1,890,953	1,780,900	1,645,896
Corporate customers	649,014	641,470	584,016
Housing associations	315,574	264,829	257,392
Agricultural customers	267,103	255,906	243,675
Other	57,525	35,457	40,670
<b>Total</b>	<b>3,180,169</b>	<b>2,978,562</b>	<b>2,771,648</b>

## Investment assets

The Group's investment assets grew 28.6% during the period, totalling EUR 424.4 (330.0) million. This growth was made up of investments made in the liquidity portfolio. The primary purpose of managing investment assets is securing the company's liquidity position.

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

Liabilities to credit institutions and to the public and public sector entities grew during the period by 12.9% to EUR 2,364.2 (2,093.6) million.

The item consists mostly of deposits received from the public, which came to EUR 2,129.4 (1,999.4) million at the end of June. The average interest on the deposits paid to the company's customers was 0.02% on 30 June 2020.

Liabilities to credit institutions grew during the period, from EUR 88 million to EUR 226.5 million. In order to ensure liquidity, the company took part in the European Central Bank's TLTRO operation. The size of the loan is EUR 150 million.

## Debt securities issued to the public

Total debt securities issued to the public grew during the period by 14.7% to EUR 1,076 (938.3) million. The company issued two bonds during the period. In April, the company issued a EUR 250 million bond and in June a EUR 55 million unsecured senior bond. The issue of both bonds took place under EUR 1.5 billion bond programme.

Total debt securities issued to the public are shown in more detail in note G8.

Covered bonds are secured by loans to the value of EUR 1,250.0 (875.0) million.

## Equity

Group equity grew in January–June by 3.1% to EUR 329.8 (319.9) million. This growth results from the profit for the accounting period.

The fair value reserve fell by EUR 1.5 million. In February, the company sold financial assets valued at fair value through other comprehensive income in order to reduce its investment portfolio risks. In Q2, once the markets stabilised, investments were increased with a focus on eligible assets and LCR-qualified bonds.

## Own shares

On 30 June 2020, the number of own shares held by Oma Savings Bank was 11,700. All of the purchases took place during 2018 and concerned shares subscribed for in connection with the 2017 personnel offering. The redemptions took place in connection with the ending of employment contracts.

Share capital	30 Jun 2020	31 Dec 2019
Average number of shares	29,585,000	29,585,000
Number of shares at the end of the year	29,585,000	29,585,000
Number of own shares	11,700	11,700
Share capital (1,000 euros)	24,000	24,000

## Off-balance-sheet commitments

Off-balance-sheet commitments included commitments given to a third party on behalf of a customer and irrevocable commitments given to a customer. Commitments given to a third party on behalf of a customer, EUR 21.3 (22.0) million, were mostly made up of bank guarantees and other guarantees. Irrevocable commitments given to a customer, which totalled EUR 214.9 (190.5) million at the end of March, consisted mainly of undrawn credit facilities.

# Resolutions of the Annual General Meeting of Oma Savings Bank Plc

Oma Savings Bank Plc's Annual General Meeting was held today on 15 June 2020 with special arrangements due to the coronavirus pandemic. The Annual General Meeting approved the company's 2019 accounting period financial statements, and the consolidated financial statements, discharged the members of the company's Board of Directors and the CEO from liability and decided to support the remuneration policy for the company's bodies. Additionally, the Annual General Meeting decided on the following:

## Use of the profit shown on the balance sheet and dividends

The Annual General Meeting decided, in accordance with the Board of Directors' proposal, to authorise the Board of Directors to decide on the distribution of a dividend of no more than 0.19 euros per share for the 2019 accounting year in one or more instalments, not earlier than 1 October 2020. The given authorisation would be in force until the 2021 Annual General Meeting. In addition the Board of Directors was authorised to decide on a possible dividend record date and payment date, which the company will report on separately.

## 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 2021 Annual General Meeting, members of the Board of Directors shall be paid the following annual fees: EUR 50,000 per year for the Chairman of the Board of Directors; EUR 37,500 per year for the Deputy Chairman of the Board of Directors, and EUR 25,000 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. A meeting fee of EUR 500 will be paid for remote meetings.

A condition for receiving and paying the fixed annual remuneration is that the member of the Board of Directors commits to purchase Oma Savings Bank Plc shares amounting to 40% of the fixed annual

remuneration on the regulated market (Nasdaq Helsinki Ltd) at a price determined by trading. The member of the Board of Directors cannot transfer the shares awarded as an annual remuneration until the membership in the Board has expired.

## Number of Board members and their election

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, Jarmo Salmi and Jaana Sandström for the term ending at the close of the 2021 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 2021 Annual General Meeting. Auditors' fees are paid based on a company-approved invoice.

## Authorising the Board of Directors to decide on the distribution of a dividend, transfer of own shares and awarding special rights entitling to shares

The Annual General Meeting decided, based on the Board of Directors' proposal, to authorise the Board to decide on the transfer or redemption of the company's shares and the awarding of special rights entitling to shares as specified in the Limited Liability Companies Act (osakeyhtiölaki 624/2006), chapter 10, section 1, with the following conditions:

- Shares and special rights can be transferred or redeemed in one or more instalments against payment or without payment.
- The number of shares given under the authorisation, including shares given based on special rights, can be altogether no more than 5,000,000 shares, which corresponds to some 17 per cent of the company's total shares on the Annual General Meeting date.

- The Board of Directors decides on all of the conditions for the issue of shares and the granting of special rights entitling to shares. The authorisation applies to the granting of new shares and the redemption of own shares.
- The authorisation is in force until the end of the next Annual General Meeting, however, until no later than 30 June 2021 and it replaces the earlier authorisations by the Board of Directors to decide on share issues and the granting of option rights and special rights entitling to shares.

#### **Authorising the Board of Directors to decide on the acquisition of own shares**

Based on the proposal of the Board of Directors, the Annual General Meeting decided to authorise the Board to decide on the acquisition of the company's own shares with the company's own non-restricted equity reserve included in distributable assets, under the following conditions:

No more than 500,000 own shares can be acquired, which corresponds to some 1.7% of the company's total shares in accordance with the situation on the date of the notice of general meeting, however, such that the number of own shares held by the company does not exceed 10% of the company's total shares at a time. This includes the shares held by the company itself and the shares held by its subsidiaries as specified in paragraph 1, section 11, chapter 15 of the Limited Liability Companies Act (osakeyhtiölaki 624/2006).

The Board of Directors was authorised to decide on how the own shares would be acquired. The authorisation is in force until the end of the next Annual General Meeting, however, until no later than 30 June 2021.

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

In early 2019, Oma Savings Bank started up a modernisation project involving the core banking platform. The new core banking platform is based on Temenos technology and is supplied by Oy Samlink Ab. The project is proceeding according to plan. The delivery of the core banking platform will cost Oma Savings Bank about EUR 20 million and at the end of June, the capitalised investment cost for the project came to altogether EUR 3.2 million.

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

## Significant events after the period

On 3 August 2020, the company agreed to sell the shares it owns of Savings Bank Group companies to Savings Bank Group. The company will sell all its shares of Nooa Savings Bank Ltd, Sb Life Insurance Ltd, Sb-Fund Management Company Ltd, Säästöpankkien Holding Oy and Central Bank of Savings Banks Finland Plc to Savings Bank Group on agreed transaction terms. The completion of the transaction still requires the approval of the regulators. The purpose of the transaction is to clarify the ownership structure for the companies. The change will not reflect the services of our customers and the co-operation with the Savings Bank Group continues as before. The transaction will have a positive profit impact of around EUR 1.9 million on OmaSp's result for the financial year 2020.

## Financial goals

The company has updated its financial goals as part of its strategy process in line with the policy confirmed in connection with the listing on the stock exchange. The financial goals and target levels remained largely the same, but the company has updated its target level for capital adequacy to at least 14 per cent as of 1 October 2020. Through its listing, the company has tools for capital management, so the long-term capital adequacy target has been updated as of the start of October to a new target level. The new target level allows efficient use of equity, while retaining a sufficient buffer relative to the regulatory requirement.

- **Growth:** 10–15% annual growth in total operating income under the current market conditions
- **Profitability:** Cost/income ratio less than 55%
- **Return on equity (ROE):**  
Long-term return on equity (ROE) over 10%
- **Capital adequacy:** Common Equity Tier 1 (CET1) capital ratio at least 16%. The new target level confirmed by the Board of Directors, a Common Equity Tier 1 (CET1) capital ratio of at least 14 per cent, will enter into force on 1 October 2020.

## Outlook for the 2020 accounting period (unchanged)

The company's business volumes are predicted to maintain their strong growth during the 2020 accounting period. The company's profitable growth is supported by efforts in recent years to improve the customer experience and the availability of customer service through new digital service channels and the opening of new units. At the same time, the company has adapted its branch network to correspond even better to a changing operating environment. Due to the uncertainty caused by the coronavirus, the outlook for the economy changed and rapidly weakened towards the end of the first quarter. Due to the difficulty of assessing the financial impact of the situation, the company withdrew its February earnings guidance in March.

Despite the general economic uncertainty, the company's financial position is strong and the flexible operating models allow rapid response to changes in the operating environment. The company's earning is expected to increase during the FY2020 in both key sources of income, net interest income and fee and commission income. At the same time, operating costs are projected to remain approximately at current level, so the profitability of the company's core business is expected to continue to improve in FY2020.

More detailed earnings guidance will be provided by the company as the outlook for the corona pandemic progression becomes clearer and the economic impact can be better assessed.

# Capital adequacy

The total capital (TC) ratio of the Oma Savings Bank Group remained strong and was 16.8% (17.3%) at the end of the period. The Common Equity Tier 1 capital (CET1) ratio was 16.4% (16.8%), exceeding the minimum level for the financial goals approved by the Board of Directors, 16%. Risk-weighted assets grew 4.8% to EUR 1,870.0 (1,783.6) million. Risk-weighted assets grew most significantly due to the growth in the loan portfolio for private customers and investments in the unsecured bonds of credit institutions. However, the sale of reserve investments during Q1 diminished risk-weighted assets. The capital requirement for credit risk is calculated using the standardized approach and for operational risk using the basic indicator approach. The basic method is applied when calculating the capital requirement for market risk for the foreign exchange position.

At the end of the review period, the capital structure of Oma Savings Bank Group was strong, consisting mostly of Common Equity Tier 1 capital (CET1). The Group's total own funds (TC) increased by EUR 6.3 to EUR 314.9 (308.6) million when the capital requirement for the bank's own funds was EUR 224.5 (205.3) million. Tier 1 capital (T1) was EUR 307.1 (299.4) million, consisting entirely of Common Equity Tier 1 capital (CET1). The retained earnings for the 2020 accounting period are included in the Common Equity Tier 1 capital on the basis of permission granted by the Finnish Financial Supervisory Authority. Tier 2 capital (T2) was EUR 7.8 (9.3) million, consisting of debenture loans. The increase in own funds was most significantly the result of the profit for the accounting period. The leverage ratio was 7.9% (8.6%) at the end of the period.

The main items in the capital adequacy calculation (1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
Common Equity Tier 1 capital before regulatory adjustments	317,767	309,553	301,647
Regulatory adjustments on Common Equity Tier 1	-10,630	-10,184	-8,172
<b>Common Equity Tier 1 (CET1) capital, total</b>	<b>307,137</b>	<b>299,369</b>	<b>293,475</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>307,137</b>	<b>299,369</b>	<b>293,475</b>
Tier 2 capital before regulatory adjustments	7,771	9,266	10,778
Regulatory adjustments on Tier 2 capital	-	-	-
<b>Tier 2 (T2) capital, total</b>	<b>7,771</b>	<b>9,266</b>	<b>10,778</b>
<b>Total capital (TC = T1 + T2) / Total own funds</b>	<b>314,908</b>	<b>308,635</b>	<b>304,253</b>
<b>Risk-weighted assets</b>			
Credit and counterparty risk, standardised approach	1,705,943	1,620,817	1,553,601
Credit valuation adjustment risk (CVA)	9,945	8,913	14,773
Market risk (foreign exchange risk)	6,830.17	6,598	6,109
Operational risk, basic indicator approach	147,320	147,320	126,170
<b>Risk-weighted assets, total</b>	<b>1,870,038</b>	<b>1,783,648</b>	<b>1,700,654</b>
Common Equity Tier 1 (CET1) capital ratio, %	16.42%	16.78%	17.26%
Tier 1 (T1) capital ratio, %	16.42%	16.78%	17.26%
Total capital (TC) ratio, %	16.84%	17.30%	17.89%
Leverage ratio (1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
Tier 1 capital	307,137	299,369	293,475
Total amount of exposures	3,904,018	3,482,083	3,313,940
<b>Leverage ratio</b>	<b>7.87%</b>	<b>8.60%</b>	<b>8.86%</b>

The total capital requirement for banks' own funds consists of the Pillar I minimum capital requirement (8.0%) and various buffer requirements. Buffer requirements include, but are not limited to, the capital conservation buffer set by the Credit Institution Act (2.5%), the discretionary SREP requirement according to Pillar II, the countercyclical buffer requirement, and the systemic risk buffer.

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

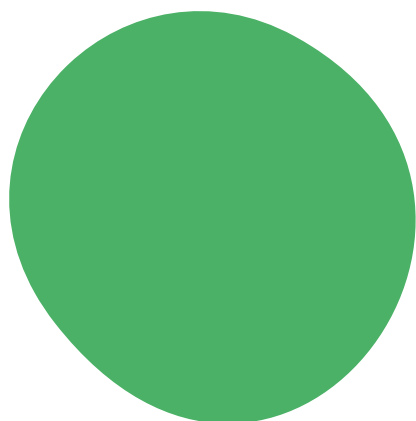
assessment. The requirement entered into force starting on 30 June 2020 and is valid until further notice, however not later than 30 June 2023. The requirement shall be covered by the Common Equity Tier 1 capital. FIN-FSA decides on the countercyclical buffer requirement quarterly, and a countercyclical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

#### Group's total capital requirement, 30 June 2020 (1,000 euros)

Capital	Pillar I minimum capital requirement*	Buffer requirements					Total capital requirement	
		Pillar II (SREP) capital requirement	Capital conservation buffer	Counter-cyclical buffer**	O-SII	Systemic risk buffer		
CET1	4.50%	1.50%	2.50%	0.00%	0.00%	0.00%	8.50%	159,012
AT1	1.50%						1.50%	28,051
T2	2.00%						2.00%	37,401
<b>Total</b>	<b>8.00%</b>	<b>1.50%</b>	<b>2.50%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>12.00%</b>	<b>224,463</b>

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

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



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

# Half-year report tables

## Consolidated condensed income statement

Note	(1,000 euros)	1-6/2020	1-6/2019	1-12/2019	2020 Q2	2019 Q2
	Interest income	33,975	30,669	63,351	17,127	15,969
	Interest expenses	-2,584	-3,034	-5,828	-1,242	-1,529
<b>G9</b>	<b>Net interest income</b>	<b>31,391</b>	<b>27,635</b>	<b>57,522</b>	<b>15,886</b>	<b>14,440</b>
					-	-
	Fee and commission income	16,249	14,914	29,981	8,687	7,546
	Fee and commission expenses	-2,207	-2,322	-4,567	-1,360	-1,159
<b>G10</b>	<b>Fee and commission income and expenses, net</b>	<b>14,042</b>	<b>12,592</b>	<b>25,414</b>	<b>7,328</b>	<b>6,387</b>
					-	-
<b>G11</b>	Net income on financial assets and financial liabilities	5,512	6,352	7,518	-20	-347
	Other operating income	2,658	1,876	2,118	431	583
	<b>Total operating income</b>	<b>53,603</b>	<b>48,455</b>	<b>92,573</b>	<b>23,625</b>	<b>21,063</b>
					-	-
	Personnel expenses	-8,553	-8,198	-17,070	-4,677	-3,892
	Other operating expenses	-16,387	-15,817	-28,191	-7,129	-6,885
	Depreciation, amortisations and impairment losses on tangible and intangible assets	-2,584	-2,187	-5,047	-1,485	-1,133
	<b>Total operating expenses</b>	<b>-27,524</b>	<b>-26,203</b>	<b>-50,309</b>	<b>-13,291</b>	<b>-11,910</b>
					-	-
<b>G12</b>	Impairment losses on financial assets, net	-12,453	-3,552	-9,567	-3,922	-2,348
	Share of profit of equity accounted entities	53	-5	-13	45	-2
	<b>Profit before taxes</b>	<b>13,678</b>	<b>18,696</b>	<b>32,684</b>	<b>6,457</b>	<b>6,804</b>
					-	-
	Income taxes	-2,574	-2,447	-5,231	-1,213	-1,343
	<b>Profit for the accounting period</b>	<b>11,104</b>	<b>16,249</b>	<b>27,453</b>	<b>5,244</b>	<b>5,461</b>
					-	-
	<b>Of which:</b>				-	-
	Shareholders of Oma Savings Bank Plc	11,169	16,250	27,579	5,272	5,458
	Non-controlling interest	-65	-1	-126	-28	2
	<b>Total</b>	<b>11,104</b>	<b>16,249</b>	<b>27,453</b>	<b>5,244</b>	<b>5,461</b>
					-	-
	<b>Earnings per share (EPS), EUR</b>	<b>0.38</b>	<b>0.55</b>	<b>0.93</b>	<b>0.18</b>	<b>0.18</b>
	<b>Earnings per share (EPS) after dilution, EUR *</b>	<b>0.38</b>	<b>-</b>	<b>-</b>	<b>0.18</b>	<b>-</b>

\* calculated as of January 1, 2020



<b>Profit before taxes excluding items affecting comparability:</b>	<b>1-6/2020</b>	<b>1-6/2019</b>	<b>1-12/2019</b>	<b>2020 Q2</b>	<b>2019 Q2</b>
<b>Profit before taxes</b>	<b>13,678</b>	<b>18,696</b>	<b>32,684</b>	<b>6,457</b>	<b>6,804</b>
<b>Operating income:</b>					
Net income on financial assets and liabilities	<b>-5,512*</b>	-6,352	-7,518	20	347
<b>Operating expenses</b>					
Sales loss of commercial premises in own use	800	-	-	800	-
Expenses from the co-operation negotiations	-	-	1,062	-	-
<b>Comparable profit before taxes</b>	<b>8,966</b>	<b>12,343</b>	<b>26,228</b>	<b>7,276</b>	<b>7,151</b>
Income taxes in income statement	-2,574	-2,447	-5,231	-1,213	-1,343
Change of deferred taxes	942	-30	-9	-164	-69
<b>Comparable profit/loss for the accounting period</b>	<b>7,334</b>	<b>9,867</b>	<b>20,988</b>	<b>5,899</b>	<b>5,738</b>

\* Net income from financial assets and liabilities includes losses on the sale of investment properties of EUR 1.5 million.

The principles for calculating comparable profit have been modified from Q2 2020 to exclude the impact of the amortization of fee and commission income from the calculation. Figures for comparative periods have been retrospectively changed.

# Consolidated condensed statement of comprehensive income

(1,000 euros)	1-6/2020	1-6/2019	1-12/2019	2020 Q2	2019 Q2
<b>Profit for the accounting period</b>	<b>11,104</b>	<b>16,249</b>	<b>27,453</b>	<b>5,244</b>	<b>5,461</b>
<b>Other comprehensive income before taxes</b>				-	-
<b>Items that will not be reclassified through profit or loss</b>					
Gains and losses on remeasurements from defined benefit pension plans	-	-42	-53	-	-21
<b>Items that may later be reclassified through profit or loss</b>					
Measured at fair value	6,184	8,692	7,778	8,609	4,462
Transferred to Income Statement as a reclassification change	-8,006	120	120	-	120
<b>Other comprehensive income before taxes</b>	<b>-1,822</b>	<b>8,769</b>	<b>7,844</b>	<b>8,609</b>	<b>4,560</b>
<b>Income taxes</b>					
<b>For items that will not be reclassified to profit or loss</b>					
Gains and losses on remeasurements from defined benefit pension plans	-	8	11	-	4
<b>Items that may later be reclassified to profit or loss</b>					
Measured at fair value	364	-1,762	-1,580	-1,722	-916
<b>Income taxes</b>	<b>364</b>	<b>-1,754</b>	<b>-1,569</b>	<b>-1,722</b>	<b>-912</b>
<b>Other comprehensive income for the accounting period after taxes</b>	<b>-1,458</b>	<b>7,015</b>	<b>6,276</b>	<b>1,027</b>	<b>3,649</b>
<b>Comprehensive income for the accounting period</b>	<b>9,646</b>	<b>23,265</b>	<b>33,729</b>	<b>12,131</b>	<b>9,109</b>
<b>Attributable to:</b>					
Shareholders of Oma Savings Bank Plc	9,712	23,266	33,855	12,160	9,107
Non-controlling interest	-65	-1	-126	-28	2
<b>Total</b>	<b>9,646</b>	<b>23,265</b>	<b>33,729</b>	<b>12,131</b>	<b>9,109</b>

# Consolidated condensed balance sheet

Note	Assets (1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
	Cash and cash equivalents	116,398	6,626	6,346
<b>G4</b>	Loans and advances to credit institutions	72,550	60,005	60,480
<b>G4</b>	Loans and advances to the public and public sector entities	3,155,295	2,960,356	2,757,744
<b>G5</b>	Financial derivatives	7,901	5,634	8,505
<b>G6</b>	Investment assets	424,435	329,977	357,951
	Equity accounted entities	7,634	5,666	5,672
	Intangible assets	9,593	9,259	7,279
	Tangible assets	29,926	25,325	24,439
	Other assets	12,017	11,827	12,513
	Deferred tax assets	2,349	1,814	1,419
	Current income tax assets	-	41	1,423
	<b>Total assets</b>	<b>3,838,097</b>	<b>3,416,530</b>	<b>3,243,770</b>

Note	Liabilities (1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
<b>G7</b>	Liabilities to credit institutions	226,504	88,045	81,612
<b>G7</b>	Liabilities to the public and public sector entities	2,137,710	2,005,573	1,869,820
<b>G8</b>	Debt securities issued to the public	1,075,949	938,348	918,604
	Subordinated liabilities	15,500	15,500	15,200
	Provisions and other liabilities	26,648	24,622	25,442
	Deferred tax liabilities	25,350	24,578	23,709
	Current income tax liabilities	647	-	-
	<b>Total liabilities</b>	<b>3,508,308</b>	<b>3,096,665</b>	<b>2,934,387</b>

	Equity (1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
	Share capital	24,000	24,000	24,000
	Reserves	144,477	145,934	146,666
	Retained earnings	160,779	149,332	138,002
	<b>Shareholders of Oma Savings Bank Plc</b>	<b>329,256</b>	<b>319,266</b>	<b>308,668</b>
	Shareholders of Oma Savings Bank Plc	329,256	319,266	308,668
	Non-controlling interest	533	598	715
	<b>Equity, total</b>	<b>329,789</b>	<b>319,865</b>	<b>309,383</b>
	<b>Total liabilities and equity</b>	<b>3,838,097</b>	<b>3,416,530</b>	<b>3,243,770</b>

	Group's off-balance sheet commitments (1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
	Guarantees and pledges	21,098	21,781	19,500
	Other commitments given to a third party	242	266	266
	<b>Commitments given to a third party on behalf of a customer</b>	<b>21,340</b>	<b>22,047</b>	<b>19,765</b>
	Undrawn credit facilities	214,890	190,478	213,250
	<b>Irrevocable commitments given in favour of a customer</b>	<b>214,890</b>	<b>190,478</b>	<b>213,250</b>
	<b>Group's off-balance sheet commitments, total</b>	<b>236,231</b>	<b>212,525</b>	<b>233,015</b>

# Consolidated condensed cash flow statement

(1,000 euros)	1-6/2020	1-6/2019	1-12/2019
<b>Cash flow from operating activities</b>			
Profit/loss for the accounting period	11,104	16,249	27,453
Changes in fair value	-337	-151	59
Share of profit of equity accounted entities	-53	5	13
Depreciation and impairment losses on investment properties	658	170	560
Depreciation, amortisation and impairment losses on tangible and intangible assets	2,584	2,187	5,047
Gains and losses on sales of tangible and intangible assets	1,894	36	80
Impairment and expected credit losses	12,453	3,552	9,567
Income taxes	2,574	2,447	5,231
Other adjustments	3,677	1,025	-4,011
Adjustments to the profit/loss of the accounting period	23,451	9,271	16,548
<b>Cash flow from operations before changes in receivables and liabilities</b>	<b>34,555</b>	<b>25,520</b>	<b>44,001</b>
<b>Increase (-) or decrease (+) in operating assets</b>			
Debt securities	-119,033	-32,287	-32,089
Loans and advances to credit institutions	-7,433	-702	3,205
Loans and advances to customers	-213,641	-234,218	-444,559
Derivatives and hedge accounting	125	215	100
Investment assets	17,848	-46,187	-17,883
Other assets	-187	136	449
<b>Total</b>	<b>-322,321</b>	<b>-313,044</b>	<b>-490,777</b>
<b>Increase (+) or decrease (-) in operating liabilities</b>			
Liabilities to credit institutions	138,459	-8,182	-1,749
Deposits	129,998	104,340	243,143
Provisions and other liabilities	-360	3,840	4,004
<b>Total</b>	<b>268,097</b>	<b>99,999</b>	<b>245,399</b>
<b>Paid income taxes</b>	<b>-1,285</b>	<b>-1,800</b>	<b>-2,543</b>
<b>Total cash flow from operating activities</b>	<b>-20,954</b>	<b>-189,325</b>	<b>-203,921</b>

(1,000 euros)	1-6/2020	1-6/2019	1-12/2019
<b>Cash flow from investments</b>			
Investments in tangible and intangible assets	-6,605	-6,701	-12,769
Proceeds from sales of tangible and intangible assets	5,332	169	470
Investments in equity accounted entities	-2,000	-5,501	-
Changes in other investments	-	1,207	1,217
<b>Total cash flow from investments</b>	<b>-3,273</b>	<b>-10,827</b>	<b>-11,082</b>
<b>Cash flows from financing activities</b>			
Subordinated liabilities, changes	-	-10,000	-9,700
Debt securities issued to the public	137,061	203,363	222,600
Acquisition of non-controlling interests	-	-	-
Other monetary changes in equity items	-	-	-
Payments of lease liabilities	2,049	-229	-1,220
Dividends paid	-	-4,212	-4,194
<b>Total cash flows from financing activities</b>	<b>139,110</b>	<b>188,923</b>	<b>207,486</b>
<b>Net change in cash and cash equivalents</b>	<b>114,884</b>	<b>-11,229</b>	<b>-7,517</b>
<b>Cash and cash equivalents at the beginning of the accounting period</b>	<b>51,888</b>	<b>59,405</b>	<b>59,405</b>
<b>Cash and cash equivalents at the end of the accounting period</b>	<b>166,772</b>	<b>48,176</b>	<b>51,888</b>
<b>Cash and cash equivalents are formed by the following items</b>			
Cash and cash equivalents	116,398	6,346	6,626
Receivables from credit institutions repayable on demand	50,374	41,830	45,262
<b>Total</b>	<b>166,772</b>	<b>48,176</b>	<b>51,888</b>
<b>Received interest</b>	<b>36,095</b>	<b>30,333</b>	<b>64,550</b>
<b>Paid interest</b>	<b>-2,828</b>	<b>-2,537</b>	<b>-5,724</b>
<b>Dividends received</b>	<b>235</b>	<b>1,153</b>	<b>1,393</b>

## Consolidated statement of changes in equity

30 June 2020 (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 2020</b>	<b>24,000</b>	<b>137,396</b>	<b>8,538</b>	<b>145,934</b>	<b>149,332</b>	<b>319,266</b>	<b>598</b>	<b>319,865</b>
<b>Comprehensive income</b>								
Profit/loss for the accounting period	-	-	-	-	11,739	11,169	-65	11,104
Other comprehensive income	-	-	-1,458	-1,458	-	-1,458	-	-1,458
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-1,458</b>	<b>-1,458</b>	<b>11,739</b>	<b>9,712</b>	<b>-65</b>	<b>9,646</b>
<b>Transactions with owners</b>								
Distribution of dividends	-	-	-	-	-	-	-	-
Share-based incentive scheme	-	-	-	-	278	278	-	278
Other changes	-	-	-	-	-	-	-	-
<b>Transactions with owners, total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278</b>	<b>278</b>	<b>-</b>	<b>278</b>
<b>Equity total, 30 June 2020</b>	<b>24,000</b>	<b>137,396</b>	<b>7,081</b>	<b>144,477</b>	<b>161,349</b>	<b>329,256</b>	<b>533</b>	<b>329,789</b>

31 December 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>	<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>
	-	-	-	-	-	-	-	-
<b>Comprehensive income</b>	-	-	-	-	-	-	-	-
Profit/loss for the accounting period	-	-	-	-	27,579	27,579	-126	27,453
Other comprehensive income	-	-	6,318	6,318	-43	6,276	-	6,276
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>6,318</b>	<b>6,318</b>	<b>27,537</b>	<b>33,855</b>	<b>-126</b>	<b>33,729</b>
	-	-	-	-	-	-	-	-
<b>Transactions with owners</b>	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-4,168	-4,168	-26	-4,194
Other changes	-	-	-	-	-	-	-	-
<b>Transactions with owners, total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-4,168</b>	<b>-4,168</b>	<b>-26</b>	<b>-4,194</b>
<b>Equity total, 31 December 2019</b>	<b>24,000</b>	<b>137,396</b>	<b>8,538</b>	<b>145,934</b>	<b>149,332</b>	<b>319,266</b>	<b>598</b>	<b>319,865</b>

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>	<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>
<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>-</b>	<b>-</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>-</b>	<b>-</b>	<b>-</b>	<b>-</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>



# Consolidated condensed income statement, quarterly trend

Note	(1 000 euros)	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2
	Interest income	17,127	16,848	16,401	16,281	15,969
	Interest expenses	-1,242	-1,343	-1,381	-1,413	-1,529
<b>G9</b>	<b>Net interest income</b>	<b>15,886</b>	<b>15,505</b>	<b>15,020</b>	<b>14,868</b>	<b>14,440</b>
	Fee and commission income	8,687	7,562	7,590	7,477	7,546
	Fee and commission expenses	-1,360	-848	-1,262	-982	-1,159
<b>G10</b>	<b>Fee and commission income and expenses, net</b>	<b>7,328</b>	<b>6,714</b>	<b>6,327</b>	<b>6,495</b>	<b>6,387</b>
<b>G11</b>	Net income on financial assets and financial liabilities	-20	5,532	1,438	-272	-347
	Other operating income	431	2,227	152	90	583
	<b>Total operating income</b>	<b>23,625</b>	<b>29,978</b>	<b>22,937</b>	<b>21,181</b>	<b>21,063</b>
	Personnel expenses	-4,677	-3,876	-5,051	-3,822	-3,892
	Other operating expenses	-7,129	-9,258	-6,838	-5,536	-6,885
	Depreciation, amortisations and impairment losses on tangible and intangible assets	-1,485	-1,099	-1,752	-1,108	-1,133
	<b>Total operating expenses</b>	<b>-13,291</b>	<b>-14,233</b>	<b>-13,641</b>	<b>-10,466</b>	<b>-11,910</b>
<b>G12</b>	Impairment losses on financial assets, net	-3,922	-8,531	-3,644	-2,371	-2,348
	Share of profit from joint ventures and associated companies	45	7	-6	-2	-2
	<b>Profit before taxes</b>	<b>6,457</b>	<b>7,222</b>	<b>5,646</b>	<b>8,342</b>	<b>6,804</b>
		-	-	-	-	-
	Income taxes	-1,213	-1,362	-1,119	-1,665	-1,343
	<b>Profit for the accounting period</b>	<b>5,244</b>	<b>5,860</b>	<b>4,527</b>	<b>6,677</b>	<b>5,461</b>
	<b>Of which:</b>					
	Shareholders of Oma Savings Bank Plc	5,272	5,897	4,616	6,713	5,458
	Non-controlling interest	-28	-37	-90	-36	2
	<b>Total</b>	<b>5,244</b>	<b>5,860</b>	<b>4,527</b>	<b>6,677</b>	<b>5,461</b>
	<b>Earnings per share (EPS), EUR</b>	<b>0.18</b>	<b>0.20</b>	<b>0.16</b>	<b>0.23</b>	<b>0.18</b>
	<b>Earnings per share (EPS) after dilution, EUR*</b>	<b>0.18</b>	<b>0.20</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* calculated as of January 1, 2020

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2
<b>Profit before taxes excluding items affecting comparability:</b>					
<b>Profit before taxes</b>	<b>6,457</b>	<b>7,222</b>	<b>5,646</b>	<b>8,342</b>	<b>6,804</b>
<b>Operating income:</b>					
Net income on financial assets and liabilities	20*	-5,532	-1,438	272	347
<b>Operating expenses</b>					
Sales loss of commercial premises in own use	800	-	-	-	-
Expenses from the co-operation negotiations	-	-	1,062	-	-
<b>Comparable profit before taxes</b>	<b>7,276</b>	<b>1,690</b>	<b>5,270</b>	<b>8,614</b>	<b>7,151</b>
Income taxes in income statement	-1,213	-1,362	-1,119	-1,665	-1,343
Change of deferred taxes	-164	1,106	75	-54	-69
<b>Comparable profit/loss for the accounting period</b>	<b>5,899</b>	<b>1,435</b>	<b>4,226</b>	<b>6,895</b>	<b>5,738</b>

\* Net income from financial assets and liabilities includes losses on the sale of investment properties of EUR 1.5 million.

The principles for calculating comparable profit have been modified from Q2 2020 to exclude the impact of the amortization of fee and commission income from the calculation. Figures for comparative periods have been retrospectively changed.

## Half-Year Report notes

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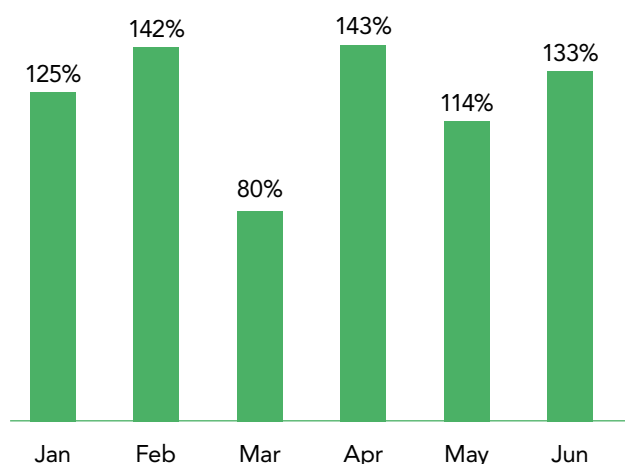
# G1 Impacts of the corona pandemic on the risk position

## 1. Liquidity risk

During the coronavirus pandemic, the company has closely monitored the changes occurring in liquidity risk. The management of Oma Savings Bank's liquidity risk is based on the company's ability to procure sufficient cash that is competitive in price in both the short and long term. A key component of liquidity risk management is the planning of the liquidity position in both the short and long term. Additionally, by planning the liquidity reserve, the bank can prepare for weakening economic trends on the markets and for any changes to legislation. The goal of the company's liquidity reserve is to cover one month's outflows. Liquidity risk management is supported by active risk management, monitoring of the balance sheet and cash flows and internal calculation models. The company's liquidity is monitored daily by the company's Treasury unit. The main objective of the Treasury unit is to ensure that the liquidity position always remains above the regulated and internally set threshold values. The unit monitors and measures the amount of incoming and outgoing cash flows and assesses the possible occurrence of liquidity shortfalls over the course of the day.

The company's liquidity was strong coming into the pandemic. The uncertainty created by the pandemic on the financial markets caused the issuing of the company's covered bond to be postponed by around two weeks, which contributed to a tightening of liquidity. The company readied provisional measures in case of further tightening of liquidity. The issue of the covered bond took place immediately at the start of April when the markets settled down and the company's liquidity rose clearly above the official limit. Compared to the official requirement, the buffer was strong throughout the reporting period and the deposit portfolio as a whole grew strongly, decreasing the credit-deposit ratio. The lending rate for new loans slowed at the start of the quarter, but recovered towards its end, similarly to the operations of the market for certificates of deposit.

LCR monthly January–June 2020



The liquidity position also strengthened once the company participated in the European Central Bank's TLTRO operation in June and through central bank financing. Due to the coronavirus pandemic, the volatility of the investment markets has remained fairly high during the quarter, but the market values of investments have recovered successfully from the plummet that occurred early on in the pandemic. There are no plans for new issues in the near future and no bonds are maturing in 2020–2021.

## 2. Credit risk

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

### 2.1 Loan relief granted by the bank

Due to the corona pandemic, requests by customers for grace periods grew significantly within a period of a few weeks halfway through March, when around 400 grace

periods were granted by the bank during a single week. The peak was reached within the next two weeks when grace periods were granted at a rate of 1,200 per week. The number of grace periods granted at the start of the second quarter was already half of this, and by mid-June the demand for grace periods had returned to the pre-pandemic level. From March to the end of the second quarter, grace periods were granted for loans whose capital was altogether EUR 627 million and the number of loans was 6,200. The duration of the agreed-on grace periods was an average of 6–12 months. The company was able to react to customers' requests and needs successfully. Resources were organised efficiently through the reorganisation of work and by adding resources.

## 2.2 Allowances based on the management's judgement

The coronavirus pandemic can be seen to have impacted the loan portfolio moderately during March–June, although not all of the indirect impacts are obvious as of yet. The granting of new loans slowed down in the early stages of the pandemic due to the exceptional uncertainty on the markets, but soon recovered to a normal level. In terms of the loan portfolio's quality, customers' credit ratings have not significantly declined and the number of customers with C and D credit ratings has not grown. Also loans in arrears have remained at the turn-of-the-year level. The growth of non-performing and stage 3 loans is explained by the weakening of a few individual customers' credit quality.

The company recognised a EUR 1.4 million credit loss allowance based on the management's judgement during Q1, which predicted growth in credit risk in specific sectors. The sectors were selected based on both their significance and the estimated size of the pandemic's impact. The situation of the selected sectors has not weakened during the quarter. The company has intensified its monitoring of the credit risk situation and its development based on credit risk management methods during the coronavirus pandemic. Customers, especially the problematic accounts, have been monitored intensively during the pandemic. The economic outlook is still uncertain and uncertainty may increase on the financial markets if the coronavirus pandemic takes a turn for the worse in Finland. Due to the uncertainty related to the pandemic, the company decided to maintain its loss allowance based on management judgement at its previous level and to continue monitoring the situation monthly.

## 2.3 Distribution by risk class

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

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

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

## Distribution of financial assets by risk class and credit risk concentrations

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

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

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

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

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

<b>Loans and receivables and off-balance sheet commitments</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>30 Jun 2020</b>	<b>31 Dec 2019</b>
Risk rating 1	1,875,484	125,324	7,644	<b>2,008,452</b>	<b>1,879,946</b>
Risk rating 2	788,754	119,908	6,695	<b>915,357</b>	<b>821,713</b>
Risk rating 3	162,366	71,893	4,679	<b>238,938</b>	<b>242,586</b>
Risk rating 4	13,315	61,189	44,743	<b>119,247</b>	<b>100,569</b>
No rating	30,136	4,344	14,140	<b>48,620</b>	<b>49,862</b>
<b>Capital items by risk category, total</b>	<b>2,870,055</b>	<b>382,657</b>	<b>77,901</b>	<b>3,330,613</b>	<b>3,094,677</b>
Loss allowance	1,508	5,154	16,211	<b>22,873</b>	<b>18,820</b>
<b>Total</b>	<b>2,868,547</b>	<b>377,503</b>	<b>61,690</b>	<b>3,307,740</b>	<b>3,075,857</b>

<b>Debt securities</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>30 Jun 2020</b>	<b>31 Dec 2019</b>
Risk rating 1	284,626	1,291	1,291	<b>287,208</b>	<b>246,244</b>
Risk rating 2	-	-	-	-	-
Risk rating 3	5,482	-	-	<b>5,482</b>	-
Risk rating 4	-	-	-	-	-
No rating	78,390	15,251	-	<b>93,640</b>	<b>22,687</b>
<b>Capital items by risk category, total</b>	<b>368,499</b>	<b>16,541</b>	-	<b>385,040</b>	<b>268,931</b>
Loss allowance	-448	-164	-	<b>-612</b>	<b>660</b>
<b>Total</b>	<b>368,947</b>	<b>16,706</b>	-	<b>385,653</b>	<b>268,271</b>

<b>Loans and receivables and off-balance sheet commitments by industry</b>	<b>Risk rating 1</b>	<b>Risk rating 2</b>	<b>Risk rating 3</b>	<b>Risk rating 4</b>	<b>No rating</b>	<b>30 Jun 2020</b>	<b>31 Dec 2019</b>
Enterprises	769,332	122,391	39,674	62,789	9,648	<b>1,003,834</b>	<b>918,719</b>
Agriculture	26,345	1,072	197	1,059	284	<b>28,957</b>	<b>25,670</b>
Real estate	457,279	47,205	13,286	24,264	2,136	<b>544,169</b>	<b>478,106</b>
Construction	47,627	17,970	2,392	10,704	1,367	<b>80,059</b>	<b>73,237</b>
Wholesale and retail	50,106	16,930	2,689	9,060	575	<b>79,361</b>	<b>88,010</b>
Industry	33,339	6,349	3,610	7,015	620	<b>50,933</b>	<b>49,572</b>
Transportation and storage	14,605	2,469	2,253	1,112	481	<b>20,921</b>	<b>21,004</b>
Other	140,032	30,396	15,248	9,574	4,186	<b>199,435</b>	<b>183,120</b>
General government	3,150	-	-	-	150	<b>3,300</b>	<b>3,180</b>
Non-profit communities	13,145	2,802	110	1,975	603	<b>18,634</b>	<b>13,919</b>
Financial and insurance institutions	25,901	635	-	-	15,020	<b>41,556</b>	<b>23,282</b>
Households	1,181,424	789,530	199,154	54,483	38,698	<b>2,263,290</b>	<b>2,135,577</b>
<b>Total 30 June</b>	<b>1,992,952</b>	<b>915,357</b>	<b>238,938</b>	<b>119,247</b>	<b>64,120</b>	<b>3,330,613</b>	<b>3,094,677</b>

### 3. Measures to mitigate the risks caused by the coronavirus pandemic

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The bank's customer service has stayed operational throughout the exceptional circumstances caused by the pandemic to guarantee that customers receive the necessary basic banking services. FIN-FSA announced that it expected the financial sector to continue to do business as normal in Finland. Customer events were cancelled at the critical stage of the pandemic, in compliance with the national recommendations, and strict hygiene precautions were taken in all customer contacts. In-house meetings were also moved onto digital platforms, for the most part. Occupational health and safety is extremely important to the company and all pandemic guidelines related to OHS were complied with during the pandemic.

The entire branch network stayed open with the exception of the Helsinki branch, which was closed during the closure of the Uusimaa region's borders. All customers were served comprehensively on digital channels. The health of personnel and customers is of utmost importance to the company, which is why all possible banking was transferred to digital service channels and customers were encouraged to use remote access and appointments, and to use payment cards. We have worked remotely whenever our duties allow it.

The company has continuously monitored the development of the coronavirus situation and our personnel has been notified concerning health-related matters, in accordance with the policies and guidelines of the Finnish government. Internal operating models have been adapted to the situation. Personnel were discouraged from travelling unnecessarily.

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

# G2 Accounting principles for the half-year 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. Copies of the financial statements and interim reports are available on the Bank's website [www.omasp.fi](http://www.omasp.fi).

Oma Savings Bank Group is formed as follows:

### Subsidiaries

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

### Associates

- GT Invest Oy holding 48.7%
- Deleway Projects Oy holding 49%

### Joint ventures and joint operations

- Paikalliskankien PP-Laskenta Oy holding 25%
- Real estate company Kiinteistö Oy Seinäjoen Oma Savings Bank house holding 25.5%

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

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

The Board of Directors has approved the half-year report for 1 January–30 June 2020 in its meeting on 10 August 2020.

## 2. Changes to the accounting principles

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

### 2.1 Application of IFRS 2 *Share-Based Payments*

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

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

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

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



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

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

Changes have occurred in the accounting principles and uncertainties related to estimates requiring the management's judgement, which are described in the 2019 financial statements, as result of the corona pandemic. The application of the impairment losses on financial assets model under IFRS 9 requires the management to make estimates and assumptions about whether the credit risk associated with the financial instrument has increased significantly since the initial recognition and requires forward-looking information to be taken into account in the recognition of on-demand credit losses. The company's management has assessed the effects of the ongoing corona pandemic on an industry-by-industry basis and made a group-specific additional loss allowance to the corporate loan portfolio. Due to the corona pandemic, the company has offered its customers loan grace periods or other arrangements in accordance with its normal credit policy especially in the early stages of corona pandemic. Uncertainty caused by the corona pandemic and the weak outlook for the economy is further undermining the credit risk outlook. Further details of the impact of the corona pandemic on the company's risk position are provided in note G1.

Dividend income of EUR 0.6 million has been recorded in net income on financial assets and liabilities during the first quarter, the realization of which was accompanied by uncertainty. Dividend income was cancelled during the second quarter when it was ensured that the company in question would not pay a dividend.

## G3 Classification of financial assets and liabilities

<b>Assets 30 June, 2020 (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>Carrying value, total</b>	<b>Fair value</b>
Cash and cash equivalents	116,398	-	-	-	116,398	116,398
Loans and advances to credit institutions	72,550	-	-	-	72,550	72,550
Loans and advances to customers	3,155,295	-	-	-	3,155,295	3,155,295
Derivatives, hedge accounting	-	-	-	7,901	7,901	7,901
Debt securities	-	385,653	124	-	385,777	385,777
Equity instruments	-	-	36,099	-	36,099	36,099
<b>Total financial assets</b>	<b>3,344,243</b>	<b>385,653</b>	<b>36,223</b>	<b>7,901</b>	<b>3,774,020</b>	<b>3,774,020</b>
Investments in associated companies					7,634	7,634
Investment properties					2,559	2,722
Non-financial assets					53,885	53,885
<b>Assets 30 June, 2020</b>	<b>3,344,243</b>	<b>385,653</b>	<b>36,223</b>	<b>7,901</b>	<b>3,838,097</b>	<b>3,838,260</b>

<b>Liabilities 30 June, 2020 (1,000 euros)</b>	<b>Other liabilities</b>	<b>Hedging derivatives</b>	<b>Carrying value, total</b>	<b>Fair value</b>
Liabilities to credit institutions	226,504	-	226,504	226,504
Liabilities to customers	2,137,710	-	2,137,710	2,137,710
Debt securities issued to the public	1,075,949	-	1,075,949	1,075,949
Subordinated liabilities	15,500	-	15,500	15,500
<b>Total financial liabilities</b>	<b>3,455,663</b>	<b>-</b>	<b>3,455,663</b>	<b>3,455,663</b>
Non-financial liabilities			52,645	52,645
<b>Liabilities 30 June, 2020</b>	<b>3,455,663</b>	<b>-</b>	<b>3,508,308</b>	<b>3,508,308</b>

<b>Assets December 31, 2019</b> <b>(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>Carrying value, total</b>	<b>Fair value</b>
Cash and cash equivalents	6,626	-	-	-	6,626	6,626
Loans and advances to credit institutions	60,005	-	-	-	60,005	60,005
Loans and advances to customers	2,960,356	-	-	-	2,960,356	2,960,356
Derivatives, hedge accounting	-	-	-	5,634	5,634	5,634
Debt instruments	-	268,271	263	-	268,534	268,534
Equity instruments	-	-	54,615	-	54,615	54,615
<b>Total financial assets</b>	<b>3,026,987</b>	<b>268,271</b>	<b>54,878</b>	<b>5,634</b>	<b>3,355,770</b>	<b>3,355,770</b>
Investments in associated companies					5,666	5,666
Investment properties					6,828	8,180
Non-financial assets					48,266	48,266
<b>Assets December 31, 2019</b>	<b>3,026,987</b>	<b>268,271</b>	<b>54,878</b>	<b>5,634</b>	<b>3,416,530</b>	<b>3,417,882</b>

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

<b>Assets June 30, 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>Carrying 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
Loans and 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 June 30, 2019</b>	<b>2,824,487</b>	<b>269,462</b>	<b>81,335</b>	<b>8,505</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>Carrying 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 June 30, 2019</b>	<b>2,885,236</b>	<b>-</b>	<b>2,934,387</b>	<b>2,934,387</b>

## G4 Loans and other receivables

(1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
<b>Loans and advances to credit institutions</b>			
Deposits	50,374	45,262	41,830
Other	22,176	14,743	18,651
<b>Loans and advances to credit institutions, total</b>	<b>72,550</b>	<b>60,005</b>	<b>60,480</b>
<b>Loans and advances to the public and public sector entities</b>			
Loans	3,053,398	2,860,451	2,671,309
Utilised overdraft facilities	74,452	72,429	60,711
Loans intermediated through the State's assets	83	100	209
Credit cards	26,968	27,349	25,470
Bank guarantee receivables	395	27	45
<b>Loans and advances to the public and public sector entities, total</b>	<b>3,155,295</b>	<b>2,960,356</b>	<b>2,757,744</b>
<b>Loans and advances, total</b>	<b>3,227,846</b>	<b>3,020,361</b>	<b>2,818,225</b>

Reconciliations from the opening and the closing balances of the expected credit losses are presented in note G12 Impairment losses on financial assets.

## G5 Financial derivatives

Assets (1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
<b>Fair value hedge</b>			
Interest rate derivatives	7,750	5,337	8,343
<b>Other hedging derivatives</b>			
Share and share index derivatives	151	297	162
<b>Total derivative assets</b>	<b>7,901</b>	<b>5,634</b>	<b>8,505</b>
<b>Liabilities (1,000 euros)</b>	<b>30 Jun 2020</b>	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
<b>Fair value hedge</b>			
Interest rate derivatives			-
Share and share index derivatives	-	-	-
<b>Total derivative liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in the value of hedged object / Fair value hedge</b>	<b>-8,272</b>	<b>-6,131</b>	<b>-9,453</b>
<b>Change in the value of hedged object / Other hedging derivatives</b>	<b>167</b>	<b>164</b>	<b>202</b>

Nominal values of underlying items and fair values of derivatives June 30, 2020 (1,000 euros)	Remaining maturity			Fair values		
	Less than 1 year	1-5 years	Over 5 years	Total	Assets	Liabilities
<b>Fair value hedge</b>	<b>15,000</b>	<b>650,000</b>	<b>-</b>	<b>665,000</b>	<b>7,750</b>	<b>-</b>
Interest rate swaps	15,000	650,000	-	665,000	8,376	-
Cva and Dva adjustments	-	-	-	-	-626	-
<b>Other hedging derivatives</b>	<b>-</b>	<b>66,284</b>	<b>-</b>	<b>66,284</b>	<b>151</b>	<b>-</b>
Share and share index derivatives	-	66,284	-	66,284	295	-
Cva and Dva adjustments	-	-	-	-	-144	-
<b>Derivatives total</b>	<b>15,000</b>	<b>716,284</b>	<b>-</b>	<b>731,284</b>	<b>7,901</b>	<b>-</b>

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

Nominal values of underlying items and fair values of derivatives December 31, 2019 (1,000 euros)	Remaining maturity			Fair values		
	Less than 1 year	1-5 years	Over 5 years	Total	Assets	Liabilities
<b>Fair value hedge</b>	<b>-</b>	<b>665,000</b>	<b>-</b>	<b>665,000</b>	<b>8,343</b>	<b>-</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>-</b>	<b>58,740</b>	<b>162</b>	<b>-</b>
Share and share index derivatives	25,791	32,948	-	58,740	270	-
Cva and Dva adjustments	-	-	-	-	-108	-
<b>Derivatives total</b>	<b>25,791</b>	<b>697,948</b>	<b>-</b>	<b>723,740</b>	<b>8,505</b>	<b>-</b>

## G6 Investment assets

Investment assets (1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
<b>Measured at fair value through profit or loss</b>			
Debt securities	124	263	263
Shares and other equity instruments	36,099	54,615	80,988
<b>Assets measured at fair value through profit or loss, total</b>	<b>36,223</b>	<b>54,878</b>	<b>81,251</b>
<b>Measured at fair value through other comprehensive income</b>			
Debt securities	385,653	268,271	269,462
Shares and other equity instruments	-	-	-
<b>Measured at fair value through other comprehensive income, total</b>	<b>385,653</b>	<b>268,271</b>	<b>269,462</b>
<b>Investment properties</b>	<b>2,559</b>	<b>6,828</b>	<b>7,238</b>
<b>Total investment assets</b>	<b>424,435</b>	<b>329,977</b>	<b>357,951</b>

Reconciliations from the opening and the closing balances of the expected credit losses are presented in note G12 Impairment losses on financial assets.

Changes in investment properties (1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
<b>Cost January 1</b>	<b>12,634</b>	<b>12,635</b>	<b>12,635</b>
+ Increases	281	274	274
- Decreases	-6,285	-274	-77
+/- Transfers	-	-	-
<b>Cost at the end of the period</b>	<b>6,630</b>	<b>12,634</b>	<b>12,831</b>
<b>Accumulated depreciation and impairment losses</b>	<b>-5,806</b>	<b>-5,458</b>	<b>-5,458</b>
+ Accumulated depreciation of decreases and transfers	1,410	143	35
- Depreciation	-149	-317	-195
+/- Impairment loss and their return	475	-174	24
+/- Other changes	-	-	-
<b>Accumulated depreciation and impairment at the end of the period</b>	<b>-4,071</b>	<b>-5,806</b>	<b>-5,593</b>
<b>Opening balance January 1</b>	<b>6,828</b>	<b>7,176</b>	<b>7,176</b>
<b>Closing balance</b>	<b>2,559</b>	<b>6,828</b>	<b>7,238</b>

In line with its strategy, the company eased its real estate investment portfolio in June. The Company is liquidating its real estate holdings to ease the ongoing expense burden associated with real estate, as well as the administrative process arising from property ownership. As a result of the sales of investment properties, the Company recorded a sales loss of EUR 1.5 million.

Measured at fair value through profit or loss and measured at fair value through other comprehensive income (1,000 euros) June 30, 2020	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	-	-	-	-	94,299	-	-	94,299	94,299
From others	-	10,785	-	10,785	289,642	-	-	289,642	300,427
Non-quoted									
From others	-	25,314	-	25,314	1,712	124	-	1,837	27,150
<b>Total</b>	<b>-</b>	<b>36,099</b>	<b>-</b>	<b>36,099</b>	<b>385,653</b>	<b>124</b>	<b>-</b>	<b>385,777</b>	<b>421,876</b>

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

Measured at fair value through profit or loss and measured at fair value through other comprehensive income (1,000 euros) June 30, 2019	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	-	-	-	-	116,037	-	-	116,037	116,037
From others	-	60,639	-	60,639	151,859	-	-	151,859	212,498
Non-quoted									
From others	-	20,349	-	20,349	1,566	263	-	1,829	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>269,725</b>	<b>350,713</b>



## G7 Liabilities to the public and public sector entities and liabilities to credit institutions

(1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
Liabilities to credit institutions			
Liabilities to Central Banks	150,000	-	-
Repayable on demand	6,728	16,052	7,468
Other than repayable on demand	69,776	71,992	74,144
<b>Total liabilities to credit institutions</b>	<b>226,504</b>	<b>88,045</b>	<b>81,612</b>
Liabilities to the public and public sector entities			
Deposits	2,129,376	1,999,362	1,860,181
Repayable on demand	1,874,414	1,691,021	1,644,289
Other	254,962	308,341	215,893
Other financial liabilities	62	81	186
Other than repayable on demand	62	81	186
Changes in fair value in terms of borrowing	8,272	6,131	9,453
<b>Liabilities to the public and public sector entities, total</b>	<b>2,137,710</b>	<b>2,005,573</b>	<b>1,869,820</b>
<b>Liabilities to the public and public sector entities and liabilities to credit institutions, total</b>	<b>2,364,214</b>	<b>2,093,618</b>	<b>1,951,432</b>

## G8 Debt securities issued to the public

(1,000 euros)	30 Jun 2020	31 Dec 2019	30 Jun 2019
Bonds	951,277	772,074	771,621
Certificates of deposit	124,673	166,274	146,982
<b>Total debt securities issued to the public</b>	<b>1,075,949</b>	<b>938,348</b>	<b>918,604</b>

Maturity of bonds	Nominal value	Interest	Year of issue	Due date	Closing balance		
					30 Jun 2020	31 Dec 2019	30 Jun 2019
OmaSp Plc 3.4.2020	125,000	margin 0.880% / variable	2017	3.4.2020	-	124,984	124,951
OmaSp Plc 12.12.2022, covered bond	350,000	0.125% / fixed	2017–2018	12.12.2022	348,762	348,512	348,258
OmaSp Plc 3.4.2024, covered bond	300,000	0.125% / fixed	2019	3.4.2024	298,744	298,578	298,412
OmaSp Plc 6.4.2023, covered bond	250,000	0.125% / fixed	2020	6.4.2023	248,776	-	-
OmaSp Plc 17.1.2024	55,000	margin 1% / variable	2020	17.1.2024	54,995	-	-
					<b>951,277</b>	<b>772,074</b>	<b>771,621</b>

Maturity of deposit certificates	less than 3 months	3–6 months	6–9 months	9–12 months	Closing balance, total
<b>30 Jun 2020</b>	83,981	27,987	-	12,705	<b>124,673</b>
<b>31 Dec 2019</b>	47,489	45,979	46,433	26,373	<b>166,274</b>
<b>30 Jun 2019</b>	104,987	14,991	19,966	7,039	<b>146,982</b>

## G9 Net interest income

(1,000 euros)	1-6/2020	1-6/2019	1-12/2019
<b>Interest income</b>			
Loans and advances to the public and public sector entities	31,204	28,093	58,312
Debt securities	872	1,062	2,148
Derivatives	1,553	1,230	2,359
Other interest income	345	284	531
<b>Total interest income</b>	<b>33,975</b>	<b>30,669</b>	<b>63,351</b>
<b>Interest expenses</b>			
Liabilities to credit institutions	-151	-228	-402
Liabilities to the public and public sector entities	-612	-1,004	-1,798
Debt securities issued to the public	-1,294	-1,434	-2,761
Subordinated liabilities	-92	-195	-289
Other interest expenses	-435	-173	-577
<b>Total interest expenses</b>	<b>-2,584</b>	<b>-3,034</b>	<b>-5,828</b>
<b>Net interest income</b>	<b>31,391</b>	<b>27,635</b>	<b>57,522</b>

## G10 Fee and commission income and expenses

(1,000 euros)	1-6/2020	1-6/2019	1-12/2019
<b>Fee and commission income</b>			
Lending	5,138	5,299	10,355
Deposits	32	45	73
Card and payment transactions	7,816	6,601	13,386
Intermediated securities	81	52	98
Reserves	1,377	1,165	2,460
Legal services	236	353	681
Brokered products	777	647	1,328
Granting of guarantees	451	408	884
Other fee and commission income	341	345	715
<b>Total fee and commission income</b>	<b>16,249</b>	<b>14,914</b>	<b>29,981</b>
<b>Fee and commission expenses</b>			
Card and payment transactions	-1,743	-1,565	-3,442
Securities	-24	-129	-157
Other fee and commission expenses	-440	-628	-967
<b>Total fee and commission expenses</b>	<b>-2,207</b>	<b>-2,322</b>	<b>-4,567</b>
<b>Fee and commission income and expenses, net</b>	<b>14,042</b>	<b>12,592</b>	<b>25,414</b>

# G11 Net income on financial assets and financial liabilities

(1,000 euros)	1-6/2020	1-6/2019	1-12/2019
<b>Net income on financial assets measured at fair value through profit or loss</b>			
Debt securities			
Capital gains and losses	-	-	-
Valuation gains and losses	-139	-	-
<b>Total debt securities</b>	<b>-139</b>	<b>-</b>	<b>-</b>
Shares and other equity instruments			
Dividend income	150	1,320	1,393
Capital gains and losses	-118	90	489
Valuation gains and losses	-554	5,927	6,765
<b>Total shares and other equity instruments</b>	<b>-522</b>	<b>7,338</b>	<b>8,647</b>
<b>Net income on financial assets measured at fair value through profit or loss, total</b>	<b>-661</b>	<b>7,338</b>	<b>8,647</b>
<b>Net income on financial assets measured at fair value through other comprehensive income</b>			
Debt securities			
Capital gains and losses	38	131	131
Difference in valuation reclassified from the fair value reserve to the income statement	8,006	-120	-120
<b>Total debt securities</b>	<b>8,044</b>	<b>11</b>	<b>11</b>
<b>Net income on financial assets measured at fair value through other comprehensive income, total</b>	<b>8,044</b>	<b>11</b>	<b>11</b>
<b>Net income from investment properties (1,000 euros)</b>			
	<b>1-6/2020</b>	<b>1-6/2019</b>	<b>1-12/2019</b>
Rent and dividend income	241	357	709
Capital gains and losses	-1,306	-40	-60
Other gains from investment properties	4	7	10
Maintenance expenses	-414	-474	-865
Depreciation and impairment on investment properties	-658	-170	-560
Rent expenses on investment properties	-0	-0	-13
<b>Net income from investment properties, total</b>	<b>-2,133</b>	<b>-320</b>	<b>-780</b>
<b>Net gains on trading in foreign currencies</b>	<b>9</b>	<b>5</b>	<b>23</b>
<b>Net gains from hedge accounting</b>	<b>337</b>	<b>47</b>	<b>-121</b>
<b>Net income from trading</b>	<b>-84</b>	<b>-729</b>	<b>-262</b>
<b>Net income on financial assets and financial liabilities, total</b>	<b>5,512</b>	<b>6,352</b>	<b>7,518</b>

In line with its strategy, the company eased its real estate investment portfolio in June. The Company is liquidating its real estate holdings to ease the ongoing expense burden associated with real estate, as well as the administrative process arising from property ownership. As a result of the sales of investment properties, the Company recorded a sales loss of EUR 1.5 million.

# G12 Impairment losses on financial assets

(1,000 euros)	1-6/2020	1-6/2019	1-12/2019
ECL from advances to customers and off-balance sheet items	-4,907	-2,344	-6,649
ECL from debt instruments	32	-33	-112
<b>Expected credit losses, total</b>	<b>-4,875</b>	<b>-2,376</b>	<b>-6,761</b>
<b>Final credit losses</b>			
Final credit losses	-7,642	-1,216	-2,888
Refunds on realised credit losses	63	40	82
<b>Recognised credit losses, net</b>	<b>-7,578</b>	<b>-1,176</b>	<b>-2,806</b>
<b>Impairment on receivables, total</b>	<b>-12,453</b>	<b>-3,552</b>	<b>-9,567</b>

## Expected credit losses, loans and advances

Loans and advances to credit institutions and to public and general government (1,000 euros)	Stage 1	Stage 2	Stage 3	30 Jun 2020	30 Jun 2019	31 Dec 2019
				Total	Total	Total
<b>Expected credit losses January 1</b>	<b>2,407</b>	<b>3,186</b>	<b>12,612</b>	<b>18,205</b>	<b>11,577</b>	<b>11,577</b>
Transfer to stage 1	70	-144	21	-53	-104	339
Transfer to stage 2	-167	1,391	-739	485	-137	118
Transfer to stage 3	-805	-739	9,761	8,218	2,939	5,594
New debt securities	819	350	430	1,600	886	2,422
Matured debt securities	-201	-532	-2,961	-3,694	-1,910	-4,467
Realised credit losses	7	-37	-6,555	-6,585	-424	-1,172
Recoveries on previous realised credit losses	-6	24	-33	-14	-8	6
Changes in credit risk	-153	977	3,876	4,699	1,090	1,948
Changes in the ECL model parameters	-190	-1,159	-289	-1,638	-	1,319
Changes based on management estimates	-273	1,836	88	1,651	-5	520
<b>Expected credit losses</b>	<b>1,508</b>	<b>5,154</b>	<b>16,211</b>	<b>22,873</b>	<b>13,904</b>	<b>18,205</b>

The company's management has assessed the effects of the ongoing corona pandemic on an industry-by-industry basis and made a group-specific additional loss allowance of EUR 1.4 million to the corporate loan portfolio to prepare for credit risk growth. Loss allowance is subject to Stage 2.

Off-balance sheet commitments (1,000 euros)	Stage 1	Stage 2	Stage 3	30 Jun 2020	30 Jun 2019	31 Dec 2019
				Total	Total	Total
<b>Expected credit losses January 1</b>	<b>377</b>	<b>122</b>	<b>115</b>	<b>614</b>	<b>594</b>	<b>594</b>
Transfer to stage 1	17	-5	-1	11	18	7
Transfer to stage 2	-10	15	-6	-	-	-
Transfer to stage 3	-0	-0	0	-	-	-
New debt securities	214	177	105	497	272	297
Matured debt securities	-176	-73	-42	-290	-269	-292
Realised credit losses	-	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-	-
Changes in credit risk	2	19	0	21	-4	8
Changes in the ECL model parameters	-	-	-	-	-	-
Changes based on management estimates	-	-	-	-	-	-
<b>Expected credit losses</b>	<b>425</b>	<b>256</b>	<b>172</b>	<b>853</b>	<b>610</b>	<b>614</b>

## Expected credit losses, investment assets

Debt securities (1,000 euros)	Stage 1	Stage 2	Stage 3	30 Jun 2020	30 Jun 2019	31 Dec 2019
				Total	Total	Total
<b>Expected credit losses January 1</b>	<b>569</b>	<b>91</b>	<b>-</b>	<b>660</b>	<b>548</b>	<b>548</b>
Transfer to stage 1	-	-	-	-	-12	-14
Transfer to stage 2	-25	82	-	58	-	-
Transfer to stage 3	-	-	-	-	-	-
New debt securities	358	20	-	378	49	73
Matured debt securities	-415	-45	-	-460	-12	-11
Realised credit losses	-	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-	-
Changes in credit risk	1,536	21	-	1,557	8	24
Changes in the ECL model parameters	-432	-	-	-432	-	39
Changes based on management estimates	-1,133	-	-	-1,133	-	-
<b>Expected credit losses</b>	<b>460</b>	<b>169</b>	<b>-</b>	<b>628</b>	<b>581</b>	<b>660</b>

# G13 Fair values in accordance with the valuation method

The determination of the fair value of financial instruments is set out in note G2 Accounting principles under "Determining the fair value" of the financial statements for the year 2019.

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

## Financial assets and liabilities measured at fair value

Financial assets (1,000 euros)	30 June 2020			
	Level 1	Level 2	Level 3	Total
<b>At fair value through profit or loss</b>				
Equity securities	10,785	1,797	23,517	36,099
Debt securities	40	0	84	124
Derivatives	0	7,901	0	7,901
<b>At fair value through other comprehensive income</b>				
At fair value through other comprehensive income	385,653	0	0	385,653
<b>Financial assets total</b>	<b>396,478</b>	<b>9,698</b>	<b>23,601</b>	<b>429,777</b>

Financial assets (1,000 euros)	31 December 2019				30 June 2019			
	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 securities	29,305	1,763	23,547	54,615	60,636	1,607	18,745	80,988
Debt securities	179	-	84	263	263	-	84	347
Derivatives	-	5,634	-	5,634	0	8,505	-	8,505
<b>Measured at fair value through other comprehensive income</b>								
Debt securities	268,271	-	0	268,271	264,246	-	5,216	269,462
<b>Financial assets total</b>	<b>297,755</b>	<b>7,397</b>	<b>23,631</b>	<b>328,783</b>	<b>325,146</b>	<b>10,112</b>	<b>24,045</b>	<b>359,302</b>

## Investment transactions, categorised to Level 3

Financial assets at fair value through profit or loss (1,000 euros)	30 June 2020			31 December 2019			30 June 2019		
	Equity securities	Debt securities	Total	Equity securities	Debt securities	Total	Equity securities	Debt securities	Total
<b>Opening balance January 1</b>	<b>23,547</b>	<b>84</b>	<b>23,631</b>	<b>20,003</b>	<b>84</b>	<b>20,087</b>	<b>20,176</b>	<b>84</b>	<b>20,260</b>
+ Acquisitions	-	-	-	7,450	-	7,450	-	-	-
- Sales	-2	-	-2	-9,199	-	-9,199	-6,556	-	-6,556
- Matured during the year	-	-	-	-	-	-	-	-	-
+/- Realised changes in value recognised on the income statement	2	-	2	5,427	-	5,427	5,175	-	5,175
+/- Unrealised changes in value recognised on the income statement	-30	-	-30	-135	-	-135	-50	-	-50
+ Transfers to Level 3	-	-	-	-	-	-	-	-	-
- Transfers to Level 1 and 2	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>23,517</b>	<b>84</b>	<b>23,601</b>	<b>23,547</b>	<b>84</b>	<b>23,631</b>	<b>18,745</b>	<b>84</b>	<b>18,829</b>

At fair value through other comprehensive income (1,000 euros)	30 June 2020			31 December 2019			30 June 2019		
	Equity securities	Debt securities	Total	Equity securities	Debt securities	Total	Equity securities	Debt securities	Total
<b>Opening balance January 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>289</b>	<b>289</b>	<b>-</b>	<b>289</b>	<b>289</b>
+ Acquisitions	-	-	-	-	4,965	4,965	-	4,965	4,965
- Sales	-	-	-	-	3	3	-	2	2
- Matured during the year	-	-	-	-	-	-	-	-	-
+/- Realised changes in value recognised on the income statement	-	-	-	-	-	-	-	-	-
+/- Unrealised changes in value recognised on the income statement	-	-	-	-	315	315	-	248	248
+/- Changes in value recognised in other comprehensive income	-	-	-	-	-	-	-	-	-
+ Transfers to Level 3	-	-	-	-	-	-	-	-	-
- Transfers to Level 3	-	-	-	-	-5,573	-5,573	-	-289	-289
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,216</b>	<b>5,216</b>

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

Equity securities	Hypo- thetical change	30 June 2020 Potential impact on equity			31 December 2019 Potential impact on equity			30 June 2019 Potential impact on equity		
		Market value	Positive	Negative	Market value	Positive	Negative	Market value	Positive	Negative
At fair value through profit or loss	+/- 15%	23,517	3,528	-3,528	23,547	3,532	-3,532	18,745	2,812	-2,812
At fair value through other comprehensive income	+/- 15%	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>23,517</b>	<b>3,528</b>	<b>-3,528</b>	<b>23,547</b>	<b>3,532</b>	<b>-3,532</b>	<b>18,745</b>	<b>2,812</b>	<b>-2,812</b>

Debt securities	Hypo- thetical change	30 June 2020 Potential impact on equity			31 December 2019 Potential impact on equity			30 June 2019 Potential impact on equity		
		Market value	Positive	Negative	Market value	Positive	Negative	Market value	Positive	Negative
At fair value through profit or loss	+/- 15%	84	13	-13	84	13	-13	84	13	-13
At fair value through other comprehensive income	+/- 15%	-	-	-	-	-	-	5,216	782	-782
<b>Total</b>		<b>84</b>	<b>13</b>	<b>-13</b>	<b>84</b>	<b>13</b>	<b>-13</b>	<b>5,300</b>	<b>795</b>	<b>-795</b>

## G14 Investments in associates and joint ventures

### Acquisition during the 2020 accounting period

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

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

The total value of the capital investment and share ownership is EUR 2 million.

### 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.



# G15 Alternative Performance Measures (APM) and calculation of the key figures

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

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

## Calculation of key figures

### Operating income, total

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

### Total operating expenses

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

### Liquidity coverage ratio (LCR), %

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

### Net stable funding ratio (NSFR), %

Available amount of stable funding  
 Required amount of stable funding

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X 100

### Cost/income ratio, %

Total operating expenses  
 Total operating income + share of profit from joint ventures and associated companies (net)

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X 100

### Comparable cost/income ratio, %

Total operating expenses without items affecting comparability  
 Total operating income without items affecting comparability + share of profit from joint ventures and associated companies (net)

---

X 100

### Comparable profit before taxes

Profit/loss before taxes without items effecting comparability

### Return on equity (ROE), %

Profit/loss for the accounting period  
 Equity (average of the beginning and the end of the year)

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X 100

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

Comparable profit/loss for the accounting period  
 Equity (average of the beginning and the end of the year)

---

X 100

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

Profit/loss for the accounting period  
 Average balance sheet total (average of the beginning and the end of the year)

---

X 100

### Equity ratio, %

Equity  
 Balance sheet total

---

X 100

### Total capital (TC) ratio, %

Own funds total (TC)  
 Risk-weighted assets (RWA) total

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X 100

### Common Equity Tier 1 (CET1) capital ratio, %

Common Equity Tier 1 (CET1) capital  
 Risk-weighted assets (RWA) total

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X 100

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

Tier 1 (T1) capital  
 Risk-weighted assets (RWA) total

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X 100

### Leverage ratio, %

Tier 1 (T1) capital  
 Exposures total

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X 100

### Earnings per share (EPS), EUR

Profit/loss for the accounting period belonging to the parent company owners  
 Average number of shares outstanding

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### Earnings per share after dilution (EPS), EUR

Profit/loss for the accounting period belonging to the parent company  
 Average number of shares outstanding after dilution of share-based rewarding

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

Comparable profit/loss – Share of non-controlling interests  
 Average number of shares outstanding

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# 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

## 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 2020, condensed consolidated income statement, statement of comprehensive income, changes in equity, and cash flows for the six months ended 30 June 2020 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" standard and other regulations governing the preparation of interim financial statements in Finland. 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 as at 30 June 2020 and for the six month period ended 30 June 2020 has not been prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting standard and other regulations governing the preparation of interim financial statements in Finland.

KPMG OY AB

Helsinki, 10 August 2020

Fredrik Westerholm  
*Authorised Public Accountant, KHT*



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