

# Oma Säästöpankki

Interim Report 2018

**omasp**  
Lähellä ja läsnä



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# Strong performance and excellent results as expected

Satisfied customers are the basis of our success.

For the past few years, our bank has been one of the most profitable and efficient banks in Finland. In the extensive comparison of banks published by Kauppalehti (KL 15/5), Oma Säästöpankki was found to be the best bank in Finland\*. Good work and satisfied customers are the basis of our success.

This year, we have continued our strong, stable operating performance. In the beginning of the year, earnings before taxes amounted to 13.1 million euros, and the number on the balance sheet reached a record of 2.8 billion euros. Main sources of income, net interest income and commission income showed strong growth. The demand for home loans and corporate finance continued to grow.

In the early part of the year, we implemented an organisational reform to ensure the bank's development and growth in the future. The reform mainly concerned the bank's customer operations, where we clarified the division of responsibilities and improved our resources. In addition, we established Yrityspankki as a new customer operations group.

We signed a loan agreement with the European Investment Bank in the late spring. Great cooperation with the European Investment Bank will improve our competitiveness and allow us to provide more favourable financing conditions to our business customers. Small and medium-sized enterprises are a significant part of our growing customer base in Finland.

Our customers are happy about the bank's geographical expansion. Our new branch offices opened last year in Lahti and Jyväskylä have gotten off to a great start. Our next steps will be to strengthen our presence in the capital area and expand our operations in Turku.

This spring, we also invested in our digital services and launched the OmaVahvistus personal identification number application as well as the OmaKonttori application, which brings our banking agents and services to our customer's smartphone. It is important for us that our customers receive personal services even when they wish to carry out their banking activities in a digital environment.

A competent personnel is our key competitive advantage and we constantly invest in it. Last spring, 13 bank managers and experts graduated from the OmaSp Master Programme which we organised in collaboration with the University of Tampere. Our motivated personnel is driven by an entrepreneurial spirit. We have used local agreements for many years for establishing branch-specific plans and procedures. For example, the opening hours for Saturdays are agreed locally.

The satisfaction and wellbeing of our personnel reflects back positively to our customers. Satisfied customers are the result of our staff's good work. Together these two provide the basis for our bank's growth and success in the future as well.

My warmest thanks to the Oma Säästöpankki customers, personnel, owners and partners.

Pasi Sydänlammi  
CEO

\*Source: Kauppalehti, June 6, 2018

## The main events of the beginning of the year

- The implementation of an organisational reform to improve our customer operations.
- The graduation of 13 banking experts and managers from the first OmaSp Master Programme organised in collaboration with the University of Tampere.
- The decision to expand the bank's operations in the capital area in 2018.
- Signing a new loan agreement with the European Investment Bank for Finnish SMEs.
- The launch of OmaKonttori and OmaVahvistus applications.
- The decision to open a bigger office in the centre of Turku and hire more employees.
- A bond worth 100 million euros issued in June as part of our bond program.

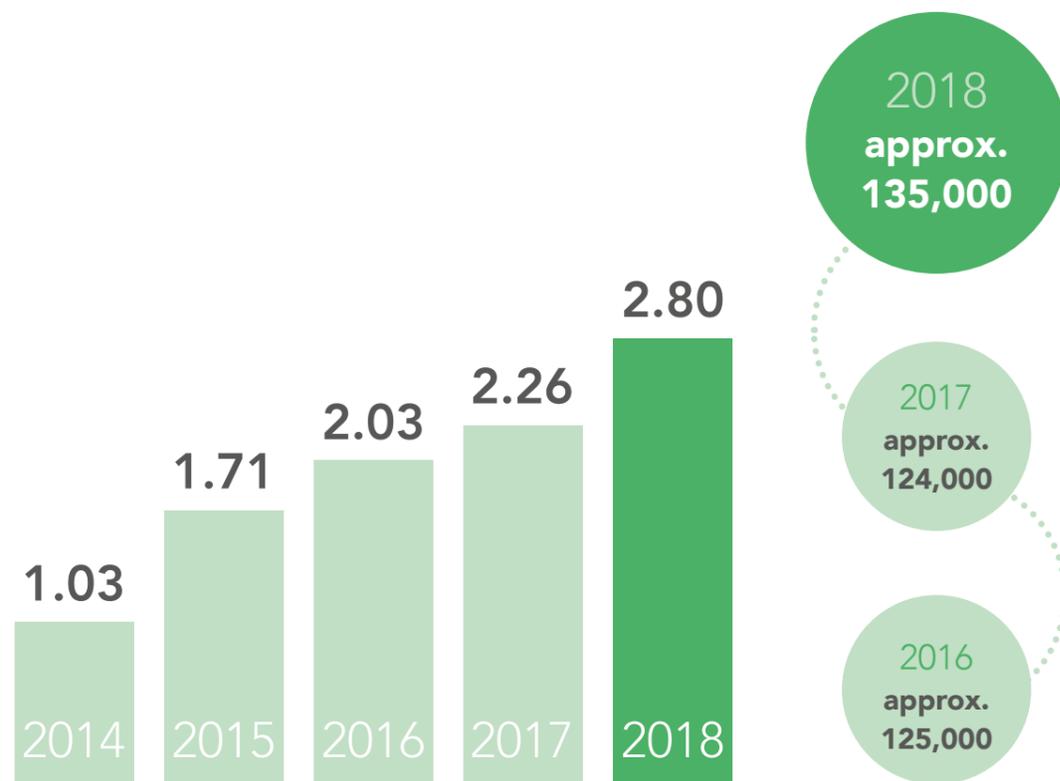
**Rapidly growing bank**

# Oma Säästöpankki's key figures Jan–Jun/2018



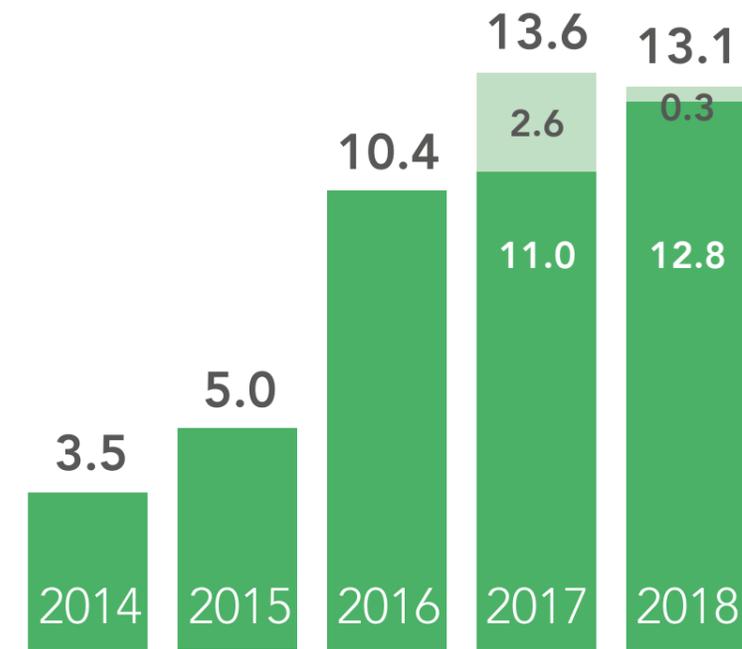
Office network  
in 2018

Personnel  
in 2018



Balance sheet total  
billion euros

Customers



Profit before taxes  
million euros

■ Net income on financial assets and liabilities

Now is the perfect time to expand the operations of our growing bank.

## Expanding operations

# We invest in efficient and comprehensive services

**The wishes of our customers have been heard. We will open a new branch office in the centre of Helsinki in the course of this year. We are also expanding our operations in Turku.**

Now is the perfect time to expand our operations. Opening a branch office in Helsinki is an important and natural step forward for our growing bank. There is a demand for a local operator like us in the capital area. Our customers want us there, and expect us to provide the same kind of personal service as we do in other provinces. We have started our employee search for the new Helsinki branch office, and the recruitment process has moved along at a fast pace. The key recruitments have been realised as expected. Experts are needed for various tasks.

The feedback from our customers has also convinced us that there is room and demand for a flexible banking partner like us in Turku. We will open a bigger office in the centre of Turku as soon as we find suitable premises. The employee search for extra personnel will also be carried out as soon as possible.

Oma Säästöpankki's service culture values are very clear. Our job is to help our clients prosper by teaching them economic skills and providing models of success. **Markus Souru** will operate as Oma Säästöpankki's regional director in Helsinki and Turku.

Local and close, soon also in the Helsinki city centre.

- 40 Oma Säästöpankki branches
- ✓ Comprehensive digital services across Finland



Local and close the way you choose

## OmaKonttori application brings your banking agent to you

Customers can optimise their banking experience by making extensive use of our service channels. In addition to local banking services, we also offer digital services, including online banking services as well as several mobile applications, such as OmaKonttori, OmaVahvistus and OmaMobiili.



Oma Säästöpankki has developed a new OmaKonttori application which bring our banking services to the customer's smartphone.

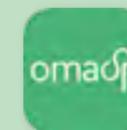
After downloading the application, the customer can contact any of our offices or banking agents. The OmaKonttori application takes customer experience to a whole new level.

The OmaKonttori application allows us to offer a personal and human-centric digital service to our customers. As promised, we are local and close, by digital means as well. The customer can use the OmaKonttori application to send a message

and make a voice or video call to their preferred banking agent. With this application, customers can carry out their banking activities personally with the same banking agent as in the branch office. Our aim is to make the OmaKonttori application available to the entire branch network during the coming fall.

We want our customers to have access to personal and customer-friendly banking services even when they wish to carry out their banking activities in a digital environment. We want to offer our customers both local services as well as modern and comprehensive digital services.

The OmaKonttori application takes customer experience to a whole new level.



**OmaMobiili** your bank always within reach

The OmaMobiili application allows our customers to carry out their banking activities where they want, and when they want. Customers can also use the application to make a video call to their own bank. With the OmaVahvistus application, customers no longer need key code lists.



**OmaVahvistus** access with your own code

OmaVahvistus is a personal identification number application that customers can download on their smart phone. The application is an electronic identification solution, which replaces key code lists and mobile certifications. OmaVahvistus can be used in OmaMobiili, the online bank, online stores and e-Governance services.

## Financial statements

# Oma Säästöpankki Oyj Group's Interim Report January 1–June 30, 2018

### Results

Oma Säästöpankki Group's profit before taxes amounted to 13.1 million euros (13.6).

Operating income totalled 38.0 million euros (33.8), showing a growth of 12.4%. Net interest income grew by 23.7%, amounting to 23.1 million euros (18.6). Other operating income totalled 14.9 million euros (15.1), same level as the previous year. Commission income increased by 2.7 million euros compared to the same time the previous year, amounting to 14.9 million euros (12.3). The overall increase in operating income is due to the positive developments in our business and operations. The increase is partly due to the increase in customer and business volumes resulting from the transfer of S-Pankki's small and medium-sized company operations as well as agricultural and forestry

operations to Oma Säästöpankki which took place in December 2017.

Operating expenses totalled 23.1 million euros (19.9). Expenses grew by 15.9% from the comparable period last year. A significant amount of the increase consisted of the 1.1 million euro increase in personnel expenses and the 1.6 million euro increase in other operating expenses. The recruitment of employees for the new office branches as well as the employee transfers from S-Pankki to Oma Säästöpankki were the primary reasons for increased personnel expenses. The increase in other operating income results from increased marketing and IT development costs. The Group's cost/income ratio was 60.8% (59.0%).

Group's key figures (1,000 euros)	Jan–Jun/2018*	Jan–Dec/2017	Jan–Jun/2017
Operating income/loss	43,432	84,921	39,289
Net interest income	23,105	39,317	18,681
% of operating income/loss	53.2%	46.3%	47.5%
Profit before taxes	13,069	30,379	13,605
% of operating income/loss	30.1%	35.8%	34.6%
Total operating income	38,000	74,090	33,805
Total operating expenses	-23,119	-41,112	-19,949
Cost/income ratio	60.8%	55.5%	59.0%
Balance sheet total	2,803,087	2,726,567	2,264,748
Equity	249,536	241,484	231,323
Return on assets (ROA) %	0.8%	1.0%	1.0%
Return on equity (ROE) %	8.6%	10.2%	9.7%
Equity ratio	8.9%	8.9%	10.2%
Solvency ratio (TC) % **	17.1%	19.1%	19.2%
Core capital ratio (CET1) % **	16.0%	17.8%	18.9%
Tier 1 equity ratio (T1) %	16.0%	17.8%	18.9%
Impairment losses of financial assets, net	-1,812	-2,600	-252
Average number of employees	276	256	244
Liquidity coverage ratio (LCR) %	326.3%	280.3%	132.6%
Earnings per share (EPS), euro	21.15	48.01	22.38

The calculation principles of the key figures are available in Oma Säästöpankki Oyj's annual report 2017.

\* Implementation of the Financial Instruments standard on January 1, 2018. The figures from the comparable year have not been recalculated.

\*\* Solvency key ratio for the period of 1–6/2018, calculated at group level. The data from previous years have been reported at the parent company level.

Impairment losses of financial assets include the expected credit losses and final credit losses on customer loans calculated according to the IFRS9 Financial Instruments standard. Impairment losses of financial assets amounted to 1.8 million euros (0.3) during the accounting period. The change compared to the previous year is due to changes in the accounting principles for credit loss provision, and changes to the net change in receivable-specific impairments of the previous period, 0.6 million euros, including increases and reversals of impairments. The increase in expected credit losses for the reporting period is largely due to new loans and restructuring of existing loans and credits transferred to stage 3 (ECL calculation).

In 2017, non-recurring items from investments were highlighted in the bank's profit, affecting the result by approximately 10 million euros. The profit from continuing operations, excluding the aforementioned non-recurring items, is expected to further increase during the financial year 2018.

#### Balance sheet

The Group's balance sheet total was 2,803.1 million euros (2,264.7\*). The balance sheet amount increased by 23.8% and the key items on the balance sheet have developed as follows, compared to the same time the previous year:

#### Lending

The Group's total lending at the end of the review period amounted to 2,326.6 million euros

(1,844.7\*), which shows growth of 26.1%. The increase consisted mostly of loans to small business, home loans and consumer credit. In addition to organic growth, the increase was due to the transfer of S-Pankki's business operations to Oma Säästöpankki in late 2017, which increased the bank's loan portfolio by approximately 140 million euros.

#### Deposits

The largest share of the Group's borrowing consisted of deposits from the public. The amount of deposits equalled 1,693.6 million euros (1,495.1\*) at the end of the review period. Deposits grew by 198.5 million euros, or 13 per cent, during the year. Approximately 90 million euros worth of deposits were transferred to Oma Säästöpankki as a result of the transaction with S-Pankki.

#### Other borrowing

Other borrowings consist of issued bonds, deposit certificates, debenture loans and a loan from the Nordic Investment Bank. They amounted to 805.9 million euros (483.8\*) at the end of the year. The amount of other borrowing increased by 322.1 million euros, or 66.6%.

The increase is explained by a covered bond issued after the bank received authorisation to conduct mortgage bank operations in late 2017. As a result, 250 million euros were issued in December 2017, and 100 million euros were issued in June 2018. Additionally, in the fall of 2017, Oma Säästöpankki issued a debenture loan worth 15 million euros.

\* Comparable period's figure (June 30, 2017)

#### Solvency and risk status

In its solvency calculations, the bank applies the standard method for credit risks and the basic method for operative risks. In the standard method, exposures are divided into exposure classes and the minimum limits for credit spreading are determined in the retail receivables class. Oma Säästöpankki Group publishes the essential information of its solvency calculations once a year as a part of its report and notes to the financial statements. Key solvency information is included in the interim report. Risks and risk management are covered in more detail in Oma Säästöpankki's financial statements of December 31, 2017.

On the basis of Finland's financial system's structural risks, the Finnish Supervisory Authority imposed a capital buffer requirement to all Finnish credit institutions on June 29, 2018. An additional capital requirement (systemic risk buffer) of 1% to be covered by consolidated core capital has been imposed to Oma Säästöpankki Oyj. The decision enters into force on July 1, 2019.

The reporting level regarding solvency calculations changed in the first quarter of 2018. In the interim report of 2018, solvency will be reported at group level (Oma Säästöpankki Group), whereas in previous years, the figures have been reported at the parent company level (Oma Säästöpankki Oyj). Therefore, the figures are not fully comparable to those of previous years.

Oma Säästöpankki Group's own funds (TC) totalled 248.4 million euros (229.7\*), when the minimum requirement for the bank's own funds was set at 116.4

million euros (95.7\*). Tier 1 capital (T1) was 232.8 million euros (225.9\*), consisting entirely of core capital (CET1). Tier 2 capital (T2) equaled to 15.6 million euros (3.8\*). The increase in Tier 2 capital was due to the debenture issued in the fall of 2017.

Oma Säästöpankki Group's solvency ratio remains on a good level, equaling to 17.1% (19.2\*) at the end of the period. The ratio of Tier 1 capital and the risk-weighted items was 16.0% (18.9\*). The Group's solvency does not include the profit for the period. In previous years, profit has been included in the parent company's own funds, which largely explains the change in the solvency ratio. A summary of Oma Säästöpankki Group's solvency and the minimum amount of own assets are presented in Note K15. For the sake of comparison, the notes include the parent company's solvency calculations from June 30, 2018, where the profit for the period has been included in 'own funds', as in previous years.

#### Significant events since the interim report date

##### Loan agreement with the European Investment Bank

In June 2018, Oma Säästöpankki Oyj and the European Investment Bank signed a loan agreement worth 20 million euros. The financing will be on-lent against favourable rates to local actors, with a focus on small and medium-sized enterprises (SMEs) and agricultural entrepreneurs. A press release on the signing of the agreement was published on June 1, 2018.

\* Comparable period's figure (June 30, 2017)

## Income statement and balance sheet

# IFRS-based interim report of Oma Säästöpankki Group

### INCOME STATEMENT

Income statement (1,000 euros)	Jan-Jun/ 2018	Jan-Dec/ 2017	Jan-Jun/ 2017	Note
Interest income	26,648	46,579	22,553	
Interest expenses	-3,543	-7,262	-3,871	
<b>Net interest income</b>	<b>23,105</b>	<b>39,317</b>	<b>18,681</b>	K8
Fee and commission income	14,946	24,814	12,284	
Fee and commission expenses	-1,890	-3,569	-1,612	
<b>Fee and commission income and expenses, net</b>	<b>13,057</b>	<b>21,245</b>	<b>10,671</b>	K9
Net income on financial assets and liabilities	292	10,780	2,570	K10
Other operating income	1,546	2,748	1,882	
<b>Total operating income</b>	<b>38,000</b>	<b>74,090</b>	<b>33,805</b>	
Personnel expenses	-7,594	-13,137	-6,449	
Other operating expenses	-14,186	-25,470	-12,581	
Depreciation and impairment losses on tangible and intangible assets	-1,339	-2,504	-918	
<b>Total operating expenses</b>	<b>-23,119</b>	<b>-41,112</b>	<b>-19,949</b>	
Impairment losses of financial assets, net	-1,812	-2,600	-252	K11
<b>Profit before taxes</b>	<b>13,069</b>	<b>30,379</b>	<b>13,605</b>	
Income taxes	-2,454	-6,292	-2,615	
<b>Profit/loss for the accounting period</b>	<b>10,615</b>	<b>24,087</b>	<b>10,989</b>	
<b>Of which:</b>				
Oma Säästöpankki Oyj's shareholders' shares	10,566	24,208	10,999	
Amount of non-controlling interest	48	-120	-9	
<b>Total</b>	<b>10,615</b>	<b>24,087</b>	<b>10,989</b>	
<b>Earnings per share (EPS), euros</b>	<b>21.15</b>	<b>48.01</b>	<b>22.38</b>	

The implementation of the Financial Instruments standard on January 1, 2018, affects the figures of the period 1-6/2018. The figures from the comparable year have not been recalculated.

### COMPREHENSIVE INCOME STATEMENT

The Group's comprehensive income statement (1,000 euros)	Jan-Jun/ 2018	Jan-Dec/ 2017	Jan-Jun/ 2017
<b>Profit/loss for the accounting period</b>	<b>10,615</b>	<b>24,087</b>	<b>10,989</b>
<b>Other items of comprehensive income</b>	<b>519</b>	<b>-4,808</b>	<b>1,083</b>
Items that will not be reclassified through profit or loss	4	-149	18
Gains and losses on redefining benefit pension plans	4	-149	18
Interest in associated companies' items of comprehensive income	-	-	-
<b>Items that may later be reclassified through profit or loss</b>	<b>516</b>	<b>-4,659</b>	<b>1,065</b>
Measured at fair value	516	-4,655	1,065
Cash flow hedge	-	-4	-
<b>Income taxes</b>	<b>-104</b>	<b>962</b>	<b>-217</b>
For items that will not be reclassified to profit or loss	-1	30	-4
Gains and losses on redefining benefit pension plans	-1	30	-4
For items that may later be reclassified to profit or loss	-103	932	-213
Measured at fair value	-103	931	-213
Cash flow hedge	-	1	-
<b>Other items of comprehensive income for the accounting period after taxes</b>	<b>415</b>	<b>-3,846</b>	<b>866</b>
<b>Comprehensive income for the accounting period</b>	<b>11,030</b>	<b>20,241</b>	<b>11,855</b>
Interests of owners of the parent company	10,982	20,361	11,865
Amount of non-controlling interest	48	-120	-9
<b>Total</b>	<b>11,030</b>	<b>20,241</b>	<b>11,855</b>

### BALANCE SHEET

Group's balance sheet (1,000 euros)	June 30, 2018	December 31, 2017	June 30, 2017	Note
<b>Assets</b>				
Cash and cash equivalents	7,964	265,265	8,684	
Financial assets valued at fair value through profit or loss	-	332	332	
Loans and advances to credit institutions	60,975	73,847	101,669	K3
Loans and advances to the public and general government	2,326,600	2,137,868	1,844,694	K3
Financial derivatives	1,926	1,676	2,128	K4
Investment assets	267,874	194,253	269,278	K5
Intangible assets	5,470	6,515	4,883	
Tangible assets	17,225	17,348	16,831	
Other assets	113,784	28,337	15,159	
Tax assets	1,393	1,240	1,202	
Income tax assets	-125	-112	-112	
<b>Total assets</b>	<b>2,803,087</b>	<b>2,726,567</b>	<b>2,264,748</b>	

Group's balance sheet (1,000 euros)	June 30, 2018	December 31, 2017	June 30, 2017	Note
<b>Liabilities</b>				
Liabilities to credit institutions	37,402	35,993	33,874	K6
Liabilities to the public and general government	1,694,150	1,639,304	1,497,759	K6
Financial derivatives	854	2,222	-	K4
Debt securities issued to the public	760,731	736,961	450,995	K7
Subordinated liabilities	25,200	28,000	12,800	
Provisions and other liabilities	15,018	22,042	18,854	
Tax liabilities	19,660	19,119	18,577	
Income tax liabilities	536	1,441	565	
<b>Total liabilities</b>	<b>2,553,551</b>	<b>2,485,083</b>	<b>2,033,424</b>	
<b>Equity</b>				
Share capital	24,000	24,000	24,000	
Reserves	108,557	110,268	112,269	
Retained earnings	116,298	106,439	94,165	
<b>Controlling interests in parent company, total (equity)</b>	<b>248,856</b>	<b>240,706</b>	<b>230,434</b>	
Oma Säästöpankki Oyj's shareholders' shares	248,856	240,706	230,434	
Amount of non-controlling interest	680	778	889	
<b>Equity, total</b>	<b>249,536</b>	<b>241,484</b>	<b>231,323</b>	
<b>Total liabilities and equity</b>	<b>2,803,087</b>	<b>2,726,567</b>	<b>2,264,748</b>	
	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>	
<b>Group's off-balance sheet commitments</b>				
<b>Off-balance sheet commitments</b>				
Guarantees and pledges	17,310	14,972	13,357	
Other commitments given to a third party	441	471	576	
<b>Commitments given to a third party on behalf of a customer</b>	<b>17,751</b>	<b>15,443</b>	<b>13,933</b>	
Undrawn credit facilities	234,428	188,634	135,520	
<b>Irrevocable commitments given in favour of a customer</b>	<b>234,428</b>	<b>188,634</b>	<b>135,520</b>	
<b>Group's off-balance sheet commitments, total</b>	<b>252,179</b>	<b>204,077</b>	<b>149,453</b>	

## CASH FLOW STATEMENT

Consolidated cash flow statement (1,000 euros)	Jan-Jun/ 2018	Jan-Dec/ 2017	Jan-Jun/ 2017
<b>Cash flow from operating activities</b>			
Profit/loss for the accounting period	10,615	24,087	10,982
Adjustments to the profit/loss of the accounting period	4,966	10,938	3,700
Changes in fair value	-517	69	1
Depreciation and impairment losses on investment properties	-162	317	214
Depreciation and impairment losses on tangible and intangible assets	1,339	2,504	918
Gains and losses on fixed assets	402	-57	-22
Impairment losses	1,812	2,596	817
Income taxes	2,454	6,292	2,615
Adjustments to impairment losses	-	4	-669
Other adjustments	-362	-787	-174
<b>Cash flow from operations before changes in receivables and liabilities</b>	<b>15,581</b>	<b>35,025</b>	<b>14,682</b>

## Increase (-) or decrease (+) in business funds

Debt securities	-66,671	-2,882	-22,403
Loans and advances to credit institutions	-1,508	-1,176	-808
Loans and advances to customers	-191,768	-349,626	-59,375
Derivatives and hedge accounting	145	-48	-48
Investment assets	-6,253	60,508	11,461
Other assets	-85,359	-16,208	-3,061
<b>Total</b>	<b>-351,414</b>	<b>-309,432</b>	<b>-74,234</b>

## Increase (+) or decrease (-) in business debts

Liabilities to credit institutions	1,409	1,736	-383
Liabilities to customers	54,314	154,509	15,645
Debt securities issued to the public	23,770	383,911	97,945
Subordinated liabilities	-	15,200	-
Provisions and other liabilities	-7,694	-2,227	-5,759
<b>Total</b>	<b>71,799</b>	<b>553,129</b>	<b>107,448</b>

## Paid income taxes

	<b>-2,856</b>	<b>-2,470</b>	<b>-883</b>
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## Total cash flow from operating activities

	<b>-266,890</b>	<b>276,252</b>	<b>47,013</b>
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## Cash flow from investments

Investments in tangible and intangible assets	-637	-5,329	-1,323
Proceeds from sales of tangible and intangible assets	603	1,187	626
Investments in tangible and intangible assets	-	12	-
<b>Total cash flow from investments</b>	<b>-34</b>	<b>-4,130</b>	<b>-697</b>

## Cash flows from financing activities

Subordinated liabilities, increases	200	-	-
Subordinated liabilities, decreases	-2,800	-4,800	-4,800
Acquisition of non-controlling interests	-45	-76	-81
Other monetary increases in equity items	-	2,577	-
Dividends paid	-2,112	-1,576	-1,576
<b>Total cash flows from financing activities</b>	<b>-4,757</b>	<b>-3,875</b>	<b>-6,457</b>

## Net change in cash and cash equivalents

	<b>-271,681</b>	<b>268,247</b>	<b>39,859</b>
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Cash and cash equivalents at the beginning of the reporting period

	323,658	55,409	55,409
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Cash and cash equivalents at the end of the reporting period

	51,978	323,658	95,267
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Cash and cash equivalents are formed by the following items:

Cash and cash equivalents	7,964	265,265	8,684
Receivables from credit institutions repayable on demand	44,014	58,393	86,583
<b>Total</b>	<b>51,978</b>	<b>323,658</b>	<b>95,267</b>

## Received interests

	19,496	39,645	22,555
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## Paid interests

	-1,442	-5,941	-3,874
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## Dividends received

	365	966	894
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## STATEMENT OF CHANGES IN EQUITY

Change in equity (1,000 euros)	Share capital	Reserve for invested non-restricted equity	Fair value reserve	Hedging instrument reserve	Other reserves	Reserves, total	Retained earnings	Controlling interests in parent company, total	Amount of non-controlling interests	Equity, total
<b>Equity, December 31, 2017</b>	24,000	106,087	4,181	-	-	110,267	106,439	240,706	778	241,484
Impact of IFRS9, January 1, 2018	-	-	-2,181	-	-	-2,181	1,432	-749	-131	-880
<b>Equity, January 1, 2018</b>	<b>24,000</b>	<b>106,087</b>	<b>1,999</b>	-	-	<b>108,086</b>	<b>107,871</b>	<b>239,957</b>	<b>647</b>	<b>240,604</b>
Comprehensive income	-	-	-	-	-	-	10,566	10,566	48	10,614
Profit/loss for the accounting period	-	-	-	-	-	-	10,566	10,566	48	10,614
Other items of comprehensive income	-	-	412	-	-	412	3	415	-	474
<b>Total comprehensive income</b>	-	-	<b>412</b>	-	-	<b>412</b>	<b>10,569</b>	<b>10,981</b>	<b>48</b>	<b>11,030</b>
<b>Transactions with owners</b>	-	-	-	-	-	-	-2,112	-2,112	-	-2,112
Distribution of dividends/profit	-	-	-	-	-	-	-2,112	-2,112	-	-2,112
Other changes	-	-	60	-	-	60	-30	30	-15	15
<b>Transactions with owners, total</b>	-	-	<b>60</b>	-	-	<b>60</b>	<b>-2,142</b>	<b>-2,082</b>	<b>-15</b>	<b>-2,097</b>
<b>Equity, June 30, 2018</b>	<b>24,000</b>	<b>106,087</b>	<b>2,471</b>	-	-	<b>108,557</b>	<b>116,298</b>	<b>248,856</b>	<b>680</b>	<b>249,536</b>
<b>Change in equity (1,000 euros)</b>	<b>Share capital</b>	<b>Reserve for invested non-restricted equity</b>	<b>Fair value reserve</b>	<b>Hedging instrument reserve</b>	<b>Other reserves</b>	<b>Reserves, total</b>	<b>Retained earnings</b>	<b>Controlling interests in parent company, total</b>	<b>Amount of non-controlling interests</b>	<b>Equity, total</b>
<b>Equity, January 1, 2017</b>	<b>24,000</b>	<b>103,510</b>	<b>7,905</b>	<b>3</b>	-	<b>111,418</b>	<b>84,740</b>	<b>220,158</b>	<b>913</b>	<b>221,071</b>
Comprehensive income	-	-	-	-	-	-	10,991	10,991	-	10,991
Profit/loss for the accounting period	-	-	-	-	-	-	10,991	10,991	-	10,991
Other items of comprehensive income	-	-	852	-	-	852	14	866	-9	857
<b>Total comprehensive income</b>	-	-	<b>852</b>	-	-	<b>852</b>	<b>11,005</b>	<b>11,857</b>	<b>-9</b>	<b>11,848</b>
<b>Transactions with owners</b>	-	-	-	-	-	-	-1,576	-1,576	-	-
Profit distribution	-	-	-	-	-	-	-1,576	-1,576	-	-
Other changes	-	-	-	-	-	-	-13	-13	-	-
Acquisition of subsidiary, where the amount of non-controlling interests	-	-	-	-	-	-	-889	-	-14	889
<b>Transactions with owners, total</b>	-	-	-	-	-	-	<b>-1,576</b>	<b>-1,576</b>	-	-
<b>Equity, June 30, 2017</b>	<b>24,000</b>	<b>103,510</b>	<b>8,757</b>	<b>3</b>	-	<b>112,270</b>	<b>94,170</b>	<b>230,440</b>	<b>890</b>	<b>231,324</b>

# Notes to the financial statements

## K1 ACCOUNTING POLICIES

The Group's parent company is Oma Säästöpankki Oyj, whose domicile is in Seinäjoki and head office in Lappeenranta, at Valtakatu 32, 53100 Lappeenranta. Copies of the financial statements and the interim report are available on the bank's website at [www.omasp.fi](http://www.omasp.fi).

The Oma Säästöpankki Group comprises a parent company (Oma Säästöpankki Oyj) and its two subsidiaries (Koy Lappeenrannan Säästökeskus and SAV-Rahoitus Oyj).

At its meeting on August 9, 2018, the Board approved the interim report for the period of January 1–June 30, 2018.

## ABOUT THE ACCOUNTING POLICIES

The interim report has been prepared in accordance with the IAS 34 *Interim Financial Reporting* standard. The accounting principles used for the interim report are the ones used for the 2017 financial statements, with the exception of changes resulting from the implementation of the IFRS 9 *Financial Instruments* standard. The IFRS 9 standard replaces the IAS 39 *Financial Instruments: Recognition and Measurement* standard. Any changes to the accounting principles resulting from the implementation of IFRS 9 are stated in the interim report. In addition to the IFRS 9 standard, the Group also implemented the IFRS 15 *Revenue from Contracts with Customers* standard, which replaced the rules on revenue recognition set out in, for example, IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. The implementation of the standard does not have an impact on Oma Säästöpankki Group's amount of recognised revenue or the timing of recognition.

All figures in the interim report are expressed in thousands of euros, unless noted otherwise. The figures in the notes are rounded so the combined amount of

single figures may deviate from the figures presented in a table or a calculation. The Group's and its companies' functional currency is the euro.

## CHANGES RELATED TO THE IFRS 9 IMPLEMENTATION TO PARAGRAPH "FINANCIAL INSTRUMENTS" OF THE ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS.

### CLASSIFICATION AND VALUATION OF FINANCIAL ASSETS

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

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

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

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

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

### Financial assets valued at amortised cost

Financial assets are valued at amortised cost using the effective interest method when the contractual cash flows only include capital repayments and interest

payments and Oma Säästöpankki holds them as part of a business model whose objective is to collect contractual cash flows over the life of the investments.

#### **Financial assets valued at fair value through other comprehensive income**

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

#### **Financial assets valued at fair value through profit or loss**

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

#### **EQUITY-BASED INSTRUMENTS**

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

Oma Säästöpankki does not have such investments.

#### **ASSESSMENT OF BUSINESS MODELS**

Oma Säästöpankki specifies the business model objective for each portfolio based on how business operations are managed and reported to the management. The objectives are specified on the basis

of the investment and lending policy approved by the bank.

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

#### **CASH FLOW TESTING**

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

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

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

#### **IMPAIRMENT OF FINANCIAL ASSETS**

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

Allowance for financial assets valued at the amortised cost is recognised in a separate account as a deduction to the bookkeeping value. Expected credit loss for off-balance-sheet items is recognised as a provision. Expected credit loss for financial assets valued at fair value through other comprehensive income is recognised in the fair value reserve in other items of comprehensive income.

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

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

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

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

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

**Stage 2:** Financial assets which are considered to have experienced a significant increase in credit risk since

initial recognition and for which lifetime expected credit losses are recognised.

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

#### **Significant increase in credit risk**

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

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

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

#### **Definition of default**

Under IFRS 9, Oma Säästöpankki will consider a default to occur when:

- Contractual payments are more than 90 days past due
- A loan is non-performing or assigned to a collection agency

- The customer is bankrupt or subject to debt restructuring
- 20% or more of the customer's loans meet the above default conditions, as a result of which all of the customer's loans are considered to be in default.

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

#### Expected credit loss calculation parameters and inputs

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

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

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

For debt security investments, the bank determines the allowance for credit loss using the formula  $EAD \cdot PD \cdot LGD$ . Loan-specific data from the market database is used as the source for calculating PDs. In addition, the bank applies a low credit risk

exception for debt security investments with a credit rating of at least investment grade at the reporting date. In these cases, the allowance for credit loss will be measured at an amount equal to the 12-month expected credit losses.

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

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

#### Changing of contractual cash flows

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

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

If the terms of a loan are modified significantly, the loan is removed from the balance sheet and replaced with a new loan. If the removed loan has

experience a significant increase in credit risk since initial recognition, the new loan will be recognised as an impaired loan in the balance sheet.

#### RECOGNITION OF THE FINAL CREDIT LOSS

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

Loans are removed from the balance sheet after they have been collected, or if the terms of a loan are substantially modified (e.g. in case of refinancing). Payments received after derecognition are recognised through profit or loss under "Impairment losses of financial assets, net".

#### CLASSIFICATION AND VALUATION OF FINANCIAL LIABILITIES

Accounting for financial liabilities remains unchanged after the implementation of IFRS 9. The new requirements only affect the accounting for financial liabilities that are recognised at fair value through profit or loss, and the Group does not have such liabilities. Derecognition requirements correspond to those of the previously applicable IAS 39 Financial Instruments standard.

#### DERIVATIVES AND HEDGE ACCOUNTING

The bank complies with the IFRS 9 standard in hedge accounting, allowing for the continuation of portfolio hedge accounting in accordance with IAS 39.

#### ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS REQUIRING MANAGEMENT'S DISCRETION AND FACTORS OF UNCERTAINTY RELATED TO ESTIMATES

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

Compared to the financial statements of 2017, there are no significant changes in the accounting principles requiring management's discretion and factors of uncertainty related to the estimates, with the exception of estimates made when recognising expected credit losses under IFRS 9. The model was adopted on January 1, 2018.

K2 CATEGORISATION OF FINANCIAL ASSETS AND LIABILITIES

	Amortised cost	Recognised in items of comprehensive income at fair value	Recognised at fair value through profit or loss	Hedging derivatives	Book-keeping value, total	Fair value
<b>Assets June 30, 2018</b> <b>(1,000 euros)</b>						
Cash and cash equivalents	7,964	-	-	-	7,964	7,964
Loans and advances to credit institutions	60,975	-	-	-	60,975	60,975
Advances to customers	2,326,600	-	-	-	2,326,600	2,326,600
Derivatives, hedge accounting	-	-	-	1,926	1,926	1,926
Debt instruments	-	217,409	3,325	-	220,735	220,735
Equity-based instruments	-	-	39,633	-	39,633	39,633
<b>Total assets</b>	<b>2,395,540</b>	<b>217,409</b>	<b>42,959</b>	<b>1,926</b>	<b>2,657,834</b>	<b>2,657,834</b>
Investment properties					7,505	9,006
Other than financial assets					137,748	137,748
<b>Assets June 30, 2018</b>	<b>2,395,540</b>	<b>217,409</b>	<b>42,959</b>	<b>1,926</b>	<b>2,803,087</b>	<b>2,804,587</b>

	Other liabilities	Hedging derivatives	Bookkeeping value, total	Fair value
<b>Liabilities June 30, 2018</b> <b>(1,000 euros)</b>				
Liabilities to credit institutions	37,402	-	37,402	37,402
Liabilities to customers	1,694,150	-	1,694,150	1,694,150
Derivatives, hedge accounting	-	854	854	854
Debt securities issued to the public	760,731	-	760,731	760,731
Subordinated liabilities	25,200	-	25,200	25,200
<b>Total liabilities</b>	<b>2,517,483</b>	<b>854</b>	<b>2,518,337</b>	<b>2,518,337</b>
Other than financial liabilities				
<b>Liabilities June 30, 2018</b>	<b>2,517,483</b>	<b>854</b>	<b>2,553,551</b>	<b>2,553,551</b>

	Loans and receivables	Held to maturity	Recognised at fair value through profit or loss	Hedging derivatives	Available for sale	Other than financial liabilities	Bookkeeping value, total	Fair value
<b>Assets June 30, 2017</b> <b>(1,000 euros)</b>								
Cash and cash equivalents	8,684	-	-	-	-	-	8,684	8,684
Assets recognised at fair value through profit and loss	-	-	332	-	-	-	332	332
Loans and advances to credit institutions	101,669	-	-	-	-	-	101,669	101,669
Loans and advances to customers	1,844,694	-	-	-	-	-	1,844,694	1,844,694
Financial derivatives	-	-	-	2,128	-	-	2,128	2,128
Investment assets	-	1,989	-	-	267,289	-	269,278	271,266
Debt securities	-	1,989	-	-	170,756	-	172,745	172,745
Shares and other equity	-	-	-	-	87,591	-	87,591	87,591
Investment properties	-	-	-	-	8,943	-	8,943	10,930
Intangible assets	-	-	-	-	-	4,883	4,883	4,883
Income tax assets	-	-	-	-	-	-112	-112	-112
Deferred tax assets	-	-	-	-	-	1,202	1,202	1,202
Other assets	-	-	-	-	-	31,990	31,990	31,990
<b>Total financial assets</b>	<b>1,955,047</b>	<b>1,988</b>	<b>332</b>	<b>2,128</b>	<b>267,289</b>	<b>37,963</b>	<b>2,264,748</b>	<b>2,266,736</b>

	Hedging derivatives	Other financial liabilities	Other than financial liabilities	Bookkeeping value, total	Fair value
<b>Liabilities June 30, 2017 (1,000 euros)</b>					
Liabilities to credit institutions	-	33,874	-	33,874	33,874
Liabilities to the public and general government	-	1,497,759	-	1,497,759	1,497,759
Debt securities issued to the public	-	450,995	-	450,995	450,995
Subordinated liabilities	-	12,800	-	12,800	12,800
Income tax liabilities	-	-	565	565	565
Deferred tax liabilities	-	-	18,577	18,577	18,577
Other liabilities	-	-	18,854	18,854	18,854
<b>Total financial liabilities</b>	<b>-</b>	<b>1,995,428</b>	<b>37,996</b>	<b>2,033,424</b>	<b>2,033,424</b>

### K3 LOANS AND OTHER RECEIVABLES

Loans and other receivables (1,000 euros)	June 30, 2018	December 31, 2017	June 30, 2017
<b>Loans and advances to credit institutions</b>			
Deposits			
Repayable on demand	44,014	58,394	86,584
Minimum reserve deposit	16,961	15,453	15,085
<b>Loans and advances to credit institutions</b>	<b>60,975</b>	<b>73,847</b>	<b>101,669</b>
<b>Loans and advances to the public and general government</b>			
Loans	2,259,204	2,078,443	1,790,067
Used overdraft facilities	44,030	37,425	33,354
Loans intermediated through the state's assets	389	507	627
Credit cards	22,950	21,457	20,591
Bank guarantee receivables	27	36	54
<b>Loans and advances to the public and general government, total</b>	<b>2,326,600</b>	<b>2,137,868</b>	<b>1,844,693</b>
<b>Total loans and other receivables</b>	<b>2,387,575</b>	<b>2,211,715</b>	<b>1,946,362</b>
<b>IAS 39 Impairment losses on loans and other receivables</b>			
	Jan- Jun/2018	Jan- Dec/2017	Jan- Jun/2017
<b>Impairment losses at the beginning of the period</b>	-	<b>8,334</b>	<b>8,334</b>
+ Impairment losses on loans and other receivables	-	1,231	817
- Reversals of impairment losses	-	-768	-1,434
+/- Change in receivable category specific impairment losses	-	-76	-190
<b>Impairment at the end of the period</b>	-	<b>8,720</b>	<b>7,527</b>

### IFRS 9 Expected credit losses – changes in credit loss provision

#### Loans and advances to credit institutions, at amortisation (1,000 euros)

	Stage 1	Stage 2	Stage 3	Total
<b>Expected credit losses January 1, 2018</b>	<b>1</b>	<b>12</b>	<b>-</b>	<b>13</b>
New loans and restructuring of existing loans	123	-	-	123
Matured and payments to the loan	-	-	-	-
Change in credit risk without changes in stage	4	-	-	4
Transfer to stage 1	1	-12	-	-11
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
<b>Expected credit losses June 30, 2018</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>129</b>

#### Loans and advances to the public and general government, at amortisation (1,000 euros)

	Stage 1	Stage 2	Stage 3	Total
<b>Expected credit losses January 1, 2018</b>	<b>1,001</b>	<b>1,658</b>	<b>7,090</b>	<b>9,749</b>
New loans and restructuring of existing loans	534	756	42	1,332
Matured and payments to the loan	-184	-192	-1,201	-1,577
Change in credit risk without changes in stage	-174	71	487	384
Transfer to stage 1	30	-183	-159	-312
Transfer to stage 2	-76	312	-480	-244
Transfer to stage 3	-6	-25	1,343	1,311
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
<b>Expected credit losses June 30, 2018</b>	<b>1,124</b>	<b>2,397</b>	<b>7,122</b>	<b>10,642</b>

#### Off-balance sheet commitments (1,000 euros)

	Stage 1	Stage 2	Stage 3	Total
<b>Expected credit losses January 1, 2018</b>	<b>295</b>	<b>331</b>	<b>84</b>	<b>710</b>
New loans and restructuring of existing loans	182	119	27	328
Matured and payments to the loan	-121	-164	-20	-305
Change in credit risk without changes in stage	-16	-50	4	-61
Transfer to stage 1	40	-37	-2	-
Transfer to stage 2	-4	5	-1	-
Transfer to stage 3	-	-	-	-
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
<b>Expected credit losses June 30, 2018</b>	<b>375</b>	<b>204</b>	<b>92</b>	<b>672</b>

#### K4 FINANCIAL DERIVATIVES

##### Financial derivatives (1,000 euros)

	June 30, 2018	December 31, 2017	June 30, 2017
Hedging fair value			
Interest rate derivatives	1,227	1,470	1,956
Other hedging derivatives		206	172
Stock and stock index derivatives	853		
<b>Total derivative assets</b>	<b>2,080</b>	<b>1,676</b>	<b>2,128</b>
Change in the value of hedged object / Fair value hedge	-243	598	n/a
Change in the value of hedged object / Other hedging derivatives	-219	437	n/a

##### Nominal values of underlying assets and fair values of derivatives June 30, 2018 (1,000 euros)

	Nominal values / Residual maturity			Fair values	
	Less than 1 year	1-5 years	Over 5 years	Assets	Liabilities
Fair value hedge	5,000	365,000	-	1,159	867
Interest rate derivatives	5,000	365,000	-	1,227	1,048
CVA and DVA adjustments	-	-	-	-68	-182
Other hedging derivatives	24,626	33,274	-	767	-13
Stock and stock index derivatives	24,626	33,274	-	853	-
CVA and DVA adjustments	-	-	-	-87	-13
<b>Derivatives total</b>	<b>29,626</b>	<b>398,274</b>	<b>-</b>	<b>1,926</b>	<b>854</b>

##### Nominal values of underlying assets and fair values of derivatives June 30, 2017 (1,000 euros)

	Nominal values / Residual maturity			Fair values	
	Less than 1 year	1-5 years	Over 5 years	Assets	Liabilities
Fair value hedge	15,000	20,000	-	1,956	-
Interest rate derivatives	15,000	20,000	-	1,956	-
Other hedging derivatives	10,289	57,900	-	172	-
Stock and stock index derivatives	10,289	57,900	-	172	-
<b>Derivatives total</b>	<b>25,289</b>	<b>77,900</b>	<b>-</b>	<b>2,128</b>	<b>-</b>

#### K5 INVESTMENT ASSETS

##### Investment assets (1,000 euros)

IFRS 9, As of January 1, 2018

##### Recognised at fair value through profit or loss

	June 30, 2018	December 31, 2017	June 30, 2017
Debt securities	3,325	n/a	n/a
Shares and other equity	39,633	n/a	n/a
<b>Assets recognised at fair value through profit and loss, total</b>	<b>42,959</b>	<b>n/a</b>	<b>n/a</b>

##### Recognised in items of other comprehensive income at fair value

	June 30, 2018	December 31, 2017	June 30, 2017
Debt securities	217,409	n/a	n/a
Shares and other equity	-	n/a	n/a
<b>Recognised in items of other comprehensive income at fair value, total</b>	<b>217,409</b>	<b>n/a</b>	<b>n/a</b>

IAS 39, until December 31, 2017

##### Financial assets available for sale

	June 30, 2018	December 31, 2017	June 30, 2017
Debt securities	n/a	150,647	170,756
Shares and other equity	n/a	33,380	87,591
<b>Financial assets available for sale, total</b>	<b>n/a</b>	<b>184,027</b>	<b>258,347</b>

##### Investments held to maturity

	June 30, 2018	December 31, 2017	June 30, 2017
Debt securities	n/a	1,989	1,989
<b>Investments held to maturity, total</b>	<b>n/a</b>	<b>1,989</b>	<b>1,989</b>

Investment properties

	June 30, 2018	December 31, 2017	June 30, 2017
Investment properties	7,505	8,236	8,943
<b>Total investment properties</b>	<b>7,505</b>	<b>8,236</b>	<b>8,943</b>

##### Total investment assets

	June 30, 2018	December 31, 2017	June 30, 2017
<b>Total investment assets</b>	<b>267,874</b>	<b>194,253</b>	<b>269,279</b>

Recognised at fair value through profit or loss and recognised through fair value reserve (1,000 euros)

June 30, 2018	Equity-based				Debt-based				All total
	Valuated through fair value reserve	Valuated through profit or loss	Valuated at amortised cost	Total	Valuated through fair value reserve	Valuated through profit or loss	Valuated at amortised cost	Total	
Quoted	-	-	-	-	100,302	-	-	100,302	100,302
General government	-	-	-	-	-	-	-	-	-
From others	-	19,260	-	19,263	114,995	3,145	-	118,140	137,403
Other than quoted	-	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-	-
From others	-	20,371	3	20,373	2,112	180	-	2,292	22,665
<b>Total</b>	-	<b>39,631</b>	-	<b>39,633</b>	<b>217,409</b>	<b>3,325</b>	-	<b>220,735</b>	<b>260,368</b>

Financial assets available for sale and investments held to maturity (1,000 euros)

June 30, 2017	Debt securities available for sale		Shares and other equity available for sale		Investments held to maturity	All total
	At fair value	At acquisition cost	At fair value	At acquisition cost		
Quoted	31,391	-	-	-	-	31,391
General government	31,391	-	-	-	-	31,391
From others	136,296	-	67,681	-	1,989	205,966
Other than quoted	-	-	-	-	-	-
From others	3,069	19,910	-	19,910	-	22,979
<b>Total</b>	<b>170,756</b>	<b>19,910</b>	<b>67,681</b>	<b>19,910</b>	<b>1,989</b>	<b>260,335</b>

Changes in investment properties

	Jan-Jun/ 2018	Jan-Dec/ 2017	Jan-Jun/ 2017
<b>Acquisition cost January 1</b>	13,671	13,863	13,863
+ Increases	-	350	371
- Decreases	-942	-542	-742
+/- Transfers	49	-	-
<b>Acquisition cost at the end of the period</b>	<b>12,778</b>	<b>13,671</b>	<b>13,492</b>
<b>Accrued depreciation and impairment losses January 1st</b>	-5,435	-4,536	-4,536
+/- Accrued depreciation of decreases and transfers	101	-42	201
- Depreciation	-141	-521	-214
+/- Other changes	-	-336	-
<b>Accumulated depreciation and impairment losses at the end of the period</b>	<b>-5,274</b>	<b>-5,435</b>	<b>-4,549</b>
<b>Bookkeeping value January 1</b>	8,236	9,327	9,327
<b>Bookkeeping value at the end of the period</b>	<b>7,504</b>	<b>8,236</b>	<b>8,943</b>

IFRS 9 Expected credit losses – changes in credit loss provision

Debt securities, at amortisation (1,000 euros)

	Stage 1	Stage 2	Stage 3	Total
<b>Expected credit losses January 1, 2018</b>	<b>84</b>	<b>11</b>	-	<b>95</b>
New loans and restructuring of existing loans	14	-	-	14
Matured and payments to the loan	-24	-	-	-24
Change in credit risk without changes in stage	-6	-	-	-6
Transfer to stage 1	1	-8	-	-7
Transfer to stage 2	-1	9	-	8
Transfer to stage 3	-	-	-	-
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
<b>Expected credit losses June 30, 2018</b>	<b>69</b>	<b>12</b>	-	<b>81</b>

Debt securities eligible for refinancing with central banks, at amortisation (1,000 euros)

	Stage 1	Stage 2	Stage 3	Total
<b>Expected credit losses January 1, 2018</b>	<b>389</b>	-	-	<b>389</b>
New loans and restructuring of existing loans	131	9	-	140
Matured and payments to the loan	-	-	-	-
Change in credit risk without changes in stage	-80	-	-	-79
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-1	10	-	8
Transfer to stage 3	-	-	-	-
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
<b>Expected credit losses June 30, 2018</b>	<b>439</b>	<b>19</b>	-	<b>458</b>

K6 LIABILITIES TO THE PUBLIC AND GENERAL GOVERNMENT AND LIABILITIES TO CREDIT INSTITUTIONS

Liabilities to the public and general government and liabilities to credit institutions (1,000 euros)	June 30, 2018	December 31, 2017	June 30, 2017
<b>Liabilities to credit institutions</b>			
Repayable on demand	13,353	14,644	11,922
Other than repayable on demand	24,049	21,349	21,952
<b>Total liabilities to credit institutions</b>	<b>37,402</b>	<b>35,993</b>	<b>33,874</b>
<b>Liabilities to the public and general government</b>			
<b>Deposits</b>	<b>1,693,579</b>	<b>1,639,422</b>	<b>1,495,077</b>
Repayable on demand	1,500,504	1,420,786	1,243,902
Others	193,075	218,636	251,175
<b>Other financial liabilities</b>	<b>571</b>	<b>-118</b>	<b>2,682</b>
Repayable on demand	-	-	-
Other than repayable on demand	328	479	574
<b>Changes in fair value in terms of borrowing</b>	<b>243</b>	<b>-598</b>	<b>2,107</b>
<b>Liabilities to the public and general government, total</b>	<b>1,694,150</b>	<b>1,639,304</b>	<b>1,497,758</b>
<b>Liabilities to the public and general government and liabilities to credit institutions, total</b>	<b>1,731,552</b>	<b>1,675,298</b>	<b>1,531,632</b>

K7 DEBT SECURITIES ISSUED TO THE PUBLIC

Debt securities issued to the public (1,000 euros)

Bonds	582,790	583,045	334,653
Certificates of deposit	177,941	153,916	116,342
<b>Total debt securities issued to the public</b>	<b>760,731</b>	<b>736,961</b>	<b>450,995</b>

Maturity of bonds	Nominal value	Interest	Year of issuance	Due date	Bookkeeping value	
					June 30, 2018	December 31, 2017
Oma Säästöpankki Oyj April 16, 2018	100,000	0.930% / variable	2015	April 16, 2018	-	99,980
Oma Sp Oyj May 6, 2019	110,000	1.000% / variable	2016	May 6, 2019	109,947	109,916
Oma Sp Oyj April 3, 2020	125,000	0.880% / variable	2017	April 3, 2020	124,887	124,855
Oma Sp Oyj December 12, 2022 *	350,000	0.125% / variable	2017	December 12, 2022	347,956	248,294
					<b>582,790</b>	<b>583,045</b>
						<b>334,653</b>

\*The second item of the bond (100 million euros) was issued in June 2018.

Maturity of deposit certificates	Less than				Bookkeeping value, total
	3 months	3-6 months	6-9 months	9-12 months	
June 30, 2018	120,979	56,961	-	-	177,941
December 31, 2017	90,978	56,949	5,988	-	153,916
June 30, 2017	60,961	42,417	12,963	-	116,342

## K8 NET INTEREST INCOME

Net interest income (1,000 euros)	Jan–Jun/2018	Jan–Dec/2017	Jan–Jun/2017
<b>Interest income</b>			
Receivables from credit institutions	-	-	370
Advances to the public and general government	24,296	42,272	20,463
On debt securities	1,047	2,361	790
On derivatives	903	1,344	675
Other interest income	401	602	254
<b>Total interest income</b>	<b>26,648</b>	<b>46,579</b>	<b>22,552</b>
<b>Interest expenses</b>			
Liabilities to credit institutions	-411	-486	-260
Liabilities to the public and general government	-1,219	-2,531	-1,390
Debt securities issued to the public	-1,661	-3,084	-1,551
On subordinated liabilities	-249	-394	-208
Other interest expenses	-3	-767	-462
<b>Total interest expenses</b>	<b>-3,543</b>	<b>-7,262</b>	<b>-3,871</b>
<b>Net interest income</b>	<b>23,105</b>	<b>39,317</b>	<b>18,681</b>

## K9 FEE AND COMMISSION INCOME AND EXPENSES

Fee and commission income and expenses (1,000 euros)	Jan–Jun/2018	Jan–Dec/2017	Jan–Jun/2017
<b>Fee and commission income</b>			
Lending	5,910	7,754	3,701
On deposits	70	238	137
On card and payment transactions	5,922	11,233	5,625
Intermediated securities	54	117	68
On reserves	1,257	2,374	1,171
On legal services	346	728	359
Brokered products	678	1,303	685
Granting of guarantees	279	463	219
Other fee and commission income	429	602	319
<b>Total fee and commission income</b>	<b>14,946</b>	<b>24,814</b>	<b>12,284</b>
<b>Fee and commission expenses</b>			
On card and payment transactions	-1,389	-3,056	-1,397
On securities	-40	-74	-38
Other fee and commission expenses	-461	-439	-178
<b>Total fee and commission expenses</b>	<b>-1,890</b>	<b>-3,569</b>	<b>-1,612</b>
<b>Fee and commission income and expenses, net</b>	<b>13,057</b>	<b>21,245</b>	<b>10,672</b>

## K10 NET INCOME ON FINANCIAL ASSETS AND LIABILITIES

Net income on financial assets and liabilities (1,000 euros) Jan-Jun/2018 Jan-Dec/2017 Jan-Jun/2017

### IFRS 9, as of January 1, 2018

#### Net income on financial assets recognised at fair value

On debt securities

Capital gains and losses	-	n/a	n/a
Valuation gains and losses	-16	n/a	n/a
<b>Total on debt securities</b>	<b>-16</b>	<b>n/a</b>	<b>n/a</b>

Shares and other equity

Dividend yields	544	n/a	n/a
Capital gains and losses	5	n/a	n/a
Valuation gains and losses	-331	n/a	n/a
<b>Total on shares and other equity</b>	<b>218</b>	<b>n/a</b>	<b>n/a</b>

#### Net income on financial assets recognised at fair value, total

**202** **n/a** **n/a**

#### Net income on financial assets recognised in items of other comprehensive income at fair value

On debt securities

Capital gains and losses	-1	n/a	n/a
Difference in valuation reclassified from the fair value reserve to the income statement	96	n/a	n/a
<b>Total on debt securities</b>	<b>95</b>	<b>n/a</b>	<b>n/a</b>

#### Net income on financial assets recognised in items of other comprehensive income at fair value, total

**95** **n/a** **n/a**

#### Net income on financial assets recognised at amortisation, total

On debt securities

Capital gains and losses	-	n/a	n/a
<b>Total on debt securities</b>	<b>-</b>	<b>n/a</b>	<b>n/a</b>

#### Net income on financial assets recognised at amortisation, total

**-** **n/a** **n/a**

Net income on financial assets and liabilities (1,000 euros) Jan-Jun/2018 Jan-Dec/2017 Jan-Jun/2017

### IAS 39, until December 31, 2017

#### Net income from financial assets available for sale

On debt securities

Capital gains and losses	n/a	-161	-84
Difference in valuation reclassified from the fair value reserve to the income statement	n/a	2,166	374
<b>Total on debt securities</b>	<b>n/a</b>	<b>2,005</b>	<b>290</b>

Shares and other equity

Capital gains and losses	n/a	-68	46
Impairment	n/a	-	-
Difference in valuation reclassified from the fair value reserve to the income statement	n/a	8,249	1,775
Valuation loss reclassified from the fair value reserve	n/a	-888	-
Valuation gain reclassified from the fair value reserve	n/a	9,138	-
Dividend yields	n/a	972	894
<b>Total on shares and other equity</b>	<b>n/a</b>	<b>9,154</b>	<b>2,716</b>

#### Total net income from financial assets available for sale

**n/a** **11,159** **3,006**

#### Net income from investment properties

Rent and dividend income	413	930	458
Capital gains and losses	-402	53	1
Other gains from investment properties	5	10	2
Maintenance expenses	-470	-831	-488
Depreciation and impairment on investment properties	162	-317	-214
Rent expenses on investment properties	-	-12	-
<b>Total net income from investment properties</b>	<b>-293</b>	<b>-168</b>	<b>-241</b>

#### Net gains on trading in foreign currencies

**22** **-194** **-131**

#### Net gains from hedge accounting

**5** **-51** **1**

#### Net income from trading

**262** **34** **-65**

#### Net income on financial assets and liabilities, total

**292** **10,780** **2,570**

## K11 IMPAIRMENT LOSSES OF FINANCIAL ASSETS

Impairment losses of financial assets (1,000 euros)	Jan-Jun/2018	Jan-Dec/2017	Jan-Jun/2017
<b>IFRS 9, as of January 1, 2018</b>			
ECL advances to customer and off-balance sheet items	-890	n/a	n/a
ECL from equity investments	-136	n/a	n/a
<b>Expected credit losses (IFRS 9), total</b>	<b>-1,026</b>	<b>n/a</b>	<b>n/a</b>
<b>IAS 39, until January 1, 2018</b>			
Increases in receivable-specific impairments	n/a	-1,231	-857
Reversal of receivable-specific impairments	n/a	768	1,434
Changes in category-specific impairments	n/a	76	230
<b>Impairments (IAS 39), total</b>	<b>n/a</b>	<b>-386</b>	<b>807</b>
<b>Final credit losses</b>			
Final credit losses	-848	-2,329	-1,116
Refunds on realised credit losses	62	115	57
<b>Recognised credit losses, total</b>	<b>-786</b>	<b>-2,213</b>	<b>-1,059</b>
<b>Impairment on receivables, total</b>	<b>-1,812</b>	<b>-2,600</b>	<b>-252</b>

## K12 FAIR VALUES IN ACCORDANCE WITH THE VALUATION METHOD

The determination of the fair value of financial instruments is set out in note K2 Accounting principles under "Determining the fair value" of the financial statements for the year 2017.

Level 3's recognised equity-based investments

include the shares of companies that are essential to the Oma Säästöpankki's operation. These ownerships include shares in Oy Samlink Ab and Säästöpankkien Keskuspankki Suomi Oyj, valued to the acquisition cost in the financial statements (level 3).

### Items repeatedly valued at fair value June 30, 2018

Financial assets (1,000 euros)	Bookkeeping value	Level 1	Level 2	Level 3
<b>Valued at fair value through profit or loss</b>				
Equity-based	39,527	19,260	1,198	19,069
Debt-based	3,509	3,325	-	184
<b>Financial derivatives</b>	<b>1,926</b>	<b>-</b>	<b>1,073</b>	<b>853</b>
<b>Recognised in items of comprehensive income at fair value</b>				
Equity-based	-	-	-	-
Debt-based	217,409	217,115	-	295
<b>Total financial assets</b>	<b>262,372</b>	<b>239,700</b>	<b>2,270</b>	<b>20,401</b>

Financial liabilities	Bookkeeping value	Level 1	Level 2	Level 3
<b>Financial derivatives</b>	<b>854</b>	<b>-</b>	<b>854</b>	<b>-</b>
<b>Total financial liabilities</b>	<b>854</b>	<b>-</b>	<b>854</b>	<b>-</b>

Financial liabilities	Bookkeeping value	Level 1	Level 2	Level 3
Other financial liabilities	805,704	472,843	177,941	154,920
<b>Total financial liabilities</b>	<b>805,704</b>	<b>472,843</b>	<b>177,941</b>	<b>154,920</b>

Investment transactions in 2018, categorised to Level 3

Financial assets recognised at fair value through profit or loss (1,000 euros)	Equity-based	Debt-based	Total
<b>Bookkeeping value December 31, 2017</b>	-	332	332
+/- Impact of IFRS9	19,119	386	19,505
<b>Bookkeeping value January 1, 2018</b>	<b>19,119</b>	<b>718</b>	<b>19,837</b>
+ Acquisitions	-	-	-
- Sales	-56	-	-56
- Matured during the year	-	-500	-500
+/- Realised changes in value recognised on the income statement	6	-32	-26
+/- Unrealised changes in value recognised on the income statement	-	-1	-1
+ Transfers to Level 3	-	-	-
- Transfers to Level 1 and 2	-	-	-
<b>Bookkeeping value June 30, 2018</b>	<b>19,069</b>	<b>184</b>	<b>19,253</b>

Financial derivatives (1,000 euros)	Financial derivatives	Total
<b>Bookkeeping value December 31, 2017</b>	342	342
+/- Impact of IFRS9	-	-
<b>Bookkeeping value January 1, 2018</b>	<b>342</b>	<b>342</b>
+ Acquisitions	-	-
- Sales	-	-
- Matured during the year	-145	-145
+/- Realised changes in value recognised on the income statement	-	-
+/- Unrealised changes in value recognised on the income statement	743	743
+/- Changes in value recognised in comprehensive income statement items	-	-
+ Transfers to Level 3	-	-
- Transfers to Level 1 and 2	-	-
- CVA adjustment	-87	-87
+ DVA adjustment	-	-
<b>Bookkeeping value June 30, 2018</b>	<b>853</b>	<b>853</b>

Recognised in items of other comprehensive income at fair value (1,000 euros)

	Equity-based	Debt-based	Total
<b>Bookkeeping value December 31, 2017</b>	<b>19,119</b>	<b>5,712</b>	<b>24,831</b>
+/- Impact of IFRS9	-19,119	-4,963	-24,082
<b>Bookkeeping value January 1, 2018</b>	-	<b>749</b>	<b>749</b>
+ Acquisitions	-	-	-
- Sales	-	-	-
- Matured during the year	-	-451	-451
+/- Realised changes in value recognised on the income statement	-	-	-
+/- Unrealised changes in value recognised on the income statement	-	-	-
+/- Changes in value recognised in comprehensive income statement items	-	-3	-3
+ Transfers to Level 3	-	-	-
- Transfers to Level 1 and 2	-	-	-
<b>Bookkeeping value June 30, 2018</b>	-	<b>295</b>	<b>295</b>

Sensitivity analysis for financial assets on Level 3, June 30, 2018 (1,000 euros)

Equity-based	Hypothetical change	Bookkeeping value	Potential impact on capital	
			Positive	Negative
Recognised at fair value through profit or loss	+/- 15%	19,069	2,860	-2,860
Recognised in items of other comprehensive income at fair value	+/- 15%	-	-	-
<b>Total</b>		<b>19,069</b>	<b>2,860</b>	<b>-2,860</b>

Debt-based	Hypothetical change	Market value	Potential impact on capital	
			Positive	Negative
Recognised at fair value through profit or loss	+/- 15%	184	28	-28
Recognised in items of other comprehensive income at fair value	+/- 15%	295	44	-44
<b>Total</b>		<b>479</b>	<b>72</b>	<b>-72</b>

	Hypothetical change	Market value	Potential impact on capital	
			Positive	Negative
Recognised at fair value through profit or loss	+/- 15%	19,253	2,932	-2,932
Recognised in items of other comprehensive income at fair value	+/- 15%	295	44	-44
<b>Total</b>		<b>19,548</b>	<b>2,976</b>	<b>-2,976</b>

## K13 RELATED PARTIES

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

Board members, CEO, Deputy CEO and the rest of the management team. Loans to the related parties are granted in compliance with the normal credit terms. Loans are tied to the standard reference rates.

There have been no significant changes in related parties since December 31, 2017.

## K14 SIGNIFICANT EVENTS SINCE THE INTERIM REPORT DATE

In June 2018, Oma Säästöpankki Oyj and the European Investment Bank signed a loan agreement worth 20 million euros. The financing will be on-lent against favourable rates to local actors, with a focus on small and medium-sized enterprises (SMEs) and agricultural entrepreneurs.

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

## K15 SUMMARY ON SOLVENCY

The reporting level regarding solvency calculations changed in the first half of 2018. In the interim report of 2018, solvency will be reported at group level (Oma Säästöpankki Group), whereas in previous years, the figures have been reported at the parent company level (Oma Säästöpankki Oyj). Oma Säästöpankki Group publishes the essential information of its solvency calculations once a year as a part of its report and notes to the financial statements. Key solvency

information is included in the interim report. For the sake of comparison, the notes include the parent company's solvency calculations from June 30, 2018, where the profit for the period has been included in 'own funds', as in previous years. The Group's solvency does not include the profit for the period. Risks and risk management are covered in more detail in Oma Säästöpankki's financial statements of December 31, 2017.

The main items in the solvency calculation (1,000 euros)	Group June 30, 2018*	Parent June 30, 2018**	Parent December 31, 2017**	Parent June 30, 2017**
Core capital before deductions	248,855	251,069	242,873	232,043
Deductions from core capital	-16,037	-8,645	-10,383	-6,148
<b>Core capital (CET1), total</b>	<b>232,819</b>	<b>242,424</b>	<b>232,490</b>	<b>225,895</b>
Additional Tier 1 capital before deductions	-	-	-	-
Deductions from additional Tier 1 capital	-	-	-	-
<b>Additional Tier 1 capital (AT1), total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier 1 capital (T1 = CET1 + AT1), total</b>	<b>232,819</b>	<b>242,424</b>	<b>232,490</b>	<b>225,895</b>
Tier 2 capital before deductions	15,550	15,550	17,766	3,773
Deductions from Tier 2 capital	-	-	-	-
<b>Tier 2 capital (T2), total</b>	<b>15,550</b>	<b>15,550</b>	<b>17,766</b>	<b>3,773</b>
<b>Own funds (TC = T1 + T2), total</b>	<b>248,369</b>	<b>257,975</b>	<b>250,255</b>	<b>229,668</b>
<b>Risk-weighted items</b>				
Credit and counterparty risk	1,335,699	1,338,818	1,193,120	1,083,629
Adjustment risk of liability (CVA)	3,801	3,801	7,104	4,012
Market risk	5,165	5,165	-	18,777
Currency risk	5,165	5,165	-	18,777
Operational risk	110,887	109,516	109,516	89,632
<b>Risk-weighted items, total</b>	<b>1,455,551</b>	<b>1,457,300</b>	<b>1,309,739</b>	<b>1,196,050</b>
Fixed capital buffer in accordance with the Act on Credit Institutions (2.5%)	36,389	36,432	32,743	29,901
Core capital (CET1) relative to risk-weighted items (%)	16.00%	16.64%	17.75%	18.89%
Tier 1 capital (T1) relative to risk-weighted items (%)	16.00%	16.64%	17.75%	18.89%
Own funds, total (TC) relative to risk-weighted items (%)	17.06%	17.70%	19.11%	19.20%
<b>Leverage ratio</b>				
Tier 1 capital	232,819	242,424	232,490	225,895
Total amount of exposures	2,869,705	2,868,866	2,776,384	2,302,811
Leverage ratio	8.11%	8.45%	8.40%	9.81%

\*Information calculated at group level.

\*\*Information calculated at parent level.

## K16 IMPACTS OF THE IFRS 9 STANDARD IMPLEMENTATION JANUARY 1, 2018

Oma Säästöpankki implemented the Financial Instruments standard on January 1, 2018. The comparative data for previous accounting periods were not adjusted, and thereby the adjustments to the bookkeeping values of financial assets resulting from the implementation of the standard are recognised in the equity of the opening balance.

Accounting principles that are in accordance with the standard are presented in interim report's note K1 Accounting principles.

### Classification and valuation of financial assets and financial liabilities

The classification of financial liabilities is based in accordance with IFRS 9 standard on the cash flow characteristics of financial instruments and bank's business

model. Investments that had been classified as financial assets available for sale in accordance with the IAS 39 standard have been reclassified as recognised in items of other comprehensive income at fair value (145.6 million euros) and as recognised through profit or loss (38.5 million euros). The valuation gains and losses of financial assets classified previously as available for sale have been recognised in fair value reserve. After reclassification, the valuation gains and losses are recognised in retained earnings (3.8 million euros).

Accounting for financial liabilities remains unchanged as the new requirements only affect the accounting for financial liabilities that are recognised at fair value through profit or loss, and the Group does not have such liabilities.

Impacts of reclassification and revaluation on items of equity (1,000 euros)	December 31, 2017	Change	January 1, 2018
<b>Fair value reserve</b>	<b>4,181</b>	-	-
Revaluation			
Expected credit losses	-	484	-
Debt securities, valuation held to maturity, reclassified	-	562	-
<b>Total</b>			<b>1,046</b>
Reclassification			
Fair value reserve reclassification	-	-3,773	-
<b>Total</b>			<b>-3,773</b>
<b>Change in deferred tax</b>	-	<b>545</b>	-
<b>Fair value reserve, total</b>	<b>4,181</b>	<b>-2,181</b>	<b>1,999</b>
<b>Retained earnings (loss)</b>	<b>106,439</b>	-	-
Revaluation	-	-	-
Impairment withdrawal December 31, 2017	-	-	-
IAS 39 Realised impairment	-	7,587	-
IAS 39 Impairment on loan and receivable categories	-	1,222	-
<b>Impairment withdrawal, total</b>			<b>8,810</b>
Expected credit losses			
IFRS 9 Expected credit losses, lending	-	-9,762	-
IFRS 9 Expected credit losses, categorised at amortisation	-	-	-
IFRS 9 Expected credit losses, recognised in items of other comprehensive income at fair value	-	-484	-
IFRS 9 Off-balance sheet commitments	-	-710	-
<b>Expected credit losses, total</b>			<b>-10,956</b>
<b>Total</b>			<b>-2,146</b>
Reclassification			
Fair value reserve reclassification	-	3,773	-
<b>Expected credit losses, total</b>			<b>3,773</b>
<b>Change in deferred tax</b>	-	<b>-325</b>	-
<b>Retained earnings (loss)</b>	<b>106,439</b>	<b>1,301</b>	<b>107,740</b>
<b>Equity, total*</b>	<b>240,706</b>	<b>-747</b>	<b>239,959</b>
<b>Amount of non-controlling interest</b>	<b>778</b>	<b>-133</b>	<b>645</b>
<b>Group, total</b>	<b>241,484</b>	<b>-880</b>	<b>240,604</b>

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

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

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

	IAS 39 bookkeeping value December 31, 2017	Reclassification	Revaluation	IFRS 9 bookkeeping value January 1, 2018
<b>Financial assets</b>				
<b>Amortised cost</b>				
<b>Cash and cash equivalents</b>				
Balance sheet December 31, 2017	265,265	-	-	-
Revaluation	-	-	-	-
Balance sheet January 1, 2018	265,265	-	-	265,265
<b>Loans and advances to credit institutions</b>				
Balance sheet December 31, 2017	73,847	-	-	-
Revaluation	-	-	-	-
Balance sheet January 1, 2018	73,847	-	-	73,847
<b>Loans and advances to the public</b>				
Balance sheet December 31, 2017	2,137,868	-	-	-
Revaluation	-	-	-711	-
Balance sheet January 1, 2018	2,137,868	-	-711	2,137,158
<b>Investments</b>				
Balance sheet December 31, 2017	1,989	-	-	-
Classification - to be recognised in items of comprehensive income	-	-1,989	-	-
Revaluation	-	-	-	-
Balance sheet January 1, 2018	1,989	-1,989	-	-
Other assets*	29,465	-	521	29,985
	29,465	-	521	29,985
<b>Amortised cost, total</b>	<b>2,508,433</b>	<b>-1,989</b>	<b>-190</b>	<b>2,506,255</b>
<b>Financial assets available for sale</b>				
Investments	-	-	-	-
Balance sheet December 31, 2017	184,027	-	-	-
Classification – Recognised in items of other comprehensive income at fair value (equity-based)	-	-	-	-
Classification – Recognised in items of other comprehensive income at fair value (debt-based)	-	-145,572	-	-
Classification – Recognised at fair value through profit or loss	-	-38,455	-	-
Classification – amortised cost	-	-	-	-
<b>Balance sheet January 1, 2018</b>	<b>184,027</b>	<b>-184,027</b>	<b>-</b>	<b>-</b>

**Recognised in items of other comprehensive income at fair value (debt-based)**

Investments				
Balance sheet December 31, 2017	-	-	-	-
Classification – financial assets available for sale		145,572	-	145,572
Classification – financial assets held to maturity		1,989	562	2,551
<b>Balance sheet January 1, 2018</b>	<b>-</b>	<b>147,561</b>	<b>562</b>	<b>148,123</b>
<b>Recognised in items of other comprehensive income at fair value, total</b>	<b>184,027</b>	<b>-36,467</b>	<b>562</b>	<b>148,123</b>
<b>Recognised at fair value through profit or loss</b>				
Derivative instruments	1,676	-	-	1,676
Investments	332	-	-	332
Balance sheet December 31, 2017	2,008	-	-	2,008
Classification – financial assets available for sale	-	38,455	-	38,455
<b>Balance sheet January 1, 2018</b>	<b>2,008</b>	<b>38,455</b>	<b>-</b>	<b>40,463</b>
<b>Recognised at fair value through profit or loss, total</b>	<b>2,008</b>	<b>38,455</b>	<b>-</b>	<b>40,463</b>
<b>Total financial assets</b>	<b>2,694,469</b>	<b>-</b>	<b>373</b>	<b>2,694,841</b>

	IAS 39 bookkeeping value December 31, 2017	Reclassification	Revaluation	IFRS 9 bookkeeping value January 1, 2018
<b>Financial liabilities (1,000 euros)</b>				
<b>Amortised cost</b>				
Liabilities to credit institutions	35,993			35,993
Liabilities to the public	1,639,304			1,639,304
Debt securities issued	764,961			764,961
Other liabilities	42,602		807*	43,408
Balance sheet January 1, 2018	2,482,860	-	807	2,483,667
<b>Amortised cost, total</b>	<b>2,482,860</b>	<b>-</b>	<b>807</b>	<b>2,483,667</b>
<b>Recognised at fair value through profit or loss</b>				
Debt securities issued	-	-	-	-
Financial liabilities held for trading	-	-	-	-
Derivative instruments	2,222	-	-	2,222
Balance sheet January 1, 2018	2,222	-	-	2,222
<b>Recognised at fair value through profit or loss, total</b>	<b>2,222</b>	<b>-</b>	<b>-</b>	<b>2,222</b>
<b>Total financial liabilities</b>	<b>2,485,083</b>	<b>-</b>	<b>807</b>	<b>2,485,890</b>

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

### Impacts on equity and solvency

December 31, 2017 the total amount of impairment loss in accordance with the IAS 39 standard was 8.8 million euros. January 1, 2018 the total amount of the expected credit loss was 11.0 million euros. The impact of change of standards on recognised credit loss was 2.1 million euros, so the recognised credit loss increased by 24.4 per cent.

0.7 million euros of that recognised credit loss increase is explained by off-balance sheet items, in other words expected credit loss calculated from undrawn loan commitments given in favour of a customer. The 0.5 million euro increase is explained by financial assets recognised at fair value through

other items of comprehensive income, in other words expected credit loss of liability investments in bank's investment portfolio.

Oma Säästöpankki's equity decreased as a result of implementation of IFRS 9 by 0.7 million euros. Bank's core capital ratio (CET1) would have decreased by 0.06% in December 31, 2017.

The bank will not utilise the possibility provided by the authorities to delay the recognition of credit losses in full in solvency calculations. The decrease in equity due to credit losses is recognised in full in solvency calculations as of January 1, 2018.

Helsinki, August 9, 2018

OMA SÄÄSTÖPANKKI OYJ  
Board of Directors

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

	Classification IAS 39	Classification IFRS 9	Bookkeeping value IAS 39	Bookkeeping value IFRS 9
			December 31, 17	January 1, 18
Cash and cash equivalents	Loans and other receivables	Amortised cost	265,265	265,265
Loans and advances to credit institutions	Loans and other receivables	Amortised cost	73,847	73,847
Loans and advances to the public	Loans and other receivables	Amortised cost	2,137,869	2,137,158
Derivative instruments	Recognised at fair value through profit or loss	Recognised at fair value through profit or loss	1,676	1,676
Investments	Loans and other receivables	Amortised cost	265,265	265,265
	Loans and other receivables	Amortised cost	73,847	73,847
	Loans and other receivables	Amortised cost	2,137,869	2,137,158
	Recognised at fair value through profit or loss	Recognised at fair value through profit or loss	1,676	1,676
Other assets	-	-	29,465	29,986
<b>Total assets*</b>			<b>2,694,469</b>	<b>2,694,841</b>
* Tax assets and other assets presented in the table were included in the Total assets.				
Liabilities to credit institutions	Other financial liabilities	Amortised cost	35,994	35,994
Liabilities to the public	Other financial liabilities	Amortised cost	1,639,305	1,639,305
Debt securities issued	Other financial liabilities	Amortised cost	764,961	764,961
Derivative instruments	Recognised at fair value through profit or loss	Recognised at fair value through profit or loss	2,223	2,223
Other liabilities	-	-	42,602	43,409
<b>Total liabilities*</b>			<b>2,485,083</b>	<b>2,485,890</b>
* Tax liabilities and other liabilities presented in the table were included in the Total liabilities				

# Report on the general review of Oma Säästöpankki Oyj's interim report January 1 – June 30, 2018

For Oma Säästöpankki Oyj's Board of Directors

### Introduction

I have conducted a review of Oma Säästöpankki Oyj Group's balance sheet of June 30, 2018, income statement and comprehensive income statement, statement of changes in equity, cash flow statement and certain explanatory notes for the period of six months ended on that day. The Board of Directors and the CEO are responsible for preparing the interim report in accordance with the IAS 34 *Interim Financial Reporting* standard and other regulations effective in Finland that relate to the preparation of interim reports. Based on the review, I will present a conclusion about the interim report.

### The scope of the general review

The review was conducted in accordance with the International Standard on Review Engagements, ISRE 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. The review includes making enquiries to personnel in charge of mostly financial and accounting matters as well as conducting analytical procedures and other

procedures regarding reviews. The extent of reviews is significantly more narrow than the extent of audits conducted in accordance with accounting standards, and therefore I cannot be absolutely sure that I am made aware of all significant matters that would probably be identified during an audit. Therefore, I shall not provide auditor's report.

### Conclusion

Based on the review, I am not aware of anything that would give me a reason to believe that the interim report has not been prepared in accordance with the IAS 34 *Interim Financial Reporting* standard and other regulations effective in Finland that relate to the preparation of interim reports.

Helsinki, August 9, 2018

**Juha-Pekka Mylén**  
Authorized Public Accountant

omasp

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