OFFERING CIRCULAR **16 November 2018**

Listing on the official list of Nasdaq Helsinki Ltd
Share Issue of a preliminary maximum of 4,500,000 New Shares
Preliminary Price Range EUR 7.00–8.20 per Offer Share

This offering circular (the "**Offering Circular**") has been prepared in connection with the initial public offering of Oma Savings Bank Plc, a public limited liability company incorporated in Finland ("**OmaSp**" or the "**Company**"). The Company preliminarily offers a maximum of 4,500,000 new shares in the Company (the "**New Shares**") for subscription (the "**Share Issue**"). In addition, existing shareholders in the Company listed in Annex A (the "**Sellers**") may offer a maximum of 3,200,000 existing shares in the Company (the "**Sale Shares**", and together with the New Shares, the "**Offer Shares**") for sale (the "**Share Sale**" and together with the Share Issue, the "**Offering**").

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**"), (ii) a personnel offering to all employees of the Company employed by the Company at the end of the subscription period, the members of the Board of Directors and the CEO of the Company (the "**Personnel Offering**") and (iii) private placements to institutional investors in Finland and internationally pursuant to applicable legislation (the "**Institutional Offering**").

The sole global coordinator and manager for the Offering is Danske Bank A/S, Finland Branch ("**Danske Bank**" or the "**Sole Global Coordinator**") and the manager of the Offering is Carnegie Investment Bank AB, Finland Branch ("**Carnegie**" or the "**Manager**" and together with the Sole Global Coordinator, the "**Managers**"). Etelä-Karjalan Säästöpankkisäätiö (*South Karelia Savings Bank Foundation,* the "**Main Seller**") may grant the Sole Global Coordinator an over-allotment option exercisable within 30 days from the commencement of trading of the Company's shares (the "**Shares**") on Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**"), to purchase or to procure purchasers a maximum of 675,000 additional Shares (the "**Additional Shares**"), if no Sale Shares are sold, and a maximum of 1,155,000 Additional Shares if all Sale Shares are sold, solely to cover over-allotments in connection with the Offering, if any (the "**Over-Allotment Option**").

The subscription period for the Offering will commence on 19 November 2018 at 10.00 a.m. (Finnish time) and end on or about 27 November 2018 at 4:00 p.m. (Finnish time) for the Public Offering, on or about 29 November 2018 at 12 noon (Finnish time) for the Institutional Offering and on or about 27 November 2018 at 4:00 p.m. (Finnish time) for the Personnel Offering, unless the subscription period is discontinued or extended. Instructions for submitting the subscriptions as well as detailed terms and conditions of the Offering are presented in this Offering Circular under "*Terms and Conditions of the Offering*". The preliminary price range for the Offer Shares is a minimum of EUR 7.00 and a maximum of EUR 8.20 per Offer Share (the "**Preliminary Price Range**"). The final subscription price per Offer Share (the "**Final Subscription Price**") may also be above or below the Preliminary Price Range. Only New Shares will be offered in the Personnel Offering and a discount to the subscription price as described in section "*Terms and Conditions of the Offering*" will be applied. The Final Subscription Price will be announced through a stock exchange release on or about 29 November 2018.

Prior to the Offering, the Shares have not been subject to trading on a regulated market or multilateral trading facility. The Company intends to submit a listing application to the Helsinki Stock Exchange to list the Shares on the official list of the Helsinki Stock Exchange under the share trading code OMASP (the "**Listing**"). Trading in the Shares is expected to commence on the Pre-list of the Helsinki Stock Exchange on or about 30 November 2018 and on the official list of the Helsinki Stock Exchange on or about 4 December 2018.

The Offer Shares may not be offered or sold, directly or indirectly, in or into the United States, and the Offer Shares have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state of the United States and accordingly, may not be offered or sold, directly or indirectly, in or into the United States except in transactions exempt from registration under the U.S. Securities Act and any applicable United States state law. The Offer Shares are being offered and sold outside the United States in compliance with Regulation S under the U.S. Securities Act. See "*Important Information*".

The distribution of the Offering Circular may be restricted by law in certain jurisdictions. The Offering Circular may not be distributed in the United States, Canada, New Zealand, Australia, Japan, Hong Kong, Singapore, South Africa or any other jurisdiction in which such distribution may lead to a breach of any law or regulatory requirement.

An investment in the Offer Shares involves risks. Prospective investors should read this Offering Circular and, in particular, "*Risk Factors*", when considering an investment in the Offer Shares.

Sole Global Coordinator

Manager

IMPORTANT INFORMATION

In connection with the Offering, the Company has prepared a Finnish language prospectus (the "**Finnish Prospectus**") in accordance with the Finnish Securities Markets Act (746/2012, as amended) (the "**Securities Markets Act**") and Commission Regulation (EC) No. 809/2004 of 29 April 2004, implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference, publication of such prospectuses and dissemination of advertisements (as amended, Annexes I, III and XXII), the Finnish Ministry of Finance Decree on prospectuses referred to in Chapter 3 to 5 of the Securities Markets Act (1019/2012) and the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the "**FFSA**"). The FFSA has approved the Finnish Prospectus, but is not responsible for the accuracy or correctness of the information presented therein. The record number of the Finnish Financial Supervisory Authority's approval decision concerning the Finnish Prospectus is FIVA 56/02.05.04/2018. The Offering Circular is a translation of the Finnish Prospectus and contains the same information as the Finnish Prospectus, with the exception of certain information directed at investors outside of Finland. The Offering Circular has not been approved by the FFSA. In the event of any discrepancies between the Finnish Prospectus and the Offering Circular, the Finnish Prospectus shall prevail.

In this Offering Circular, any reference to "OmaSp" and the "Company" or the "Group" means Oma Savings Bank Plc and its subsidiaries collectively, except where it is clear from the context that the term refers only to Oma Savings Bank Plc, its subsidiary or business operations, or to some of these collectively, as the case may be. References to the shares or share capital of the Company or to the administration of the Company, respectively, shall refer to the shares, share capital or administration of Oma Savings Bank Plc.

The Company has prepared the Offering Circular only for the purpose that prospective investors can consider the subscription of the Offer Shares as well as to enable the listing of the Company's Shares on the Helsinki Stock Exchange. Nothing contained in this Offering Circular shall constitute a promise or a representation by the Company or the Managers regarding the future and the Offering Circular should not be considered as such a promise or representation. Prospective investors should, prior to making an investment decision, carefully acquaint themselves with the entire Offering Circular. In making an investment decision, prospective investors must rely on their own examinations of the Company and the terms and conditions of the Offering, including the benefits and risks involved in them. Investors should consult their own advisers, as they consider it necessary, before subscribing for or purchasing the Offer Shares. No person has been authorised to provide any information or to give any statements other than those contained in the Offering Circular in connection with the Offering. If such information is provided or such statements are given, it should be considered not to have been approved by the Company, the Sellers or the Managers. The distribution of the Offering Circular or any offering or sale based thereon does not mean, under any circumstances, that the information contained in the Offering Circular is accurate in the future or that there has been no change in the Company's business after the date of the Offering Circular. If, after the FFSA has approved the Finnish Prospectus, but before admitting the Shares to trading in the Helsinki Stock Exchange, an error or omission, which could have a material relevance to investors, occurs or if new material information occurs, the Company will correct and supplement information given in the Finnish Prospectus as required pursuant to the Securities Markets Act Chapter 4, Section 14.

The Managers are acting exclusively for the Company and the Sellers in connection with the Offering and the protection afforded by the Managers applies only to the Company and the Sellers. The Managers will not regard any other person (whether or not recipient of the Offering Circular) as its respective client in relation to the Offering. Joint Managers will not be responsible to anyone other than the Company and the Sellers for providing protection afforded to its clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to in the Offering Circular.

With the exception of those duties and responsibilities of the Managers under the Finnish law or under mandatory legislation of another jurisdiction in which the exclusion of liability would be illegal, invalid or unenforceable, the Managers assume no responsibility whatsoever for the contents of the Offering Circular or for any statement that is made or purported to have been made by it or in connection with the Company, the Group, the Sellers, the Offering or the Offer Shares. The Managers accordingly disclaim any and all liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of the Offering Circular or any such statement.

The Offer Shares may not be offered or sold, directly or indirectly, in or into, and the Offering Circular or any other material related to the Shares or advertisements may not be distributed or published in any jurisdiction where this would be illegal or require actions in accordance with laws other than those of Finland. As a result, investors outside of Finland may not be permitted to accept the Offering Circular or to purchase the Offer Shares. It is not the responsibility of the Company, the Sellers or the Managers to acquire appropriate information regarding the above restrictions or to comply with the above restrictions. The Offering Circular does not constitute an offer or a solicitation of an offer to purchase or subscribe for the Offer Shares in any jurisdiction where an offer or a solicitation would be illegal. The Company, the Sellers and the Managers and their representatives accept no legal responsibility for violations of such restrictions, regardless of whether or not such restrictions are known to those considering investments in the Offer Shares. The Company reserves the right, in its sole and absolute discretion, to reject any subscription that the Company or its representatives, after due consideration, consider to result in a breach or violation of any law, rule or regulation.

The Offering is governed by Finnish law. Any disputes arising in connection with the Offering will be settled by a court of competent jurisdiction in Finland.

CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". The Elements are presented in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be included, because of the nature of security or issuer, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be included in the summary due to the type of securities or issuer, it is possible that no relevant information exists regarding the Element. In this case, the summary includes a brief description of the Element along with a notion of the Element being "not applicable".

A – Introduction and Warnings

Element	Dsiclosure Requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to the Offering Circular. Any decision to invest in the Offer Shares of Company should be based on consideration of the Offering Circular as a whole. Where a claim relating to the information contained in the Offering Circular is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Offering Circular before the legal proceedings are initiated. Civil liability applies to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Circular or this summary does not provide, when read together with the other parts of the Offering Circular, key information in order to aid investors in deciding whether to invest in the Offer Shares.
A.2	Consent for subsequent resale or final placement of securities/offer period/ conditions of the consent	Not applicable.

B – Issuer

Element	Disclosure Requirement	Disclosure
B.1	The legal and commercial name of the issuer	The name of the Company is Oma Savings Bank Plc (Oma Säästöpankki Oyj in Finnish and Oma Sparbank Abp in Swedish).
B.2	Domicile and legal form, law applicable to the issuer and the issuer's country of incorporation	The issuer's domicile is Seinäjoki, Finland. Oma Savings Bank Plc is a public limited company incorporated under the laws of Finland and the Company is governed by Finnish law.
B.3	The nature of the issuer's current operations and its principal activities	OmaSp is a growing Finnish bank and measured by the balance sheet total, the largest savings bank in Finland. Over 270 professionals provide nationwide services through OmaSp's 40 branches and digital service channels to approximately 135,000 customers. OmaSp is focused primarily on retail banking operations and provides its clients a broad range of banking services both through its own balance sheet as well as by acting as an intermediary for its partners' products. The intermediated products include credit, investment and loan insurance products. OmaSp is also engaged in mortgage bank operations. OmaSp's core aim is to provide personal service and to be local and close to its customers, both in digital and in traditional channels. The Company aspires towards premium level customer experience through personal service and easy accessibility. Also the development of the Company's operations and services occurs on a customer-oriented basis. The Company's personnel are committed and the Company seeks to support their career development with versatile tasks and continuous development. A substantial part of the personnel also own shares in the Company. In its business operations, OmaSp focuses on banking operations widely throughout Finland. The majority of OmaSp's customers are private customers. In addition, OmaSp serves corporate clients, the majority of which comprise small and mid-sized enterprises. OmaSp offers its customers a wide-ranging selection of banking services,

		including daily banking, secured financing, savings and investment services, along with the related advisory services. The Company's management believes that the following factors in particular represent key strengths of the Company, providing it a competitive advantage: • Profitable Finnish Bank with a Demonstrated Ability to Grow and Operate Efficiently • The Company Operates in Finland, which is a Stable and Favourable Operating Environment • High Quality Full Service Offering for Private and Corporate Customers • Comprehensive Digital Services and an Extensive Branch Network Enables High Quality and Efficient Service Provision • Stable Business Profile • Strong Funding Base and Liquidity • Attractive Financial Profile
B.4a	Significant recent trends affecting the issuer and its industry	The Company's business operations are particularly impacted by the development of the Finnish banking market and the general economic conditions, as well as macroeconomic factors. The Finnish banking market, in turn, is considerably impacted, *inter alia*, by the general economic development, housing market development, prevailing interest rates, capital markets development, and other trends having an effect upon the market. Substantial structural changes have been visible in the Finnish retail banking market in the recent years, of which the most notable ones include increased regulation, growing use of digital banking services, a decreasing number of bank branches, and the emergence of alternative financial services providers into the industry. These changes in the banking sector are closely intertwined, because, for instance, one of the notable enabling factors for alternative financial services providers to enter the banking sector has been customers' increasing accustomization towards the use of digital banking services. OmaSp's relevant group of competitors comprises of banks operating in Finland, providing banking services to households and corporations. The new alternative financial service providers that have emerged during the recent years have not significantly changed the competitive landscape from the Company's point of view, because OmaSp focuses on the granting of secured loans and the provision of comprehensive banking services, where the largest operators in the market are banks operating in Finland.
B.5	Group Structure	The Oma Savings Bank Group consists of the parent company (Oma Savings Bank Plc) and of its two subsidiaries Kiinteistö Oy Lappeenrannan Säästökeskus and SAV-Rahoitus Oyj. OmaSp's banking operations and the related business operations are carried out by the Group parent company. The following table sets forth the significant subsidiaries owned by OmaSp directly or indirectly on the date of the Offering Circular and that have been consolidated into the consolidated financial statement.

Company	**Holding**
Oma Savings Bank Plc	
Subsidiaries	
Kiinteistö Oy Lappeenrannan Säästökeskus	100%
SAV-Rahoitus Oyj	50.7%

B.6	Major shareholders	According to the Company's register of shareholders, maintained by Euroclear Finland, on 14 November 2018 the Company had 145 shareholders. The ten largest shareholders of the Company on 14 November 2018 are presented in the table below.

Shareholder	Number of Shares	Proportion of shares %	Proportion of votes %[1)]
Etelä-Karjalan Säästöpankkisäätiö	11,100,000	44.23	44.25
Parkanon Säästöpankkisäätiö	3,400,000	13.55	13.55
Töysän Säästöpankkisäätiö	3,000,000	11.95	11.96
Kuortaneen Säästöpankkisäätiö	2,000,000	7.97	7.97
Hauhon Säästöpankkisäätiö	1,680,000	6.69	6.70
Rengon Säästöpankkisäätiö	1,120,000	4.46	4.46
Suodenniemen Säästöpankkisäätiö	800,000	3.19	3.19
Pyhäselän Oma osuuskunta	758,850	3.02	3.03
Joroisten Oma osuuskunta	689,150	2.75	2.75
Pasi Sydänlammi	62,750	0.25	0.25
Other shareholders	485,950	1.94	1.89
Total	25,096,700	100,00	100.00

1) The Company has one series of shares and each share entitles its holder to one vote at the general meeting. As at the date of this Offering Circular, the Company owns 11,700 of the Company's own shares, which do not entitle to any voting rights at the general meeting as long as the Company owns them.

B.7	Selected historical key finance information	The following tables set out a summary of the consolidated income statement, balance sheet, cash flow statement, and key figures for the financial years ended 31 December 2017, 31 December 2016, and 31 December 2015 as well as for the nine month periods ended 30 September 2018 and 30 September 2017. The information presented below is based on the Company's unaudited figures for the nine month periods ended 30 September 2018 and 30 September 2017 as well as the audited consolidated financial statements for the financial years ended 31 December 2017 and 31 December 2016, and the unaudited consolidated comparative figures for the financial year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"). Certain solvency information included in this Offering Circular is derived from the parent company's audited financial statements for financial years ended 31 December 2017, 31 December 2016, and 31 December 2015. The Company's audited financial statement for the financial year ended on 31 December 2015 has been prepared in accordance with the Finnish Accounting Act (1336/1997, as amended), the Finnish Accounting Ordinance (1339/1997, as amended), and the guidelines and opinions of the Accounting Board operating under the auspices of the Ministry of Economic Affairs and Employment (together the "**FAS**"). The Company adopted IFRS 9 "– Financial Instruments" and IFRS 15 – "Revenue from Contracts with Customers" on 1 January 2018. The corresponding information from previous financial periods will not be adjusted.

Consolidated Income Statement

	1 January–30 September		1 January – 31 December		
(EUR thousand)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited)		**(audited)**		**(unaudited)**
Interest income	40,961	34,157	46,579	43,938	39,889
Interest expenses	-5,036	-5,414	-7,262	-7,391	-8,157
Net interest income	**35,925**	**28,744**	**39,317**	**36,547**	**31,733**
Fee and commission income	22,336	18,622	24,814	21,218	17,480
Fee and commission expenses	-2,963	-2,598	-3,569	-3,509	-2,198
Fee and commission income and expenses, net	**19,374**	**16,023**	**21,245**	**17,709**	**15,282**

Net income on financial assets and liabilities[1]	832	2,905	10,780[2]	2,401[2]	4,371
Other operating income	1,675	2,288	2,748	3,682	2,967
Total operating income	**57,806**	**49,959**	**74,091**	**60,339**	**54,352**
Personnel expenses	-11,322	-9,545	-13,137	-14,085	-11,711
Other operating expenses	-20,414	-18,302	-25,470	-19,381	-18,912
Depreciation and impairment losses on tangible and intangible assets	-2,061	-1,368	-2,504	-2,065	-1,715
Total operating expenses	**-33,797**	**-29,215**	**-41,112**	**-35,531**	**-32,338**
Impairment losses on financial assets, net	-3,549	-835	-2,600	-4,197	-3,594
Profit before taxes	**20,460**	**19,910**	**30,379**	**20,611**	**18,420**
Income taxes	-3,856	-3,869	-6,292	-4,567	-3,642
Profit/loss for the accounting period	**16,603**	**16,041**	**24,087**	**16,044**	**14,778**
Oma Säästöpankki Oyj's shareholders' shares	16,520	16,076	24,208	16,044	14,778
Number of non-controlling interest	83	-36	-120	-	-
Total	**16,603**	**16,041**	**24,087**	**16,044**	**14,778**

1) Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017.
2) Unaudited

Comprehensive Consolidated Income Statement

	1 January – 30 September		**1 January – 31 December**		
(EUR thousand)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited)		**(audited)**		**(unaudited)**
Profit/loss for the accounting period	**16,603**	**16,041**	**24,087**	**16,044**	**14,778**
Other items of comprehensive income before taxes	**-630**	**2,732**	**-4,808**	**3,911**	**-2,061**
Items that will not be reclassified through profit or loss	9	-	-149	-456	36
Gains and losses on redefining benefit pension plans	9	-	-149	-321	36
Interest in associated companies' items of comprehensive income	-	-	-	-135	-
Items that may later be reclassified through profit or loss	-639	2,732	-4,659	4,368	-2,097
Measured at fair value	-639	2,735	-4,655	4,425	-1,373
Cash flow hedge	-	-3	-4	-58	-725
Income taxes	**126**	**-546**	**962**	**-809**	**418**
For items that will not be reclassified as profit or loss	-2	-	30	64	-7
Gains and losses on redefined benefit pension plans	-2	-	30	64	-7
Items that may later be reclassified as profit or loss	128	-546	932	-874	425
Measured at fair value	128	-547	931	-885	280
Cash flow hedge	-	1	1	12	145
Other items of comprehensive income for the accounting period after taxes	**-504**	**2,187**	**-3,846**	**3,102**	**13,135**
Comprehensive income for the accounting period	**16,100**	**18,227**	**20,241**	**19,146**	**13,135**
Interests of the owners of the parent company	16,017	18,263	20,361	19,288	13,135

Number of non-controlling interest	83	-36	-120	-142	-
Total	**16,100**	**18,227**	**20,241**	**19,146**	**13,135**

Consolidated Balance Sheet

	1 January – 30 September		31 December		
(EUR thousand)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited)		**(audited)**		**(unaudited)**
ASSETS					
Cash and cash equivalents[1]	40,025	6,471	280,718	7,728	7,985
Financial assets valuated at fair value through profit or loss	-	332	332	576	1,858
Loans and advances to credit institutions[1]	59,155	53,582	58,394	61,958	139,482
Loans and advances to the public and public sector entities	2,415,624	1,917,531	2,137,868	1,785,417	1,530,264
Financial derivatives	1,812	2,132	1,676	2,630	5,369
Investment assets	267,236	271,049	194,253	257,369	215,927
Shares of companies consolidated by the equity method	175	-	-	-	-
Intangible assets	5,288	4,858	6,515	4,315	3,433
Tanglible assets	16,915	16,607	17,348	17,396	17,479
Other assets	34,403	17,804	28,337	12,144	9,239
Deferred tax assets[2]	1,313	1,067	1,240	1,347	1,416
Income tax assets[2]	-	-	-112	-112	-125
Total assets	**2,841,945**	**2,291,432**	**2,726,567**	**2,150,768**	**1,932,328**
LIABILITIES					
Liabilities to credit institutions	59,629	34,062	35,993	34,257	36,916
Liabilities to the public and public sector entities	1,728,865	1,512,107	1,639,304	1,482,828	1,472,793
Financial derivatives	2,038	-	2,222	-	-
Debt securities issued to the public	734,698	455,072	736,961	353,050	161,503
Subordinated liabilities	25,000	12,800	28,000	17,600	24,488
Provisions and other liabilities	16,772	19,630	22,042	24,623	19,282
Deferred tax liabilities	19,977	19,465	19,119	17,339	14,514
Income tax liabilities	333	602	1,441	-	706
Total liabilities	**2,587,312**	**2,053,738**	**2,485,083**	**1,929,697**	**1,730,202**
EQUITY					
Share capital	24,000	24,000	24,000	24,000	24,000
Reserves	107,688	113,603	110,268	111,417	**108,481**
Retained earnings	122,230	99,228	106,439	84,741	**69,645**
Oma Säästöpankki Oyj's shareholders' shares	**253,919**	**236,831**	**240,706**	**220,158**	**202,126**
Oma Säästöpankki Oyj's shareholders' shares	253,919	236,831	240,706	220,158	202,126
Number of non-controlling interest	715	862	778	913	-
Equity, total	**254,633**	**237,693**	**241,484**	**221,071**	**202,126**
Total liabilities and equity	**2,841,945**	**2,291,432**	**2,726,567**	**2,150,768**	**1,932,328**

1) Oma Savings Bank opened a TARGET2 account in the Bank of Finland in September 2017. The bank's minimum reserve deposit was transferred to the Bank of Finland in October 2017. In the financial statements of 2017, the minimum reserve deposit was recognizedrecognized under "Loans and advances to credit institutions". The figure provided on 31 December 2017 has been adjusted retrospectively in the interim report of 30 September 2018 and transferred to the balance sheet item "Cash and cash equivalents". In the cash flow statement, this item is recognized under "Cash and cash equivalents, other arrangements".

2) During the period 1 January – 30 September 2018 Deferred tax assets also Include Income tax assets, which have been recognized separately during earlier financial periods.

Consolidated Cash Flow Statement

(EUR thousand)	1 January – 30 September 2018	1 January – 30 September 2017	31 December 2017	31 December 2016	31 December 2015
	(unaudited)		(audited)		(unaudited)
Cash flow from operating activities					
Profit/loss for the accounting period	16,603	16,041	24,087	16,044	14,778
Changes in fair value	-213	-223	69	880	-50
Depreciation and impairment losses on investment properties	9	325	317	472	794
Depreciation and impairment losses on tangible and intangible assets	2,061	1,368	2,504	2,065	1,715
Gains and losses on fixed assets	402	-57	-57	754	-2
Impairment losses	3,549	1,088	2,596	3,610	4,465
Income taxes	3,856	3,869	6,292	4,567	3,642
Adjustments to impairment losses	-	-254	4	559	-872
Other adjustments	-168	-221	-787	-124	-158
Adjustments to the profit/loss of the accounting period	9,497	5,896	10,938	12,783	9,535
Cash flow from operations before changes in receivables and liabilities	**26,101**	**21,936**	**35,025**	**28,827**	**24,314**
Increase (-) or decrease (+) in business funds					
Debt securities	-69,611	-22,483	-2,882	-47,695	-55,527
Loans and advances to credit institutions	-	-785	-1,176	3,288	61,826
Loans and advances to customers	-282,456	-127,549	-349,626	-252,653	-102,753
Derivatives and hedge accounting	16	-48	-48	162	-365
Investment assets	-4,134	11,264	60,508	2,255	-12,209
Other assets	-5,992	-5,674	-16,208	-2,667	-1,636
Total	**-362,177**	**-145,275**	**-309,432**	**-297,310**	**-110,664**
Increase (+) or decrease (-) in business debts					
Liabilities to credit institutions	23,636	-5,581	1,736	-7,964	24,646
Liabilities to customers	89,779	30,240	154,509	11,904	28,016
Debt securities issued to the public	-2,263	102,022	383,911	191,547	92,883
Subordinated liabilities	-	-	15,200	-	-
Provisions and other liabilities	-5,990	-4,993	-2,227	4,532	1,183
Total	**105,162**	**121,689**	**553,129**	**200,019**	**146,728**
Paid income taxes	-3,960	-1,521	-2,470	-2,848	-1,739
Total cash flow from operating activities	**-234,875**	**-3,171**	**276,252**	**-71,312**	**58,638**
Cash flow from investments					
Investments in tangible and intangible assets	-552	-1,561	-5,317	-4,651	-3,422
Proceeds from sales of tangible and intangible assets	603	767	1,187	3,855	503
Acquisition of associated companies	-175	-	-	-	-
Increases in other investments	-	-	-	5,985	-
Total cash flow from investments	**-124**	**-794**	**-4,130**	**5,189**	**-2,919**
Cash flows from financing activities					
Subordinated liabilities, increases	200	-	-	-	-
Subordinated liabilities, decreases	-3,000	-4,800	-4,800	-6,888	-8,388
Acquisition of non-controlling interests[1)]	-45	-76	-76	-	-
Other monetary changes in equity items	24	-	2,577	-105	-
Dividends paid	-2,112	-1,576	-1,576	-1,478	-693
Total cash flows from financing activities	**-4,933**	**-6,452**	**-3,875**	**-8,471**	**-9,081**

Net change in cash and cash equivalents	**-239,932**	**-10,418**	**268,247**	**-74,594**	**46,639**
Cash and cash equivalents at the beginning of the reporting period………..	**339,111**	**55,409**	**55,409**	**129,902**	**49,951**
Cash and cash equivalents at the end of the reporting period..................................	**99,180**	**44,991**	**323,658**	**55,409**	**129,902**
Cash and cash equivalents transferred with business transfers..	-	-	-	-	-33,313
Total	**99,180**	**44,991**	**323,658**	**55,409**	**96,590**
Cash and cash equivalents, other arrangements[2]	**-**	**-**	**15,453**	**-99**	**-**
Cash and cash equivalents are formed by the following items:					
Cash and cash equivalents[2].........................	40,025	6,471	280,718	7,728	7,985
Receivables from credit institutions repayable on demand	59,155	38,521	58,393	47,681	121,918
Total	**99,180**	**44,991**	**339,111**	**55,409**	**129,902**
Received interest	**32,317**	**27,261**	**39,645**	**43,118**	**33,960**
Paid interest	**-1,882**	**-2,330**	**-5,941**	**-8,045**	**-5,994**
Dividends recieved	**985**	**929**	**966**	**960**	**592**

1) In the cash flow statement presented in the financial statement for 2017, an item of EUR -76 thousand was recognized in cash flow from investments under the item increases in other investments. This item has been corrected in this cash flow statement and is recognized in cash flow from financing activities under acquisition of non-controlling interests.
2) Oma Savings Bank opened a TARGET2 account in the Bank of Finland in September 2017. The bank's minimum reserve deposit was transferred to the Bank of Finland in October 2017. The minimum reserve deposit was recognized under "Loans and advances to credit institutions" in the financial statement of 2017. The figure provided on 31 December 2017 has been adjusted retrospectively in the interim report of 30 September 2018 and transferred to the balance sheet item "Cash and cash equivalents". In the cash flow statement, this item is recognized under "Cash and cash equivalents, other arrangements".

Key Figures

	1 January – 30 September		**1 January – 31 December**		
(EUR thousand, unless otherwise indicated)	**2018**	**2017**	**2017**	**2016**	**2015**
		(unaudited, unless otherwise indicated)			
Operating income/loss	65,804	57,972	84,921	71,239	64,707
Net interest income	35,925	28,744	39,317[1]	36,547[1]	31,733
% of operating income/loss.........................	54.6%	49.6%	46.3%	51.3%	49.0%
Profit before taxes......................................	20,460	19,910	30,379[1]	20,611[1]	18,420
% of operating income/loss.........................	31.1%	34.3%	35.8%	28.9%	28.5%
Profit/loss for the accounting period...........	16,603	16,041	24,087[1]	16,044[1]	14,778
Total operating income	57,806	49,959	74,091[1]	60,339[1]	54,352
Total operating expenses...........................	-33,797	-29,215	-41,112[1]	-35,531[1]	-32,338
Cost/income ratio	58.5%	58.5%	55.5%	58.9%	59.5%
Balance sheet total	2,841,945	2,291,432	2,726,567[1]	2,150,768[1]	1,932,328
Equity, total	254,633	237,693	241,484[1]	221,071[1]	202,126
Own funds (TC)..	258,272	232,635	247,678[2,3]	219,766[1,2]	208,840[1,2]
Return on assets (ROA) %	0.8%	1.0%	1.0%	0.8%	0.8%
Return on equity (ROE) %	8.9%	9.3%	10.4%	7.6%	7.8%
Equity ratio	9.0%	10.4%	8.9%	10.3%	10.5%
Solvency ratio (TC) %	17.5%	18.8%[2]	18.9%[2,3]	19.1%[1,2]	20.2%[1,2]
Core capital (CET1)	243,981	229,366[2]	229,912[2,3]	215,001[1,2]	200,610[1,2]
Core capital ratio, (CET1) %	16.6%	18.5%[2]	17.6%[2,3]	18.6%[1,2]	19.4%[1,2]
Tier 1 capital, (T1)......................................	243,981	229,366[2]	229,912 [2,3]	215,001[1,2]	200,610[1,2]
Tier 1 capital ratio, (T1) %..........................	16.6%	18.5%[2]	17.6%[2,3]	18.6%[1,2]	19.4%[1,2]
Impairment losses on financial assets	-3,549	-835	-2,600[1]	-4,197[1]	-3,594
Risk-weighted items, total (RWA)	1,473,199	1,237,000[2]	1,309,739[1,2]	1,153,138[1,2]	1,036,219[1,2]
Adjusted proportion of non-performing receivables of the loan portfolio	1.14%[2]	1.16%[2]	0.96%[2]	1.06%[2]	1.10%[2]

Number of employees at the end of the accounting period	290	262	270	229	252
Average number of employees	287	266	256	256	-
Liquidity coverage ratio (LCR)	138.6%[2]	107.9%[2]	280.3% [2]	111.3% [2]	-
Earnings per share (EPS), EUR	32.92	32.74	49.22	32.68	31.49

1) Audited
2) Parent company figure
3) The figure does not correspond with the figures presented in the financial statement of 2017, since the Company has rectified the key figures for core capital and solvency. The shares subscribed for in the 2017 personnel offering are not included in the core capital.

Description of Key Figures

Key Figure		Description	
Operating income/loss	=	Interest income, Fee and commission income, Net gains from financial assets and liabilities, Other operating income	
Profit before taxes excluding net income from financial assets and liabilities	=	Reported profit before taxes – Net income on financial assets and liabilities	
Cost/income ratio	=	Total operating expenses / Total operating income	x100
Return on equity (ROE) %	=	Operating profit/loss – Income tax / Equity on average (year beginning and end average)	x100
Return on assets (ROA) %	=	Operating profit/loss – Income tax / Balance sheet total (year beginning and end average)	x100
Equity ratio, %	=	Equity, total / Balance sheet total	x100
Solvency ratio (TC) %	=	Total assets (TC) / Risk-weighted items, total (RWA)	x100
Core capital ratio, (CET1) %	=	Core capital (CET1) / Risk-weighted items, total (RWA)	x100
Tier 1 capital ratio, (T1) %	=	Tier 1 capital, (T1) / Risk-weighted items, total (RWA)	x100
Liquidity coverage ratio (LCR)	=	Liquidity buffer sufficiency in relation to net cash and collateral net outflow for 30 days under severe stress	
Earnings per share (EPS), EUR	=	Profit/loss for the accounting period / Number of outstanding shares at the end of the period	
Adjusted proportion of non-performing receivables of the loan portfolio		Non-performing recievables including credits with overdue payments, which have been outstanding for more than 90 days or when, according to the estimations of the bank, it is probable that the debtor will not pay his or her recievable due to financial difficulties. Financial difficulties include the death, bankruptcy, debt adjustment or debt restructuring of the debtor. The sum includes impairments on the recievables. In the key figure, non-performing credits are proportionate to the parent company's entire loan portfolio save for card credit issued by the Company.	

B.8	Selected pro forma financial information	Not applicable. The Offering Circular does not include pro forma financial information.
B.9	Profit forecast or estimate	*The statements set forth in “Outlook” below include forward-looking statements, which are not guarantees of the Company’s financial performance. The Company’s actual financial position could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under “Certain Matters – Forward-Looking Statements”, “Certain Matters – Presentation of Financial*

		and Certain Other Information", "Risk Factors" and "- Key Factors Affecting the Company's Operating Results". The Company cautions prospective investors not to place undue reliance on these forward-looking statements. According to the Companys's estimates, the profit before taxes excluding net income on financial assets and liabilities will increase in the accounting period of 2018 compared to the previous year. In 2017, net income on financial assets and liabilities were highlighted in Oma Säästöpankki's profit, affecting the result by 10.8 million euros. In 2017, profit before taxes excluding net income on financial assets and liabilities was 19.6 million euros.[1] The profit forecast is based on assumptions made by the management of the Company and on the development of services, loans granted to customers, and deposits received from customers as well as the development of the Company's net interest income, fee and commission income, expenses and operating environment. The most central factors affecting the realization of the profit forecast, which the Company can influence are the investments made with regards to sales and marketing, the operations model and its efficiency, the Company's personnel, customer acquisition as well as the development and improvement with regards to existing customers. Factors outside the scope of the Company's influence are the general development of the market, the general economic situation, changes in the interest and investment environment, the legislative development, as well as changes in the competition on the markets and other general risks related to the Company's business and industry.
B.10	Description of the nature of any qualifications in the auditor's report on the historical financial information	Not applicable. Auditor's reports contain no qualifications.
B.11	Working capital of the issuer	In the view of the Company's management, the Company's working capital (i.e. its liquidity and the availability of funding) is sufficient for the Company's present needs for the next 12 months following the date of this Offering Circular.

C – Securities

Element	Disclosure Requirement	Disclosure
C.1	Type and class of securities offered and/ or admitted to trading	The Shares are held in book-entry form. The Company has one share series, which ISIN code is FI4000306733 and trading code is OMASP.
C.2	Currency of the issue	The currency of the Offering is euro.
C.3	Number of shares issued/ par value per share	On the date of this Offering Circular, the Company's share capital was EUR 24,000,000.00. At the date of this Offering Circular, the Company has issued 25,096,700 fully paid Shares. The Shares have no nominal value.
C.4	Description of the rights attached to the securities	The rights attached to the Shares are determined by the Finnish Limited Liability Companies Act (624/2006, as amended) valid at the time and other applicable Finnish legislation. **Shareholders' Pre-emptive Subscription Right** Under the Finnish Companies Act, existing shareholders of Finnish companies have a pre-emptive right to subscribe for shares in the company in proportion to their shareholding, unless otherwise resolved by the general meeting of shareholders in regards to the offering. **General Meeting of Shareholders** Shareholders exercise their decision-making powers in matters concerning the Company at the general meeting of shareholders. Pursuant to the Finnish Companies Act, the shareholders have the right to attend and vote at the general meeting of shareholders. A shareholder

1 Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017

		may attend and vote at the general meeting of shareholders in person or using a representative. Each Share entitles to one vote in the general meeting of shareholders. Resolutions made at general meetings of shareholders generally require a simple majority of the votes. However, certain resolutions, such as amending the articles of association, issuing shares in deviation of the existing shareholders' pre-emptive subscription right and, in certain cases, making decisions on mergers or demergers, require a majority of at least two-thirds of the votes cast and of the shares represented at the general meeting of shareholders. In addition, certain resolutions, such as a mandatory redemption of the shares by the company in deviation from the shareholdings of the shareholders, require consent of all shareholders. **Dividends and Other Distribution of Funds** All of the Shares carry equal rights to dividends and other distribution, (including the distribution of the Company's assets in the event of liquidation). A resolution on the distribution of dividends or granting of authorisation to the Board of Directors requires a majority decision at the general meeting of shareholders. The amount of dividends distributed may not exceed the distributable funds in the latest adopted financial statements of the company. Significant changes in the company's financial position after the adoption of the previous financial statements shall be taken into account upon resolving on the distribution of dividends. In addition, no dividends may be distributed if, when deciding on the distribution, it is known or should be known, that the company is insolvent or that the distribution will cause the company to be insolvent.
C.5	Restriction on the free transferability of the shares	At the date of this Offering Circular, the Company's Articles of Association include a redemption clause, which, following the decision made at the Company's extraordinary general meeting on 9 November 2018, is to be removed conditional upon that the shares first issued in the Offering are filed for registration. The removal of said clause will be registered in the Trade Register only in execution of the Offering together with the notification of registration of the New Shares or immediately before it. If the New Shares issued in connection with the Offering, if executed, are notified to be registered in more than one instalment, the removal of the redemption clause will be notified to be registered in connection with this kind of first registration notification of New Shares or immediately before it. In a number of countries, the distribution of this Offering Circular may be subject to restrictions imposed by law. The Company has not taken any measures to register the Shares or any public offering of the Shares outside of Finland. The lock-up agreements related to the Shares are described in Element E.5.
C.6	Application for admission to trading on a regulated market	The Company will apply for the listing of the Shares on the official list of the Helsinki Stock Exchange. Trading of the Shares on the Helsinki Stock Exchange is expected to commence on the Pre-list of the Helsinki Stock Exchange on or about 30 November 2018 and on the official list of the Helsinki Stock Exchange on or about 4 December 2018 under the trading code OMASP.
C.7	Dividend policy	In connection with the Listing, the Board of Directors has adopted a dividend policy pursuant to which the Company targets a steady and growing dividend with an annual dividend payout of at least 20 per cent of the previous years' profit for the accounting period. The Board of Directors of the Company evaluates the balance between the dividends or the capital to be distributed and the amount of own funds required by the company's solvency requirements and targets and, on the basis of this evaluation, makes a proposal on the amount of dividend or capital to be distributed. The payment of dividends or capital repayments, if any, and the amounts and timing thereof in the coming years will depend on the Company's future results, financial condition, cash flow, investment needs, solvency and other factors.

D – Risks

Element	Disclosure Requirement	Disclosure
D.1	Key information on risks that are specific to the issuer or its industry	**Risks associated with the Company's operating environment** • Uncertainty and unfavourable development in the economy and capital markets may have a material adverse effect on the Company's business and customers, operating results, financial condition, liquidity and the value of the Offer Shares • The development of the Finnish housing and property market may be different in different parts of the country and unfavourable development may have a material adverse effect on the Company's business and customers, operating results, financial condition, liquidity and the value of the Offer Shares • The Company is exposed to systemic risk **Risks relating to the Company's business** • The Company may not necessarily be able to implement its strategy or adjust it to changes in the operating environment, or the chosen or implemented strategy may turn out to be wrong • The financial sector is a tightly regulated industry and changes in legislation concerning the Company's industry and developments in case law may be unfavourable to the Company • Realisation of risks relating to compliance with regulation, requirements of customers and other stakeholders as well as legal proceedings may have a material adverse effect on the Company's business • The Company may fail to comply with requirements relating to the prevention of money laundering and terrorist financing or the procedural requirements concerning the provision of banking and investment services • Changes in the number of customers, the demand for services and the pricing of the services may decrease the Company's interest income, fee and commission income, and net gains on investments • The Company may not necessarily be able to respond to tighter competition, develop its services or solutions in line with competitors, or digital development may force the Company to make additional investments • Failure to recruit skilled management or personnel or loss of key employees may affect the Company's ability to pursue its business or to grow • Realisation of risks relating to possible corporate acquisitions may have an adverse effect on the Company • Operational risks and disruptions in the Company's business may have a material adverse effect on the Company • The Company's operating conditions are dependent on the uninterrupted functioning of IT systems and reporting and monitoring systems and the renewal of IT systems may cause considerable costs to the Company • The use of cooperation partners involves risks, such as action harmful to the Company on the part of such partners or uncertainties involved in cooperation agreements • The Company's insurance coverage may not necessarily cover all risks relating to the Company's business • The interpretation, implementation and continuity of customer contracts involve risks • The Company may fail in the identification of information security and cybersecurity risks, control and management of resourcing of risks and in compliance with regulation • The Company may fail in the effective internal control of financial reporting and be exposed to the risk of its financial reporting being inaccurate or misleading • Failure to protect intellectual property rights may have a material adverse effect on the Company and any intellectual property right infringement actions brought against the

		Company may cause the Company to incur costs and damage its business • The reputation of the Company may be damaged, which may have an unfavourable effect on the Company's customer acquisition and its ability to recruit and retain key employees • Strikes and other industrial action may have an adverse effect on the Company's business **Risks relating to Financial Condition and Financing** • Changes in the Company's liquidity and availability of financing may have an adverse effect on the Company • Solvency regulations applicable to the Company may be tightened and changes concerning the solvency or authority decisions may have an adverse effect on the Company • Realisation of interest rate risk may have an adverse effect on the Company • Realisation of credit risks may have an adverse effect on the Company • Realisation of market risks may have an adverse effect on the Company • Changes in the fair values of investments may have a considerable effect on the Company's results and the Company may be unsuccessful in its investing activities • If the Company becomes subject to resolution, this may lead to the cancellation of shareholders' shares in part or in full • Impairment of goodwill may have an adverse effect on the Company • The implementation of IFRS 9 "Financial Instruments" and IFRS 16 "Leases" standards as well as upcoming changes in financial reporting standards expose the Company to risks relating to adjustments of accounting policies and financial statements, which could have an effect on the figures reported by the Company • Realisation of tax risks may result in financial losses that may have an unfavourable effect on the Company's business
D.3	Key risks that are specific to the securities	**Risks relating to the Offering, Listing and Shares** • The Listing causes the Company to incur additional costs and the Company may fail in the execution of functions required of a listed company • The Shares have not been previously traded on a regulated market, the price of the Shares may fluctuate, an active and liquid market may not arise for the Shares, and possible investors may lose part or all of their investment • Shareholding in the Company is concentrated and the largest shareholders will continue to have significant decision-making power also in the future • In the future, the Company may not necessarily distribute dividends or make capital repayments, or be capable of doing so • Future share issues or sales of significant numbers of shares may reduce the value of the Offer Shares and dilute the relative holding of shareholders and the votes associated with the Shares • The holders of nominee registered shares may not necessarily be able to exercise their right to vote • Foreign shareholders may not necessarily be able to exercise their pre-emptive subscription rights • Investors cannot cancel their decision to invest • The Offering may not be carried out • Investors with a main or reference currency other than the euro are exposed to certain foreign exchange risks when investing in the Shares

E – Offer

Element	Disclosure Requirement	Disclosure

E.1	Total net proceeds and estimated total expenses of the offer	The Sellers will receive gross proceeds of approximately EUR 24.3 million from the Share Sale (calculated by using the mid-point of the Preliminary Price Range and assuming that the Sellers will sell the maximum amount of Shares and that the Over-Allotment Option will not be exercised). The Sellers will pay approximately EUR 0.7 million in fees in connection with the Offering (calculated by using the same assumptions as in the previous sentence). The Company aims to raise gross proceeds of approximately EUR 34.1 million (calculated by using the mid-point of the Preliminary Price Range and assuming that all New Shares will be subscribed for) through the Offering by offering New Shares for subscription. The Company will pay approximately EUR 2.5 million in fees and expenses in connection with the Offering, and the net proceeds that the Company will receive from the Offering thus amount to approximately EUR 31.6 million. The Company will pay the fees and expenses in connection with the Offering with the existing cash funds.
E.2a	Reasons for offer, use of proceeds and estimated total net proceeds	<u>Reasons for the Offering and Listing</u> The objective of the Offering and the contemplated Listing is to improve the Company's ability to continue to successfully implement its growth strategy and to improve its financial and strategic flexibility by providing the Company access to equity capital markets. The Offering will also allow the Company to broaden its ownership base and thus increase the liquidity of the Company's shares as well as provide new shareholders with the opportunity to participate in the Company's development. In addition, the contemplated Listing would enable the Company to use its shares as consideration in potential acquisitions and employee incentive schemes. The purpose of the Listing is also to increase the recognition and brand visibility of OmaSp among customers, employees and investors and thus enhance OmaSp's competitiveness. <u>Use of proceeds</u> The Company expects to use the net proceeds from the Offering to strengthen its capital structure, which will give the Company better prerequisites for further growth in line with its strategy. <u>Fees and expenses</u> The Company will pay approximately EUR 2.5 million in fees and expenses in connection with the Offering, and the net proceeds that the Company will receive from the Offering thus amount to approximately EUR 31.6 million (calculated by using the mid-point of the Preliminary Price Range and assuming, that all New shares are subscribed for). The Sellers will pay approximately EUR 0.7 million in fees in connection with the Offering (calculated by using the same assumptions as in the previous sentence). The Sellers will receive net proceeds of approximately EUR 23.6 million from the Offering (calculated by using the mid-point of the Preliminary Price Range and assuming, that the Sellers will sell the maximum amount of Shares and that the Over-Allotment Option will not be utilized).
E.3	Terms and conditions of the offer	<u>General Terms and Conditions of the Offering</u> The Company initially offers 4,500,000 new shares in the Company (the "**New Shares**") for subscription (the "**Share Issue**"). In addition to the Share Issue the Southern Karelia Savings Bank Foundation (the "**Main Seller**") and other certain other current shareholders (the "**Other Sellers**", and toghether with the Main Seller the "**Sellers**") may offer for purchase a maximum of 3,200,000 existing shares in the Company (the "**Sale Shares**") (the "**Share Sale**" and together with the Share Issue the "**Offering**"). The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**"), (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States (the "**Institutional Offering**") and (iii) a personnel offering to the Company's Personnel (as defined below) (the "**Personnel Offering**"). The terms and conditions of the Offering are comprised of the general terms and conditions of the Offering as well as the special terms and conditions of the Public Offering, Institutional Offering and Personnel Offering. <u>Share Issue</u>

		The extraordinary general meeting of shareholders of the Company resolved on 9 November 2018 to authorise the Board of Directors of the Company to decide on an issue of a maximum of 5,000,000 New Shares. Based on said authorisation, the Board of Directors resolved on 15 November 2018 preliminarily to issue a maximum amount of 4,500,000 New Shares in the Share Issue. <u>Share Sale</u> The Sellers may offer for purchase a maximum of 3,200,000 Sale Shares in the Share Sale. The Sale Shares represent approximately 10.8 per cent of the Shares and votes after the Share Issue without the Over-Allotment Option and approximately 14.7 per cent including the Over-Allotment Option, assuming that the Sellers will sell the maximum amount of Sale Shares, and that all New Shares offered in the Share Issue are subscribed for. If less than all of the Sale Shares are sold, each Seller will sell Sale Shares on a *pro rata* basis (however, the Additional Shares offered by the Main Seller will be included in the *pro rata* –ratio) . <u>Over-Allotment Option</u> The Main Seller is expected to grant Danske Bank as stabilizing manager (the "**Stabilizing Manager**") an over-allotment option, which would entitle the Stabilizing Manager to purchase a maximum of 675,000 additional Shares (the "**Additional Shares**") if no Sale Shares are sold, and a maximum of 1,155,000 Additional Shares if all Sale Shares are sold, solely to cover over-allotments in connection with the Offering (the "**Over-Allotment Option**"). The Over-Allotment Option would be exercisable within 30 days from the commencement of trading of the Shares on the Helsinki Stock Exchange (which is estimated to occur between 30 November 2018 and 28 December 2018 (the "**Stabilisation Period**"). The Over-Allotment Option shares would in any case not exceed a maximum share of 15 per cent of the total amount of Offer Shares. The Stabilising Manager is entitled, but not obligated, to engage in measures during the Stabilisation Period that stabilise, maintain or otherwise affect the price of the Shares. These measures are intended to support the market price of the Shares and the measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or prevent or delay any decrease in the market price of the Shares. <u>Placing Agreement</u> The Company, the Main Seller and the Managers are expected to enter into a placing agreement (the "**Placing Agreement**") on or about 29 November 2018. The Other Sellers will not be parties to the Placing Agreement. However, the Other Sellers have each given share sale commitments under which they have undertaken to sell Offer Shares in the Offering. <u>Subscription Period</u> The subscription period for the Public Offering will commence on 19 November 2018 at 10:00 (Finnish time) and end on 27 November 2018 at 16:00 (Finnish time). The subscription period for the Institutional Offering will commence on 19 November 2018 at 10:00 (Finnish time) and end on 29 November 2018 at 12:00 (Finnish time). The subscription period for the Personnel Offering will commence on 19 November 2018 at 10:00 (Finnish time) and end on 27 November 2018 at 16:00 (Finnish time). <u>Subscription Price</u> The preliminary subscription price for subscription and purchase of the Offer Shares in the Institutional Offering and Public Offering is a minimum of EUR 7.00 and a maximum of EUR 8.20 per Offer Share (the "**Preliminary Price Range**"). The Final Subscription Price (the "**Final Subscription Price**") will be determined in negotiations between the Company, the Main Seller and the Managers based on the subscription offers of institutional investors in the Institutional Offering (the "**Subscription Offer**") after the expiry of the subscription period, on or about 29 November 2018 (the "**Pricing**").

		<u>Conditionality, Execution and Publishing of the Offering</u> The Company's Board of Directors and the Main Seller will jointly decide on the execution of the Offering, final number of Offer Shares, the Final Subscription Price and the allocation of Offer Shares in connection with the Pricing on or about 29 November 2018. <u>Cancellation of the Commitments</u> A commitment to subscribe for or purchase Offer Shares in the Public Offering or subscribe for Personnel Shares in the Personnel Offering (a "**Commitment**") cannot be amended. A Commitment may only be cancelled in the situations provided for in the Finnish Securities Markets Act (746/2012, as amended, the "**Securities Markets Act**"). <u>Registration of Offer Shares to Book-Entry Accounts</u> The Offer Shares allocated in the Public Offering are recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Pricing takes place, on or about 30 November 2018. In the Institutional Offering, investors should contact the Managers of the Offering with respect to the book-entry accounts. The Offer Shares allocated in the Institutional Offering will be ready to be delivered against payment on or about 4 December 2018 through Euroclear Finland Oy. Personnel Shares will be registered in the book-entry accounts of investors who have made an approved Commitment on or about 18 December 2018. <u>Title and Shareholder Rights</u> The title to the Offer Shares will be transferred when the Offer Shares are paid for, the New Shares are registered in the Trade Register maintained by the Finnish Patent and Registration Office (the "**Trade Register**") and the Offer Shares are recorded in the investor's book-entry account. Offer Shares carry rights equal to all other Shares and they will entitle their holders to dividends and other distributions of funds as well as other rights in the Company related to the Shares when the title has been transferred. <u>Transfer Tax and Other Expenses</u> Transfer tax will not be levied in connection with the issuance or subscription of the New Shares in Finland. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of shares. <u>Right to Cancel the Offering</u> The Company's Board of Directors and the Main Seller may cancel the Offering at any time before its excecution on the grounds of, for example, the market conditions, the Company's financial position or a material change in the Company's business. If the the Offering is cancelled, the subscription price paid by the investors will be refunded in approximately five (5) banking days from the cancellation decision. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. <u>Lock-up</u> The Company and the Main Seller are expected to agree, and the Other Sellers have agreed that, during the period that will end on the date that falls 180 days from the Listing, without the prior written consent of the Sole Global Coordinator, they will not issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option right or contract to sell, transfer any option right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any of their Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise, or submit to the Company's shareholders a proposal to effect any of the foregoing. The Company lock-up does not apply to remuneration or incentive programs described in this Offering Circular and there are certain exemptions to the application of the Other

Sellers' lock-up. The lock-up does not apply to the measures related to the execution of the Offering. If the Sale Shares are not sold in connection with the Offering, the Seller's lock-up will not apply.

The members of the Board of Directors and the management team of the Company are expected to enter into a lock-up agreement with similar terms, save for certain exceptions, to that of the Company and the Sellers that will end on the date that falls 360 days from the Listing.

Other Matters

The Board of Directors of the Company will decide on other matters related to the Share Issue and on the practical arrangements resulting therefrom. Other issues and practical matters relating to the Share Sale will be resolved by the Main Seller.

Documents on Display

The Company's latest financial statements, report of the Board of Directors and the auditor's report as well as the other documents pursuant to Chapter 5, section 21 of the Limited Liability Companies Act (624/2006, as amended), are available during the subscription period at the Company's offices at Valtakatu 32, FI-53100 Lappeenranta.

Applicable Law

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland.

Special Terms and Conditions Concerning the Public Offering

A maximum of 400,000 Offer Shares are preliminarily offered in the Public Offering to private individuals and entities in Finland. Investors whose domicile is in Finland and who submit their Commitments in Finland may participate in the Public Offering. Commitments in the Public Offering must cover no less than 100 and no more than 20,000 Offer Shares. When submitting a Commitment, the maximum price of the Preliminary Price Range (i.e. EUR 8.20 per Offer Share), multiplied by the number of Offer Shares covered by the Commitment is to be paid for the Offer Shares. The Final Subscription Price shall not be higher than the maximum of the Preliminary Price Range, i.e. EUR 8.20 per Offer Share. The Company and the Main Seller will decide on the allocation of Offer Shares in the Public Offering to investors after the Pricing. The Company and the Main Seller will decide on the procedure to be followed in the event of potential oversubscription. Commitments may be approved or rejected in whole or in part. If the Commitment is rejected or only partially approved and/or if the Final Subscription Price is lower than the amount paid at the time of making the Commitment, the excess amount of the paid amount will be refunded to the party that made the Commitment to the Finnish bank account identified in the Commitment on or about the fifth (5) banking day after the Pricing, on or about 7 December 2018. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. The Offer Shares allocated in the Public Offering are recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Pricing takes place, on or about 30 November 2018.

Commitments may only be cancelled in the manner and situations referred to under "– *General Terms and Conditions of the Offering – Cancellation of Commitments*".

The places of subscription in the Public Offering for customers with a book-entry account in Danske Bank are:

- Danske Bank's eBanking service with bank codes for private customers at www.danskebank.fi;
- Danske Bank's corporate eBanking services in the Markets Online module for Business Online customers;
- Danske Bank's Investment Center with Danske Bank's bank codes by phone, 9:00 to 20:00 Monday to Friday and 10:00 to 16:00 on Saturday (Finnish time), tel. +358 200 2000 (local

		network charge/mobile call charge). Calls to the Danske Bank Investment Center are recorded; • Danske Bank's offices in Finland during normal business hours; and • Danske Bank's Private Banking offices in Finland (for Danske Bank's Private Banking customers only). Making a Commitment by phone using Danske Bank's Investment Center or Danske Bank's eBanking service requires a valid eBanking agreement with Danske Bank. The places of subscription in the Public Offering for customers book-entry account in OmaSp are: • All OmaSp's branches during normal business hours. Information on the branches of OmaSp is available online at www.omasp.fi/fi/konttorisi-yhteystiedot. Information on the branches and additional information are also available on OmaSp's customer service from Monday to Friday at 8:00 – 20:00 and on Saturday at 10:00 – 14:00, tel. +358 20 764 0600. The other places of subscription in the Public Offering are: • Nordnet's internet service at www.nordnet.fi/omasp. The subscription can be made through internet service with the bank identifiers of Nordnet, Aktia, Danske Bank, Handelsbanken, Nordea, Oma Savings Bank, Osuuspankki, POP Bank, S-Bank, Savings Bank as well as Ålandsbanken • When separately agreed, the subscription commitment in the Public Offering can be made at Nordnet Bank Ab Finland branch's office at Yliopistonkatu 5, 00100 Helsinki, on weekdays from 9:30 to 16:30. • Danske Bank's e-subscription for private customers at www.danskebank.fi. A Subscription can me made through the online service with the bank identifiers of Aktia, Danske Bank, S-Bank, Nordea, Oma Savings Bank, and Ålandsbanken; and • Danske Bank's branches in Finland (excluding corporate branches) during normal business hours. Information on the offices offering subscription services is available by phone using Danske Bank's Investment Center, 9:00 to 18:00 Monday to Friday and 10:00 to 16:00 Saturday (Finnish time), tel. +358 200 20109 (local network charge/mobile call charge), by e-mail at the address sijoituspalvelut@danskebank.fi or online at www.danskebank.fi. Calls to the Danske Bank Investment Center are recorded. Commitments by or on behalf of persons under the age of 18, or otherwise under guardianship, must be made by their legal guardians and may require the consent of the local guardianship authority in Finland. A guardian may not subscribe for Shares without the permission of the local guardianship authority, as the Shares are not subject to trading on a regulated market at the time of the Commitment. <u>Special Terms and Conditions Concerning the Institutional Offering</u> Preliminarily a maximum of 8,305,000 Offer Shares are offered in the Institutional Offering to institutional investors in Finland and, in accordance with the applicable laws, internationally outside the United States on the terms and conditions set forth herein. An investor whose Subscription Offer covers at least 20,001 Offer Shares may participate in the Institutional Offering. The Subscription Offers of investors in the Institutional Offering will be received by the Managers of the Offering. In the Institutional Offering, the Company and the Main Seller will decide on the approval of Subscription Offers after the Pricing. The Company and the Main Seller will decide on the procedure to be followed in the event of potential oversubscription. Subscription Offers may be approved or rejected in whole or in part. Investors in the Institutional Offering must pay for the Offer Shares corresponding to their accepted Subscription Offers in accordance with the instructions issued by the Managers on or about 4 December 2018.

		<u>Special Terms and Conditions Concerning the Personnel Offering</u> Preliminarily a maximum of 150,000 Personnel Shares and, in the event of an oversubscription, a maximum of 550,000 additional Personnel Shares are being offered in the Personnel Offering to all employees of the Company in Finland at the end of the subscription period, the members of the Company's Board of Directors and the members of the management team (the "**Personnel**"). Only the Personnel are entitled to subscribe for Personnel Shares. The Company's Board of Directors will decide on the allocation of the Personnel Shares after the Pricing. Commitments may be approved or rejected in whole or in part. The place of subscription for the Personnel Offering is Danske Bank and the branches of Oma Savings Bank. In the Personnell Offering, the Commitments are given and payments paid in accordance with separate instructions provided to the eligeable subscribers. The Personnel Shares subscribed for in the Personnel Offering will be registered with the Trade Register on or about 17 December 2018.
E.4	Material interests and conflict of interests in connection with the issue/ offer	Etelä-Karjalan Säästöpankkisäätiö and certain other shareholders are offering Shares for sale in the Offering. The fees of the Managers are partly linked to the amount of the proceeds of the Offering. The Sole Global Coordinator and/or its related parties as well as the Bookrunner, in the ordinary course of their business, have delivered and may also deliver in the future advisory consulting and/or banking services to the Company.
E.5	Names of selling shareholders and lock-up agreements	The following shareholders will sell shares in the Offering: Etelä-Karjalan Säästöpankkisäätiö Parkanon Säästöpankkisäätiö Töysän Säästöpankkisäätiö Kuortaneen Säästöpankkisäätiö Hauhon Säästöpankkisäätiö Rengon Säästöpankkisäätiö Suodenniemen Säästöpankkisäätiö Pyhäselän Oma osuuskunta Joroisten Oma osuuskunta The Company and the Main Seller are expected to agree, and the Other Sellers have agreed that, during the period that will end on the date that falls 180 days from the Listing, without the prior written consent of the Sole Global Coordinator, they will not issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option right or contract to sell, transfer any option right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any of their Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise, or submit to the Company's shareholders a proposal to effect any of the foregoing. The Company lock-up does not apply to remuneration or incentive programs described in the Finnish Prospectus and there are certain exemptions to the application of the Other Sellers' lock-up. The lock-up does not apply to the measures related to the execution of the Offering. If the Sale Shares are not sold in connection with the Offering, the Seller's lock-up will not apply. The members of the Board of Directors and the management team of the Company are expected to enter into a lock-up agreement with similar terms, save for certain exceptions, to that of the Company and the Sellers that will end on the date that falls 360 days from the Listing. The lock-up applies to approximately 72.1 per cent of the Shares after the Offering without the Over-Allotment Option and approximately 68.2 per cent including the Over-Allotment Option, assuming that the Sellers will sell the maximum amount of Sale Shares, that all New Shares offered in the Offering are subscribed for.

E.6	The amount and percentage of immediate dilution resulting from the offer	As a result of the issuance of New Shares, the number of the Company's Shares could increase to 29,596,700 Shares through the Offering, assuming that the Company will issue 4,500,000 New Shares, which corresponds to a dilution of approximately 15.2 per cent in relation to the number of Shares for the existing shareholders, and a dilution of approximately 15.2 per cent in relation to the the number of votes produced by the Shares (calculated by taking into account the 11,700 shares owned by the Company at the date of this Offering Circular, which do not entitle to any voting rights at the general meeting as long as the Company owns them).
E.7	Estimated costs charged to investors	Not applicable. There are no expenses charged to the investors by the Company in connection with the Offering.

RISK FACTORS

Potential investors should carefully review the following risk factors in addition to other information contained in this Offering Circular.

The realisation of any of the risk factors described below could have an adverse effect on the Company's business, operating results and/or financial condition and the value of the Offer Shares. Should these risks lead to a decline in the market price of the Shares, investors who have invested in the Offer Shares could lose part or all of their investment. The risk factor description is based on facts known to and estimated by the Company's Board of Directors and management at the date of the Offering Circular, owing to which the description may not necessarily be comprehensive in nature. Also other facts and uncertainties currently unknown to or deemed immaterial by the Company could have a material adverse effect on the Company's business, operating results and/or financial condition as well as on the value of the Offer Shares. The order in which the risk factors are presented does not reflect the probability of their realisation or their order of importance.

This Offering Circular contains forward-looking statements with which risks and uncertainties are associated. The Company's actual results of operations may differ materially from what is anticipated in the forward-looking statements due to the risks described in the following and the other factors presented in this Offering Circular.

Risks related to the Company's Operating Environment

Uncertainty and unfavourable development in the economy and capital markets may have a material adverse effect on the Company's business and customers, operating results, financial condition, liquidity and the value of the Offer Shares

In recent years, there has been considerable fluctuation in the overall economic and capital market conditions in Europe and elsewhere in the world in consequence of, *inter alia*, the debt crises of certain European countries. Even though the overall economic and capital market conditions have somewhat improved lately, this is no guarantee that similar fluctuation would not continue in the future. The Company is especially vulnerable to macroeconomic conditions in Finland and Europe but also local economic problems in areas where the Company has a good market position and a large number of customers may have an adverse effect on the Company's business.

Negative economic developments, political decisions or a rapid contraction of the labour market in the Company's operating environment may negatively affect the willingness of the Company's customers to borrow or invest or their ability to repay loans due to e.g. increased unemployment, payment difficulties and/or other phenomena harmful to economic development.

Concerns over geopolitical tensions in areas including the Middle East, North Korea and East Ukraine, the debt crises of certain EU Member States, and political development and its trade policy impacts, such as the envisioned exit of the United Kingdom from the EU ("Brexit") and the decisions taken by the administrations of various nations on customs duties and equivalent tariffs have affected and are likely to continue to affect global economic conditions. Even though the economy of many European nations has recently picked up and confidence in economy has risen, there is nonetheless a risk that economic conditions in the euro zone will deteriorate or the political climate will change. These or other geopolitical tensions or political developments may result in higher uncertainty and volatility in the markets.

Developments in market conditions are difficult to anticipate because these are affected by macro-level changes in the capital markets as well as many other factors including but not limited to the equities, bond and derivatives markets and actions taken by various administrative and regulatory authorities and central banks, which are beyond the Company's control. Uncertainty continues to prevail in the global markets and the possibility cannot be ruled out that global economy will again enter a recession or even depression that could be deeper and of longer duration than the economic downturns of recent years.

Overall economic development and changes of the operating environment may have a material adverse effect on the Company's business. Slower economic growth, recession or any unfavourable economic development in Finland or Europe in particular may affect the Company's business in numerous ways. In addition, the Company may fail to adapt its business to a long-running economic recession or stagnation. A decline in the availability of financing or the willingness of enterprises and private individuals to borrow, save and invest or an increase in the price of financing may also have a negative effect on demand for the Company's services and products. The realisation of any of the aforementioned risks may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The development of the Finnish housing and property market may be different in different parts of the country and unfavourable development may have a material adverse effect on the Company's business and customers, operating results, financial condition, liquidity and the value of the Offer Shares

The development of the Finnish housing and property market plays a central role to the Company's business because a significant part of the loans granted by the Company have been granted to the home and property acquisitions of private individuals and corporations and the loans granted by the Company are often secured by homes and properties. The Company has traditionally held a good market position in certain geographic areas outside the Helsinki region in which a significant portion of its loan portfolio and the properties securing the loans granted by it are concentrated, and the Company is thus partly dependent on the local development of these geographic areas. The housing and property market in these areas may be exposed to risks relating to local economic development that may not necessarily correlate with the development of the Finnish housing and property market overall. If the development of the Finnish housing and property market were to deteriorate either on a national scale or in a location important to the Company, this could (irrespective of the reason for the deterioration) have a material adverse effect on the Company's business, financial condition, operating results and outlooks on the future as well as on the value of the Offer Shares.

The Company is exposed to systemic risk

Since the national financial and capital markets are integrally linked to the global financial and capital markets, the Company is exposed to so-called systemic risk. Systemic risk refers to a situation in which e.g. the payment defaults, financial difficulties or other financial insecurity of a domestic or foreign bank or financial institution may lead to liquidity issues, losses and other negative financial consequences targeted to the actors in the financial sector. For example, if an individual financial institution in Finland or abroad experiences financial difficulties or is exposed to other financial disturbance, this may have adverse ramifications also on other financial institutions due to loans, trading or other links between financial institutions.

If realised, systemic risk may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Risks relating to the Company's Business

The Company may not necessarily be able to implement its strategy or adjust it to changes in the operating environment, or the chosen or implemented strategy may turn out to be wrong

The successful implementation of the Company's strategy depends on several factors, some of which are at least in part beyond the Company's control. The Company may not necessarily be able to successfully implement its strategy and achieve its financial targets due to e.g. the market situation or failure in the management of the Company. There can also be no assurances that the strategy chosen by the Company is the right one.

The Company's strategy consists of the following cornerstones: (i) fostering of excellent customer experience; (ii) active seeking of profitable growth through excellent customer service andgood availability of services; (iii) fostering of the high profitability by taking care of profitability of customer relationships, focusing on efficient operation as well as by keeping funding expenses on a low level in relation to the interest rate of lending, and; (iv) active management of risks as an aim to keep solvency continuously on a high level. The Company seeks to further enhance its quality and customer experience and to constantly introduce new and innovative services and solutions to its customers. The Company's success is first and foremost based on skilled personnel and ongoing enhancement of expertise and services. A central part of the Company's strategy is to maintain a good availability of services to all of its customer and the Company has a wide branch network, which extends also outside the biggest growth centres. Historically, OmaSp's primary market areas have included South Karelia, South Ostrobothnia, South Savonia, Häme, Kymenlaakso, Pirkanmaa, North Karelia and Satakunta, for which reason the network of branches is heavily represented in those areas. As a result of changes in its operating environment, such as urbanization, the demand for the Company's services and products may change in areas historically important to the Company's business due to, for example, migration directed to the biggest cities. The Company has previously reacted to changes in its operating environment by, for example, closing or merging branches in 2016 as well as by opening new branches in growth centres. For more information about the Company's strategy, please see under *"Information about the Company and its Business – Company Strategy".*

If the Company is unsuccessful in implementing its strategy or if the chosen strategy turns out to be wrong, this may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The financial sector is a tightly regulated industry and changes in legislation concerning the Company's industry and developments in case law may be unfavourable to the Company

The Company operates in a regulated and supervised industry. The banking business and the provision of financial services are tightly regulated and the predictability of the legal operating environment is important to the Company. There can be no assurances that the authorisation granted to the Company by the authorities or its other authorisations will not be rescinded or their contents changed in a manner unfavourable to the Company's business, or that the authorities will in future grant to the Company any authorisations that it may require.

Unfavourable changes in legislation and unforeseeable interpretations of legal praxis or by the authorities may have an adverse effect on the Company's capacity to pursue its business. Possible changes in the finance sector regulation material to the Company (such as regulation relating to credit institution activities and the solvency and liquidity of credit institutions), regulation related to auditing, actions by the authorities and requirements imposed by the authorities, and the manner in which the said laws, statutes and actions are enforced or interpreted as well as the application and enforcement of new laws and regulations are beyond the Company's control. New regulations or authority interpretations regarding credit institution operations may, for example, lead to additional administrative costs. In addition, changes in regulations may cause renewal needs to the Company's IT systems if, for instance, reporting requirements change. Should the regulations regarding solvency and liquidity tighten, it could cause additional costs and expences for the Company by, for example, requiring the Company to maintain a higher solvency or liquidity buffer.

There can be no assurances that the Company will succeed in adjusting its business or strategy to changes taking place in the regulatory environment or its interpretation or because of loss of advantages concerning a specific status or authorisation. If the Company is unable effectively to manage regulatory risks or react to future changes, this may result in higher costs, fines, administrative consequences, other consequences harmful to the Company's reputation, suspension of operations or, in an extreme case, the modification or withdrawal of authorisations. If realised, the aforementioned and other risks relating to the supervisory and regulatory systems may have a material adverse effect on the Company's business, financial conditions, operating results and future prospects and on the value of the Offer Shares.

Realisation of risks relating to compliance with regulation, requirements of customers and other stakeholders as well as legal proceedings may have a material adverse effect on the Company's business

The Company and its employees are required to comply with numerous different laws, regulations and decrees at both the national and EU level, such as regulation relating to credit institution activities; regulation concerning the provision of investment services and payment services; data protection; labour and competition regulations; laws, regulations and decrees in the field of company and securities markets law; accounting and tax laws and laws relating to customer due diligence and the prevention of money laundering and terrorism financing. If necessary, the Company must adjust its policies to conform to possible new legislation. An example of the requirements imposed by new legislation can be found in the General Data Protection Regulation (GDPR) (EU) 2016/679), which became applicable on 25 May 2018. The Regulation imposes a heightened duty to ensure e.g. the appropriate handling of personal data and the disclosure of collected data to customers at their request, on pain of significant fines. Since the GDPR has only recently entered into force, there can yet be no certainty as to how actively and with what interpretations the authorities will enforce compliance with the said Regulation.

The Company's business is guided by its own Code of Conduct, which is supplemented by various internal procedural rules, principles and policies which the Company itself defines. There is the risk that the Company's employees may neglect to comply with legislation or regulations or the terms and conditions of authorisations and regulatory approvals or internal Company policies. Liabilities from negligence or violations that have already occurred or are ongoing may also transfer to the Company by means of corporate acquisitions and reorganisations.

The services and products provided by the Company have been designed to meet customer expectations in terms of quality and also to comply with applicable laws and regulations. However, there can be no assurances that the products and services provided by the Company fulfil all aforementioned expectations, regulations or requirements under all circumstances. Claims made against the Company by the Company's customers or counterparties or by the authorities may result in legal proceedings relating to e.g. contractual liability, employer's liability, liability under securities markets law or suspicion of criminal offence. The Company may also for other reasons become a party or subject to legal proceedings or arbitration, administrative, official or other similar proceedings. Such legal proceedings may have the outcome of the Company being ordered liable for damages, ordered jointly and severally liable to compensate for a third party or ordered to pay a fine. The aforementioned processes and proceedings or the threat thereof may also give rise to other costs and liabilities, take up the time of Company management, cause uncertainty affecting the Company's business and also in other ways have an adverse effect on the Company's business. Such legal proceedings could also have a negative effect on the reputation of the Company among the current and potential customers and counterparties due to which the Company could lose customers. In addition, the Company may incur material adverse consequences if contractual obligations are not enforceable in the manner intended or if they are enforced in a manner that is detrimental to the Company. For more information about the Company's pending legal proceedings, please see under "*Information on the Company and its business – Legal and administrative proceedings*". Violations of internal or external regulations by Company employees may also have a direct material adverse effect on the Company if corporate fines are ordered to the Company due to violation.

If the Company is unable to respond to customer expectations or requirements imposed under regulations, this may, inter alia, undermine the Company's sales and reputation and result in liability for damages or other consequences. The Company may be required to adapt its operations if it becomes subject to legal proceedings that result in the Company being ordered liable for a fine or damages or in consequence of which special obligations are imposed on the Company. Realisation of the aforementioned factors may have a material adverse effect on the Company's business, financial condition, operating results, reputation and future prospects and on the value of the Offer Shares.

The Company may fail to comply with requirements relating to the prevention of money laundering and terrorist financing or the procedural requirements concerning the provision of banking and investment services

Compliance with the legislation concerning the prevention of money laundering and terrorist financing is an integral element of the Company's business. The Company's statutory duties include, *inter alia*, customer due diligence and identification of suspicious or unusual transactions. The Company must ascertain the identity of its customer and be familiar with the customer's operations and background to the extent required by the customer relationship. In addition to complying with legislation concerning the prevention of money laundering and terrorist financing, the Company must also comply with relevant applicable sanctions regulation. The Company must be able to identify parties that are subject to sanctions and possibly refuse transactions with such parties or freeze the assets of parties subject to sanctions. Even though the Company conducts customer due diligence and monitors the customer's business, it is possible that the Company will fail to identify suspicious or prohibited transactions either in a timely fashion or at all, in addition to which it is also possible that customers will provide incorrect or incomplete information about themselves or their business transactions.

In the provision of investment products and investment services, the Company must comply with the procedural requirements imposed in the Act on Investment Services. Before providing an investment product or service, the Company shall, *inter alia*, classify the customer in the manner required under the law and obtain the information about the customer determined in more detail in the law, based on which the Company assesses the appropriateness and suitability to the customer of the services and products provided by it. The Company is required to ensure that the recording of data in investment services and the arrangements for data retention have been designed so that the Company is capable of investigating and ascertaining compliance with procedural rules after the fact and responding to possible customer claims in situations where customer complaints or claims for compensation are lodged regarding the provision of an investment service. In the provision of banking services, the Company shall in turn comply with, *inter alia*, the procedural obligations laid down in the Act on Credit Institutions and the Consumer Protection Act. Banking and investment services also involve a significant number of obligations other than procedural ones directly relating to the customer relationship, for example obligations relating to international tax reporting and information-sharing. Although the Company endeavours at all times to comply with all procedural obligations relating to the provision of banking and investment services as well as with other obligations, it is possible that the Company will fail to comply with the statutory obligations applicable to it, in addition to which it is also possible that customers will provide incorrect or incomplete information about themselves.

Errors in customer due diligence, compliance with procedural provisions concerning investment and banking services and other obligations relating to the Company's operations may cause the Company direct losses in the form of sanctions and liability to compensate as well as indirect losses in the form of reputational risk. Realisation of the aforementioned factors may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Changes in the number of customers, the demand for services and the pricing of the services may decrease the Company's interest income, fee and commission income, and net gains on investments

The Company provides its customers with, *inter alia*, deposit accounts, credits, payment transaction services and investment services. The Company also invests funds, which it has raised from the public. If current customers cut back the demand for deposit accounts, credit, payment transactions and investment services or other services or if the acquisition of new customers becomes more difficult in the future, this would, in turn, reduce income from investing activities, other fee income or income from credit, which would decrease the Company's operating income. It is also possible that increased competition will result in the Company having to lower the interest rate margins on its loans or to raise the interest rates paid on deposits, and possibly to lower its fees relating to the provision of services. Changes in the interest rate markets or banking and investment service regulation may also decrease the Company's income from interests, fees and investments. Even if the gross income of the Company were to increase or remain at the current level, the Company's net income could decrease due to several different reasons. The realisation of the interest rate risk described below under "*Risks relating to financial condition and financing*", for example, or another increase of the financing obtained by the Company or its other costs which the Company is unable to pass on to customers may reduce the Company's net income even if its gross income were to increase or remain at the current level.

Realisation of the aforementioned factors may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may not necessarily be able to respond to tighter competition, develop its services or solutions in line with competitors, or digital development may force the Company to make additional investments

The banking services market in Finland is highly competitive and the Company competes with several major companies and partly also with companies offering new payment, financing and investment services (such as e.g. peer to peer lending and crowdfunding services) for the same customers. Current or new competitors may expand to one or more markets central to the Company or they may seek to increase their market share through aggressive pricing strategies or by other means. If competition were to intensify to a significant extent, the Company's income or demand for the services provided by it could decrease, which would have an adverse effect on the profitability of the Company's business.

The Company's market position also depends both on the ongoing development of services, solutions and processes and on long-term customer relationships. The Company's future growth and success depend on its consistent ability to identify changes in the behaviour and demand of consumers, investors and the public sector, to respond to such changes, to develop its internal processes, to increase the efficiency of its operations, to cut its costs and to introduce on the market new and better services or solutions in a timely manner in all of its key business functions by using existing or new processes and services. The Company's future growth and success likewise depend on its consistent ability to offer and market services and solutions in evolving markets. If current competitors or possible new operators in the industry succeed in developing processes or offering services and solutions in an innovative manner or one which generates competitive advantage and the Company is unable to respond, it may have a material adverse effect on the Company's business, financial condition and operating results. A material adverse effect may also arise if competitors are better able than the Company to capitalise on e.g. the opportunities brought about by digitalisation.

There can also be no assurances that the Company will be able to respond to its customers' needs and develop new services or solutions in a manner satisfactory to customers. The Company may not necessarily recoup the investments made by it in the development of new services or solutions and it may not necessarily have the resources to capitalize with e.g. digitalisation to improve profitability. The failure of the Company to compete with competitors, to capitalise on evolving digitalisation, to anticipate customer behaviour to a sufficient extent, and to develop its business and increase the efficiency of its operations may have a material adverse effect on the Company's business, financial condition, operating results, reputation and future prospects.

Realisation of any of the aforementioned risks may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Failure to recruit skilled management or personnel or loss of key employees may affect the Company's ability to pursue its business or to grow

The success of the Company depends, *inter alia*, on top management and other personnel and on the ability of the Company to hire, develop, train, motivate and retain skilled personnel. Especially in markets where the Company is not a generally recognized employer, the Company may experience difficulties in attracting skilled personnel for key executive positions and face the risk of losing key employees to competitors. The requirements concerning the composition and activities of credit institution management arising from finance sector regulation as well as the restrictions on credit institution remuneration schemes may make it more difficult to attract suitable or skilled personnel for key executive positions. The Company's possible difficulties in attracting skilled personnel or the loss of key employees may affect the profitability of the business. Additionally, the Company may not necessarily be able to develop its processes or services if there is insufficient availability of skilled personnel. The lack of skilled personnel with suitable experience in key positions may also increase liability risk and affect the Company's ability to grow.

Realisation of the risks relating to the hiring of personnel and the retention of top management and key employees may lead to higher operating costs, losses of customer relationships or profits, loss of knowhow, reputational weakening and possible liabilities. Realisation of the aforementioned factors may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Realisation of risks relating to possible corporate acquisitions may have an adverse effect on the Company

The Company seeks to grow organically and the Company may make corporate acquisitions or other corporate transactions to develop its business. Corporate acquisitions may involve obligations and risks relating to their nature or value. Factors relating to the acquisition target's business, financing, integration issues, markets and macroeconomic reasons and other factors may have a material adverse effect on the Company's business and financial standing.

If the Company seeks out potential acquisition targets, there can be no assurances that the Company will find suitable targets and be capable of carrying out the envisioned acquisition. If the Company seeks to dispose of parts of its business, there is the risk that a buyer is not located, that the required approval of the regulatory or competition authorities is not obtained on reasonable terms or at all, or that such a transaction will have unforeseeable negative effects on the Company's other business.

There can also be no guarantee that the Company will be able to complete planned corporate acquisition on the desired timetable, at the desired price and on the desired commercial terms, or at all, that the integration and synergies of earlier or future corporate acquisitions or corporate divestments are realised according to plans, that the counterparty in the corporate acquisition fulfils its obligations to the Company arising from the transaction, or that corporate reorganisations do not cause the Company material adverse consequences arising from breach of representations and warranties given by or to the Company.

If corporate acquisitions are not carried out as planned or in the intended timetable or at all, or if other risks relating to corporate acquisitions presented above are realised, this may undermine or delay the benefits desired to accrue from the acquisition or prevent them altogether. Realisation of the aforementioned factors may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Operational risks and disruptions in the Company's business may have a material adverse effect on the Company

Operational risks in the operations of the Company relate to the functioning of internal processes or systems, the functioning of the Company's IT systems and the ability of the Company to retain expert employees. In addition, the Company is exposed to operational risks arising from the external operating environment, for example possible disruptions in payment transactions. Operational risks and the associated losses may be due to deficiencies in internal processes and procedural consistency within the Company, mistakes made by employees or subcontractors, or disruptions in information systems or external systems as well as situations of *force majeure.*

The Company has outsourced the maintenance of its IT and telecommunications systems to subcontractors almost in its entirety. Risks relating to IT and telecommunications systems are described in more detail under "*– The Company's operating conditions depend on the uninterrupted operation of IT systems and reporting and monitoring systems".* Additionally, the Company's business depends on the uninterrupted operation of other services maintained by subcontractors and the subcontractor chain, for example services relating to payment transactions and card payments.

Compliance risk is also a part of the Company's operational risks. Compliance risk refers to the risk arising from non-compliance with external regulation, internal procedures and appropriate procedures and ethical principles in the customer relationship. Realisation of the risk may result not only in financial losses but also other consequences (e.g. corporate fines, separate penalty payments and fines imposed for breach of obligations, warnings and reprimands issued by the authorities). Realisation of the compliance risk may also result in the deterioration or loss of reputation or confidence. The Company seeks to observe common risk management principles, in addition to which substantial resources have been allocated to the development of effective methods and to the training of personnel, and particular attention has been paid to the operations of the so-called supervisory units (independent internal audit, risk management and compliance functions). Despite these, there can be no absolute certainty that these measures would be sufficient for managing operational risks.

The Company has implemented measures to manage operational risks and to mitigate the possible losses arising from them and the Company is expected to implement such measures also in the future. However, there can be no assurances that such measures are capable of managing all operational risks to which the Company may be exposed. If one of the aforementioned risks or another operational risk is realised, this may have a material adverse effect on the Company's business, financial condition, operating results, reputation and future prospects and on the value of the Offer Shares.

The Company's operating conditions are dependent on the uninterrupted functioning of IT systems and reporting and monitoring systems and the renewal of IT systems may cause considerable costs to the Company

The Company has outsourced its IT services to subcontractors almost in their entirety. Therefore the Company is dependent on IT systems and telecommunications connections maintained by subcontractors. IT systems and telecommunications connections are of considerable importance to the Company's business. The Company widely relies on IT systems and telecommunications connections for interaction between employees and customers and in daily business operations in *inter alia* banking, asset management, risk management and business function monitoring. In addition, the Company uses IT systems and telecommunications connections in the processing of transactions, the maintenance of registers, customer management, summaries and the reporting of the results of operations, compliance with administrative, legal and tax-related requirements, and other processes relating to the management of the Company's business. The functioning of the Company's information systems may be interrupted for any number of reasons, for example ongoing IT system and service provision development projects, third-party service providers, power outages, information security breaches or major accidents, such as fire or natural disaster, and due to operator error on the part of the Company's own employees or the employees of subcontractors. Material interruptions and severe malfunctions in the operation of information systems may significantly hamper and undermine the Company's business, operating results and financial condition.

The ability of the Company to provide its services is also dependent on its ability to store, retrieve, process and manage databases that are essential to the continuity of the Company's operations and to expand and update its data processing methods. The loss or destruction of stored data, mechanical malfunction or malfunctions in the operation of hardware or software, malfunctions in telecommunications or fires, power outages or other disruptions may have a material adverse effect on the Company's business, the continuity of its business, operating results and/or financial condition. Although the Company has in place methods for restoring functions and insurance policies for protection in case of such events and the ensuing risks, there can be no assurances that insurance policies or such services will be available, will cover all losses or compensate for the expenses arising from loss of customers during the period when the Company is unable to provide services.

The systems used by the Company have been developed and upgraded in recent years and the Company seeks to continue the development of the systems also in the future. System development and updating are undertaken in order to improve their reliability and the accuracy of the information generated. Upgrades that have been made and may possibly be made in the future may also in practice increase, in the short term, the uncertainty factors associated with the use of the systems. Extensive renewal undertakings concerning IT systems, such as possible renewal of basic bank system, are also expensive by nature, so the possible implementation of these undertakings in the future may cause considerable costs to the Company. Cost estimates of the extensive renewal undertakings may also exceed and their timetable may stretch. OmaSp and other owners of Samlink have been exploring options to reform the core banking system developed by Samlink. A possible reform project is still in the planning stage and decisions on the implementation of the reform or its timetable have not yet been made. Details of the potential reform are open as of now and the Company does not have any detailed information on the projects timetable, the final investment or its distribution, or magnitude of possible cost savings and the presented estimations may change. See "*Information About the Company and Its Business – Organisation and Personnel – IT Systems*". It is also possible that the Company, Samlink and other owners of Samlink will not reach a consensus on the implementation of the reform satisfying the Company, and the Company may as a result have to acquire its IT systems elsewhere. In this case, the expenses of the Company's IT systems may be materially higher than expected.

Changes in legislation or guidelines or interpretations of the authorities may also obligate the Company to upgrade its IT and telecommunications systems, to make investments to develop or replace its existing systems, or otherwise increase the Company's IT infrastructure expenditure. Such upgrades, investments and/or projects may cause interruptions in the availability of the Company's IT and telecommunications systems and the investments may take place at the expense of other projects important to the business. Difficulties in maintaining, upgrading, integrating or outsourcing IT systems and data processing and problems with the quality or information security of services and data may have an adverse effect on the Company's business and administration.

The aforementioned deficiencies, disruptions or malfunctions relating to the IT systems and telecommunications connections of the Company and third parties may have material adverse effects on the Company's customers. The Company may be prevented from e.g. making transfers of funds or statutory notifications to the authorities at the agreed times or without fault, which may result in the Company or its customers suffering considerable financial losses and the reputation of the Company being harmed.

If realised, all of the aforementioned risks may have a material adverse effect on the Company's business, financial condition, operating results, reputation, and future prospects and on the value of the Offer Shares.

The use of cooperation partners involves risks, such as action harmful to the Company on the part of such partners or uncertainties involved in cooperation agreements

The Company uses several cooperation partners in its business. The Company may be liable also for the possible mistakes of its subcontractors and the harm arising therefrom. Even though the Company seeks to protect itself from the mistakes of its cooperation partners and subcontractors by means of contractual arrangements, the Company may ultimately remain liable for such harm. Possible mistakes on the part of cooperation partners and subcontractors may thus cause the Company to incur liability for damages and reputational risk, which may have a material adverse effect on the Company's business.

The agreements concluded between the Company and its cooperation partners also involve risks, the realisation of which may have an adverse effect on the Company's business. The Company uses the services provided by cooperation partners in, *inter alia*, financial administration and the fulfilment of different reporting obligations. The Company also sells and markets insurance and investment products offered by its cooperation partners that supplement the Company's service offering and for the offering of which to its customers the Company is paid a fee. If an agreement concluded with a cooperation partner ends or is terminated, or if the Company is unable to extend on terms acceptable to it the agreements concluded with cooperation partners significant to its business, this may result in, *inter alia*, an increase in the Company's costs or wholly prevent the Company from providing certain services or performing processes central to its business.

Realisation of the risk relating to the use of cooperation partners may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's insurance coverage may not necessarily cover all risks relating to the Company's business

The Company has insured its business by taking out ordinary property, business interruption and third-party liability insurance policies. In the view of the Company, it has sufficient insurance coverage consistent with ordinary industry practice. However, it is possible that these insurance policies will not cover to a sufficient degree all risks and accidents or that their coverage is not otherwise sufficient under all circumstances. Insurance companies may *inter alia* deny the Company's claims for indemnification in part or in full, or it is possible that ultimately they are unable to fulfil their obligations in the manner required under the insurance contract. Indemnifications may be subject to deductibles and since it is possible that compensation of the loss requires the filing of multiple indemnification claims, the amount of the deductibles may be considerable. Even if the Company's insurance coverage were to cover direct losses, it is possible that indirect losses are not necessarily included in the insurance cover.

Payment for losses not covered by insurance or an increase in insurance premiums may cause the Company payment obligations that may have a material adverse effect on the Company's business, financial condition, operating results, reputation and future prospects and on the value of the Offer Shares.

The interpretation, implementation and continuity of customer contracts involve risks

In the Company's business, it is possible that mistakes or other events leading to customer dissatisfaction occur in the provision of services or products and that customers, as a consequence of these, are no longer in future prepared to acquire the Company's products or services. Underlying a cessation of service acquisition may also be an end of the customer's need for services or a weakened financial condition arising from a decrease in the customer's business. The Company always strives to fulfil the obligations under its customer contracts. However, it is possible that the Company fails in the fulfilment of its obligations in a manner that gives rise to possible disputes with and/or claims for compensation from customers. The Company may also incur significant costs in a situation where it is required to defend itself against claims made against it even if such claims were without foundation.

Realisation of the aforementioned factors may have a material adverse effect on the Company's business, financial condition, operating results, reputation and future prospects and on the value of the Offer Shares.

The Company may fail in the identification of information security and cybersecurity risks, control and management of resourcing of risks and in compliance with regulation

Information security and cybersecurity risks in the Company's business relate to the detection of information security incidents, the adequate resourcing of cybersecurity, and the interruptions in business caused by IT services, information network services and cloud services. Additionally, *inter alia*, the EU General Data Protection Regulation that entered into force on 25 May 2018 involves information security and cybersecurity requirements. Owing to the nature of the services provided by the Company, the Company collects, uses, stores and processes a large amount of confidential personal data on customers and their assets. The unauthorised use, disclosure, loss or abuse of customer data may result in the Company being in violation of data protection legislation and other legislation. In addition, such attacks or actions may cause customers to discontinue their use of the Company's services or products. The Company may have to undertake corrective action and the Company's reputation may suffer. The Company may also come under investigation by the authorities, be fined or become subject to legal proceedings and have to pay damages. The Company may also need to make considerable investments in order to address such incidents.

Information security and cybersecurity risks and the related costs may be due to deficient internal processes and inconsistent procedures within the Company; error or abuse on the part of employees; inability to detect and effectively to respond to information security incidents; insufficiency of technical information security controls (e.g. cloud services); deficiencies in the Company's internal guidelines; equipment failure or disruptions in information systems or external systems; denial of service attacks or cybercrime. Consequently the Company is required constantly to monitor and develop its own information technology connections and information systems to prevent as effectively as possible the risk arising from its systems' unauthorised use, abuse, violations due to mistake or abuse of position on the part of employees, technical malfunctions, computer viruses, hacks, worms, phishing and other similar attacks designed to circumvent network security. The Company also may not necessarily be able to ensure that its internal control practices and procedures will protect it against bad faith actions or abuse of confidential information or abuse of position on the part of its own employees or the employees of its subcontractors, customers and network of cooperation partners.

There can be no assurances that interruptions of operations or information security breaches would not occur in the future. If such attacks, action or human error does occur, they may possibly result in the unauthorised use of the data of the Company's customers or they may compromise the Company's information systems and enable the use, disclosure, loss or theft of data on the Company or its customers stored in such systems. Confidential data of the Company, its customers or its cooperation partners may also fall into the wrong hands as a consequence of e.g. physical intrusion onto Company premises. The third-party disclosure of customer data and personal data, business secrets and other equivalent data and the possible abuse of such data may expose the Company to *inter alia* claims for damages, fines and legal proceedings as well as reputational risk.

The Company has in place measures to manage risks and reduce the costs possibly arising from them, and the Company is expected to continue to act the same also in the future. Despite this, there can be no assurances that such measures are sufficient to manage all information security and cybersecurity risks to the Company. If any of the aforementioned risks or another information security or cybersecurity risk is realised, this may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may fail in the effective internal control of financial reporting and be exposed to the risk of its financial reporting being inaccurate or misleading

The Company requires effective internal control to generate reliable financial information. The Company has in place internal control and risk management systems as well as guidelines and controls relating to financial reporting. If the Company in spite of these fails to maintain effective internal control concerning financial reporting or fails in the introduction or integration of required new control procedures, this may have a material adverse effect on the ability of the Company to generate and provide to its management timely, reliable, accurate and up-to-date financial information about the development of the business. These factors could result in wrong decisions and action by management and sanctions imposed by the authorities. Inaccurate or misleading financial reporting may also cause investors and other third parties to lose confidence in the financial information reported by the Company or result in consequences and liability for damages under securities markets law for the defective or deficient nature of information released by the Company to the markets. Minor inaccuracies and errors have previously occurred in the Company's financial reporting, which the Company has subsecuently rectified. There can be no assurance that inaccuracies and errors would not occur in the future. The realisation of any of the aforementioned risks may have a material adverse effect on the Company's business, financial condition, operating results, reputation and future prospects and on the value of the Offer Shares.

Failure to protect intellectual property rights may have a material adverse effect on the Company and any intellectual property right infringement actions brought against the Company may cause the Company to incur costs and damage its business

The Company holds the rights to the domain names and trademarks, which it uses in its business and the Company seeks actively to protect these rights against possible infringement.

It is possible that other intellectual property rights important to the Company, such as trademarks, software or processes that the Company wishes to protect, will be developed in the context of the pursuit of business or otherwise in the Company's operations. However, there can be no assurances that the protective measures put in place by the Company will prove sufficient under all circumstances. Failure to protect, establish and/or manage intellectual property rights may have an adverse effect on the Company's business, results and financial condition.

The Company may also become subject to an intellectual property right infringement action. Responding to an infringement action could cause the Company to incur significant costs, even if the action was later found to be unwarranted, and could take away resources from other business operations. A judgment against the Company or its customers issued in infringement proceedings could give rise to considerable damages and include an injunction or other restriction imposed by the court that could prevent the Company from providing certain services or from using certain names in its business.

If the Company fails to protect its intellectual property or maintain licensing agreements in effect or if the Company becomes subject to intellectual property right infringement actions or related actions for damages, this may have a material adverse effect on the Company's business, financial condition, operating results, reputation and future prospects and on the value of the Offer Shares.

The reputation of the Company may be damaged, which may have an unfavourable effect on the Company's customer acquisition and its ability to recruit and retain key employees

The references and recommendations given by existing customers and the Company's reputation in general play a key role in both customer acquisition and when competing for skilled employees. The ability of the Company to retain the loyalty of its current customers and to attract new customers and skilled employees may deteriorate if the reputation of the Company is damaged. Reputational risk may arise from *inter alia* failures in business expansion, corporate acquisitions, failed investment actions, dissatisfied customers, possible sanctions imposed by the authorities and legal proceedings, employee error and unethical conduct, failure to provide a high-quality service and failure to comply with laws, rules and regulations, failed cooperation with contractual partners, information security breaches, misconduct on the part of partners, and equivalent factors. If realised, reputational risk may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Strikes and other industrial action may have an adverse effect on the Company's business

The Company may become subject to strikes or other industrial action which may cause interruptions of business and which may thus have a material adverse effect on the Company's business. Apart from the management, the Company's personnel are covered by the generally applicable collective agreement for the financial sector. The organisations representing employers may not necessarily be able to negotiate new, satisfactory collective agreements when the term of the earlier collective agreements expires. The current collective agreements applicable to the Company may also not necessarily prevent strikes or work stoppages. Strikes or other industrial action against the Company's customers, service providers or cooperation partners may also have an adverse effect on the Company's business.

Realisation of the aforementioned risks may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Risks relating to Financial Condition and Financing

Changes in the Company's liquidity and availability of financing may have an adverse effect on the Company

Liquidity risk is a very central risk in banking. Liquidity risk concerns the availability and/or price of the Company's funding and the value and number of liquid assets in relation to the Company's payment obligations in the Company's balance sheet. The Company's ability to meet its payment obligations upon their maturity and to fulfil its commitments as a creditor as well as the Company's ability to refinance its maturing debt depend on the availability of financing at a competitive price. The Company's liquidity position may suffer from circumstances beyond its control such as market disruptions, a deterioration in confidence in the financial markets, deflation of liquid assets such as state loans, uncertainty and speculation relating to the solvency of market participants, lower credit ratings, functional issues affecting third parties or possible performance difficulties on the part of various market participants.

The majority of the capital tied up in the business consists of capital market products and lending. Collateral in clearing and settlement and derivative operations moreover tie up capital. The majority of all borrowing has a term of less than one year and consists primarily of deposits made by the customers of the Company and certificates of deposit issued by the Company. Non-current borrowing under liabilities consists mainly of bonds issued by the Company and financing obtained from the European Investment Bank and other debt financing. Investors who have deposited their funds with the Company suddenly withdrawing their deposits from the Company constitutes a key liquidity risk. The Company may find itself unable to convert the investments in its balance sheet into cash in order to cover the funds withdrawn by depositors. The Company may also have difficulties in obtaining long-term financing or the price of long-term financing may rise.

The Company seeks constantly to assess and monitor the amount of financing required for the business in order to hold sufficient liquid assets to finance operations and to repay maturing loans and deposits. However, it is possible that the Company will fail to maintain its liquidity. In addition to the aforementioned, problems with the availability of financing and changes in the terms of financing on offer may also have a negative effect on the Company's opportunities to invest in the future development and growth of its business.

At present, the Company holds an issuer credit rating from an international credit rating agency. The covered bond programme relating to the Company's mortgage banking also holds a credit rating and individual issues under the programme or other bond issues possibly implemented by the Company may be assigned a credit rating. There can be no guarantees that the Company will in future be able to retain its current credit rating either for reasons attributable to the Company or because the credit rating agencies may modify their criteria. If the credit rating of the Company or the bonds issued by it were to be downgraded, the costs of the Company's borrowing could rise, its ability to implement new issues could deteriorate or the Company could become subject to demands with regard to e.g. additional collateral on derivative contracts or other financing terms.

If the Company is unable to obtain financing on competitive terms or at all or if its liquidity suffers, this may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Solvency regulations applicable to the Company may be tightened and changes concerning the solvency or authority decisions may have an adverse effect on the Company

Under the provisions applicable at a given time, the Company shall satisfy the solvency requirements as well as the risk and solvency management requirements applicable to its operations. The objective of the solvency management process is to assess whether the amount and nature of the Company's capital is adequate relative to the nature, extent and complexity of the Company's operations and sufficient to cover all risks of the business and the operating environment. The Company's capital structure and solvency may affect its credit rating and thus contribute to an adverse effect on the availability and costs of the Company's borrowing. Insufficient solvency could restrict the availability of financing or grow its costs, the Company's growth and its potential for implementing its strategy. Undershoot with the solvency requirements applicable to the Company may cause the Company the obligation to add to its own funds by limiting profit distribution. The solvency provisions applicable to the Company or their interpretations, including e.g. macro-stability decisions by the FFSA, and any changes therein may in the future tighten the solvency requirements on the Company. For example, in a press release on 26 September 2018, the FFSA decleared that it was contemplating the need for raising the minimum levels of risk weighting for housing loans used in solvency calculations by credit institutions in order to limit the risks associated with housing loans. The FFSA may also apply discretionary requirements regarding additional capital requirements towards banks, and through its decision given on 29 June 2018, the Board of the FFSA has decided to implement a requirement of a systemic risk buffer, which will enter into force on 1 July 2019. On the Company's part, the systemic risk buffer is 1.0 per cent, and in general, depending on the credit institution, between 1.0 and 3.0 per cent.

In addition to possible additional requirements resulting from regulation, *inter alia*, significant and unexpected losses could lead to a situation in which the Company was unable to maintain its desired capital structure. Negative changes in solvency, such as a decline in own funds or an increase in the Company's overall risk due to e.g. increased lending volumes or higher risk level in loans granted by the Company, may have an adverse effect on the Company's solvency and the availability and price of the Company's borrowing. Realisation of the aforementioned risks may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Realisation of interest rate risk may have an adverse effect on the Company

Since the Company pursues banking, interest rate risk plays an integral role to the Company and its realisation may have an adverse effect on the Company's results and solvency. Interest rate risk arises from the financial account consisting of lending and borrowing, capital market funding as well as the investment and liquidity portfolio. The reasons for interest rate risks are the differing bases of interest on receivables and debts as well as the different interest adjustment dates or maturity dates, in consequence of which the Company's interest expenses may rise excessively high compared to the Company's interest income. Although the Company employs tools including derivative contracts and funding with fixed price to hedge against interest rate risk, there can be no assurances that the possible realisation of interest rate risk would not have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Realisation of credit risks may have an adverse effect on the Company

A key risk to the Company consists of credit risk, i.e. a situation where a debtor or other counterparty of the Company defaults on its commitment. Credit risk counterparties in investments may consist of other banks, private persons, enterprises, public corporations and other parties, which issue interest instruments and receive deposits. Investments may be concentrated on individual counterparties, which may increase the counterparty risks of individual counterparties. Credit risks may be realised both through changes in the credit risks of investments and through actual credit risk events such as customers' payment defaults or bankruptcies. The Company's credit risk also consists of fees charged to customers, deposits of liquid assets and other fee receivables.

Other material credit risks arise in lending. Even though the Company's credit losses in lending have historically been low, this is no guarantee that significant credit losses could not arise in the future. For example, a possible rise in interest rates in the future may lead to the insolvency of the Company's customers and thereby increase the credit losses of the Company's lending. Realisation of credit risks may undermine the Company's solvency or the other requirements imposed on it for its credit institution authorisation and activities and thus restrict or prevent the pursuit of the Company's business for good or temporarily. Realisation of credit risk may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Realisation of market risks may have an adverse effect on the Company

Market risks refer to the risk of changes in the market values of balance sheet items and off-balance sheet items causing fluctuation in results. Market values change as a result of *inter alia* interests, exchange rates and stock prices and fluctuations therein. The Company's objective in equities investing is to generate competitive return on capital invested relative to profit-to-risk indicators. The Company's investments are mainly focused on deposits in other credit institutions, debt securities, shares and stakes as well as real estates.

Market risk relating to investments depends on the market situation of the relevant investment and the opportunities to successfully divest the investment. With regard to non-liquid investments, there can be no certainty that fair value can be obtained on the investment when converting it into cash, especially if the prevailing market situation is unfavourable to the sale of the investment. Divestment of investments may take place at a time when investments have to be converted into cash at fair values considerably lower than the carrying value, or the sale of the investments may fail altogether for reasons of the economy or instability in the financial markets.

Market fluctuations and realisation of market risks may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Changes in the fair values of investments may have a considerable effect on the Company's results and the Company may be unsuccessful in its investing activities

The investments made by the Company are measured at fair value through profit or loss. Fair value is the price, which would be received from the sale of an asset item or would be paid from the transfer of debt between the market participants in an ordinary transaction fulfilled on the date of valuation.

Changes in fair values may have a significant effect on the Company's results. The fair values of investments and their development are extremely difficult to predict if no quoted market price is available for the investments. In such a case, fair values are based on the market situation at the time of measurement and assumptions about the future development of the investment, which may prove incorrect and may not be realised at all or in the manner expected. Consequently fair values may vary considerably, which has a considerable effect on the Company's operating results. Additionally, it should be noted that the actual return on an investment may differ substantially from its measurement at a given moment and the Company may be unsuccessful in its investing activities.

Changes in the fair values of the Company's investments may cause considerably changes in the Company's results from one reporting period to the next. Additionally, the Company may be unsuccessful in its investing activities and the actual return on an investment made by the Company may differ significantly from the return anticipated at the time of investing. Realisation of the aforementioned risks may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

If the Company becomes subject to resolution, this may lead to the cancellation of shareholders' shares in part or in full

If the Company faces severe financial difficulties, the Financial Stability Authority or another competent resolution authority in accordance with the Act on the Resolution of Credit Institutions and Investment Firms

(1194/2014) may place the Company in resolution when the conditions laid down in the Act are met, in which case the shareholders always have primary responsibility for the Company's losses and their shares may even be wholly cancelled. In resolution, the Company may also be subject to other resolution measures determined in law, including but not limited to redemption of shares from their holders and their further disposal, or further disposal of the Company's assets and debts and termination of the Company's operations through sale of business, bridge institution or asset management vehicle as referred to in the Act. The Offer Shares involve the risk that in resolution possibly started at the Company due to severe financial difficulties, shareholders may lose the value of the share in full or the value of the shares may decline significantly. Realisation of these risks may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Impairment of goodwill may have an adverse effect on the Company

The Company has earlier acquired companies in financial industry and as a result of these acquisitions, goodwill has been recognized in the Company's balance sheet. On 30 September 2018 the Company's balance sheet had goodwill of EUR 954 thousand. The goodwill-to-equity ratio stood at 0.4 per cent. Although the amount of goodwill on the Company's balance sheet is not significant at the moment, in the future the Company may implement acquisitions or other arrangements by which the amount of goodwill may increase to a level significant for the Company. The Company tests impairment of goodwill annually and more frequently if there are indications of impairment. Unfavourable development in any variable included in the impairment testing may result in the Company having to revise its projections down, which may result in a write-down on goodwill. Possible write-downs may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The implementation of IFRS 9 "Financial Instruments" and IFRS 16 "Leases" standards as well as upcoming changes in financial reporting standards expose the Company to risks relating to adjustments of accounting policies and financial statements, which could have an effect on the figures reported by the Company

The International Financial Reporting Standards ("**IFRS**") adopted in the EU consist of the IFRS and IAS standards and IFRIC interpretations published by the International Accounting Standards Board ("**IASB**"). The Company prepares its financial statements in accordance with IFRS. The Company adopted IFRS 9 "– Financial Instruments" and IFRS 15 – "Revenue from Contracts with Customers" on 1 January 2018. The corresponding information from previous financial periods will not be adjusted. The Company intends to adopt IFRS 16 – "Leases" on 1 January 2019.

Preparing financial statements in compliance with IFRS-standards requires the Company's management to make certain estimates and assumptions, which impact the amount of items presented in the financial statements and information provided as appendixes. The management's cental estimates concern the future and central uncertainties as at the reporting date. They are centrally related to, *inter alia*, the estimation of fair value, impairments of financial assets, loans and other receivables as well as tangible and intangible assets. Even though the estimates are based on the management's best current view, it is possible that the results deviate from the estimates used in the financial statements.

IRFS 9 – "Financial Instruments" addresses the classification and measurement of financial assets and liabilities and the removal of financial assets from the balance sheet, updates hedge accounting rules and introduces a new impairment model for financial assets. The financial period ending 31 December 2018 is the first financial period when the new standard is applied, due to which, estimation patterns and processes may still develop and the standard's final effects on the Company be specified. Especially the application of the process of expected loss of loan is a new factor that can increase variations of results in different review periods. The Company describes the effects of the adoption of IFRS 9 in its 2017 financial statements, half year report on 30 June 2018 and interim repost of the reporting period ended 30 September 2018 and in the Offering Circular under "*Operating results and financial condition – Adoption of IFRS Financial Instrument on 1 January 2018"*.

IFRS 16 – "Leases" affects the treatment of operating and finance leases in accounting. The standard replaces the IAS 17 standard and the IFRIC 4 interpretation on "Determining Whether an Arrangement Contains a Lease". IFRS 16 demands that lessee records lease agreements in its balance sheet as a rent payment obligation and asset item related to it. Recording in the balance sheet is similar to the accounting treatment of financial leasing under IAS 17. There are two facilitations of recording in the balance sheet, which concern short-term lease agreements of a period of a maximum of 12 months and assets at value of a maximum of approximately USD 5,000. The accounting treatment of lessors will mostly remain the same as under the current IAS 17. The impacts of the standard are still being assessed by the Company.

Other published standard amendments and interpretations do not have a material effect on the Company's consolidated financial statement.

The IASB may in future publish new or amended standards and interpretations, which are yet to take effect and which the Company is yet to apply in its consolidated financial statements. New IFRS standards may force the Company to alter its accounting policies, accounting systems, to change its manner of business operations to comply with the new accounting standards, or to adjust the consolidated financial statements published by it. Possible future changes may have an effect on, *inter alia*, reported profitability, dividend payment capability, financial condition and financial indicators. These changes may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Realisation of tax risks may result in financial losses that may have an unfavourable effect on the Company's business

The Company's business involves a great deal of tax law regulation and supervision. Although the Company strives to comply with all regulation under tax law and makes use of external tax law experts as necessary to ensure its compliance with law, there can be no assurances that all tax risks can be detected and avoided. Changes in the financial markets regulation applicable to the Company and in material national or international tax regulation or taxation practices (such as regulation concerning the deductibility of value-added tax and interest) and the manner in which the said laws, statutes and actions are enforced or interpreted as well as the application and enforcement of new laws and regulations may have a significant effect on the Company's business.

The Company may not necessarily be able to react to new legislation, changes in the interpretation of existing legislation or other regulations issued by the authorities in an appropriate and/or timely manner. Tax risks also relate to changes in tax rates or tax legislation or their incorrect interpretation. It is thus also possible that the Company will misinterpret some rules or principles of tax regulation. Additionally, the tax authorities may re-evaluate the Company's business decisions in the context of tax audits, for example, which may result in an obligation to pay additional taxes and/or make payment by way of sanction. Increased tax legislation or changes in the interpretation of existing legislation as well as regulations issued by or audits conducted by the tax authorities may increase the Company's administrative and other costs at the expense of the Company's other investments. Changes or new interpretations of tax legislation may also have a negative effect on the Company's customers by means of lesser accrual of capital or lesser willingness to invest, for example.

If realised, all of the aforementioned tax law-related changes and risks may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Risks relating to the Offering, Listing and Shares

The Listing causes the Company to incur additional costs and the Company may fail in the execution of functions required of a listed company

The Company's planned Listing on Nasdaq Helsinki brings with it new and more demanding obligations including disclosure and corporate governance requirements. In addition to non-recurring costs, the Listing will also cause the Company to incur additional administrative costs. It is possible that the execution of new and more demanding functions and processes as well as the adaptation of staff will require more resources than planned and that the said duties cannot be carried out to the same standard as before or the said functions are interrupted. The Company will also be required to allocate and increase personnel and other resources for these purposes.

Even though the Company believes that it meets the system and function requirements of a listed company, it is possible that the Company will fail in the execution and arrangement of the functions required of a listed company or in the maintenance of these functions. If the Company fails in the execution and arrangement of the functions required of a listed company, Nasdaq Helsinki may for this reason reject the Company's application for listing.

Demanding disclosure timetables and dependence on information systems and key employees may present challenges to the correctness of financial and other information and the timely disclosure of such information. If the information released by the Company proves to be incorrect, misleading or otherwise non-compliant with applicable laws, rules and regulations, the Company may lose the confidence of its investors and other stakeholders and sanctions may be imposed on the Company.

Although the Company is already a credit institution and issuer of bonds supervised by the FFSA and as such, subject to comprehensive regulation, rules and obligations, the planned listing is capable of causing the Company to incur additional costs and become subject to additional requirements. Higher costs or realisation of the other aforementioned risks may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Shares have not been previously traded on a regulated market, the price of the Shares may fluctuate, an active and liquid market may not arise for the Shares, and possible investors may lose part or all of their investment

Prior to their admission to trading, the Shares of the Company have not been traded on a regulated market or multilateral trading facility and there can be no assurances that an active and liquid market will arise for the Shares subsequent to the Offering. In addition, the Offer Shares are not subject to public or multilateral trading during the subscription period and the Offer Shares subscribed for in the Offering cannot be sold before the subscription period ends and trading on Nasdaq Helsinki commences. Upon the Listing, some of the Shares in the Company will be subject to lock-up for a limited period of time as set out in this Offering Circular under "*Plan of distribution – Lock-up*", which will serve to reduce the liquidity of the Shares.

Subsequent to their Listing, the market price of the Shares may fluctuate significantly owing to various factors, for example the ability of the Company to achieve its business targets. The Company cannot anticipate or estimate the price fluctuation. In addition, the international stock markets from time to time have encountered significant fluctuation in prices and volumes irrespective of the business development or future prospects of individual enterprises. Deterioration of the overall market situation or the market for similar securities may also have a material unfavourable effect on the value, markets and liquidity of the Shares.

The price and liquidity of the Shares in the stock market may vary considerably from time to time irrespective of the business development or future prospects of the Company. In addition, the Company's operating results and future prospects may on occasion fall short of the expectations of the stock markets, market analysts and investors. The Company cannot anticipate or estimate the said price fluctuation, and the market price of the Offer Shares may be higher or lower than the Subscription Price. Realisation of any of the factors mentioned may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Shareholding in the Company is concentrated and the largest shareholders will continue to have significant decision-making power also in the future

If the Offering is executed according to plan, the Sellers, which consist of the Company's nine largest shareholders would hold around 68.3 per cent of all Shares and around 63.3 per cent of all votes in the Company immediately following the Offering (calculated by assuming that all Offer Shares are sold, and that the Over Allotment Option is exercised). If no Sale Shares are sold in connection with the Offering, the Company's current nine largest shareholders would hold around 80.7 per cent of all Shares and around 80.7 per cent of the votes in the Company immediately following the Offering (calculated by assuming, that All New Shares are subscribed for, and that the Over Allotment Option is exercised). Upon the Listing, the Company may also gain other individual major shareholders.

The interests of the Company's largest shareholders may not necessarily be aligned with the interests of other shareholders. Significant matters decided by the Company's general meetings of shareholders include adoption of the financial statements, grant of discharge from liability to Company management, distribution of distributable assets and decisions on payment of dividends as well as electing the members of the Board of Directors and the auditors. Possible disparities in interests may have a material adverse effect on the position of the Company's other shareholders. The concentrated nature of shareholding may moreover prevent or delay a change of control of the Company and have an adverse effect on the market price and liquidity of the Shares.

In the future, the Company may not necessarily distribute dividends or make capital repayments, or be capable of doing so

Under the Finnish Limited Liability Companies Act (624/2006, as amended) ("**Companies Act**") and Finnish practice, dividends on the shares of Finnish companies are usually paid once a year after the general meeting of shareholders has adopted the company's financial statements and decided on possible dividend distribution on the basis of the dividend distribution proposal of the company's Board of Directors. The Company's dividend policy is described in more detail under "*Dividends and dividend policy"*.

Each year, the Company's Board of Directors assesses the balance between the dividend or capital repayment to be distributed and the amount of funds to be invested in the Company's growth and, based on this assessment, submits its proposal on the amount of dividend or capital repayment to be distributed, which in any given year may differ significantly from the target level under the dividend policy. There can thus be no assurances that the Company will in future pay dividends or make capital repayments on Shares issued by the Company. The amount of any possible dividend or capital repayment also cannot be guaranteed. The amount of possible dividend or capital repayment distributed in the future will depend on the Company's future operating results, financial condition, cash flow, capital requirements, investment needs and other factors.

Future share issues or sales of significant numbers of shares may reduce the value of the Offer Shares and dilute the relative holding of shareholders and the votes associated with the Shares

A significant new issue of Shares by the Company or a significant sale of Shares by its shareholders, or the perception that such issues or sales might take place in the future, may have an adverse effect on the market value of the Shares and the ability of the Company to obtain funds through share issues in the future. In addition, if shareholders decide not to exercise their subscription rights in possible future rights issues or if the Company implements private placements, the shareholders' relative holding and total portion of voting rights associated with the Shares may become diluted.

The holders of nominee registered shares may not necessarily be able to exercise their right to vote

The holders of nominee registered Shares may not necessarily be able to exercise their right to vote unless their shareholding has been temporarily registered to them in Euroclear Finland prior to the Company's general meeting of shareholders. The Company cannot guarantee that the holders of its nominee registered Shares will receive the notice of a general meeting well enough in advance to instruct their nominee either to temporarily register their Shares or otherwise to exercise their right to vote in the manner desired by the holders. Please see under "*Finnish securities market – Book-entry system"*.

Foreign shareholders may not necessarily be able to exercise their pre-emptive subscription rights

Under Finnish legislation, shareholders have certain pre-emptive subscription rights in proportion with their existing shareholding upon the issue of new shares or securities entitling to the subscription for new shares. However, foreign shareholders may not necessarily be able to exercise their pre-emptive subscription rights due to legislation and regulations in force in their respective home countries. This may dilute such shareholders' holding in the Company. In addition, if there is a high number of shareholders who cannot exercise their subscription rights and if the subscription rights of such shareholders are sold on the market, this may have an unfavourable effect on the price of the subscription rights. The right of a foreign shareholder to be provided with information about share issues and other important business transactions may also be restricted pursuant to the relevant country's legislation. For more information about the rights of shareholders, please see under "*The Shares and Share Capital of the Company – Shareholders' Rights"*.

Investors cannot cancel their decision to invest

The subscriptions made in the Offering are binding and they cannot be cancelled, voided or changed save in the exceptional situations described under "*Terms and conditions of the Offering"*. The Offer Shares shall be paid in connection with the subscription, subject to the terms and conditions of the Offering. Investors must therefore make their decision to invest before the final outcome of the Offering is known. In addition, it should be noted that the Offer Shares will only be transferred to the investors after the expiration of the subscription period. Investors may not necessarily be able to divest their Offer Shares until they have been entered in the subscriber's book-entry account.

The Offering may not be carried out

If all New Shares are not subscribed for in the Offering, the Offering will not be carried out. In addition, the Company's Board of Directors and the Main Seller have the right to cancel the Offering at any time before the decision on carrying them out is taken owing to i.a. a material change in the market situation, the Company's financial condition or the Company's business.

The implementation of the Offering is also conditional upon the signing of the underwriting agreement. The underwriting agreement for the Offering contains certain customary terms and conditions, including the accuracy and correctness of certain contractual representations and warranties given by the Company and the Sellers. If one or more of the terms and conditions of the underwriting agreement is not met, the underwriting agreement may not be entered into or it may be terminated, which will result in the Offering not being carried out. For more information about the underwriting agreement, please see under "*Plan of distribution*".

Investors with a main or reference currency other than the euro are exposed to certain foreign exchange risks when investing in the Shares

The Shares will be priced and traded on Nasdaq Helsinki in euros, and any potential dividends on the Shares will be paid in euros. Accordingly, fluctuations in the euro exchange rate affect the value of possible dividends paid and other distributions of unrestricted equity, such as capital repayment, if the investor has a main or reference currency other than the euro. Additionally, when the market price of the Shares is given in currencies other than the euro, the market price given can fluctuate, partly due to changes in exchange rates. This may affect the value of the Shares and any dividends possibly paid on the Shares if the investor has a main or reference currency other than the euro. In addition, exchanging euros into another currency may cause such investors to incur additional transaction costs.

PARTIES RESPONSIBLE FOR THE INFORMATION GIVEN IN THE OFFERING CIRCULAR

Company

Oma Savings Bank Plc
Valtakatu 32
53100 Lappeenranta

Sellers

See Annex A

Statement Regarding Information in the Offering Circular

The Company is responsible for the information included in the Offering Circular. To the best knowledge of the Company, having taken all reasonable care to ensure that such is the case, the information included in the Offering Circular is in accordance with the facts and contains no omission likely to affect its import.

The Sellers are responsible for the information included in the Offering Circular regarding the Sellers and their shareholdings. To the best knowledge of the Sellers, having taken all reasonable care to ensure that such is the case, the information included in the Offering Circular regarding the Sellers is in accordance with the facts and contains no omission likely to affect its import.

THE BOARD OF DIRECTORS, AUDITORS AND ADVISORS

The Members of the Board of Directors of the Company

Name	**Position**
Jarmo Partanen	Chairman
Jyrki Mäkynen	Vice-Chairman
Aila Hemminki	Member
Aki Jaskari	Member
Timo Kokkala	Member
Heli Korpinen	Member
Jarmo Salmi	Member

The office address of the Board of Directors is Pohjoisranta 4 A 25 00170, Helsinki.

Sole Global Coordinator and Manager

Danske Bank A/S, Finland Branch
Televisiokatu 1
FI-00075 Helsinki, Finland

Manager

Carnegie Investment Bank AB, Finland
Branch
Eteläesplanadi 22 A
FI-00130 Helsinki, Finland

Legal Advisor to the Company

Borenius Attorneys Ltd
Eteläesplanadi 2
FI-00130 Helsinki, Finland

Legal Advisor to the Managers

Castrén & Snellman Attorneys Ltd
Eteläesplanadi 14
FI-00130 Helsinki, Finland

Auditor of the Company

Authorised Public Accountant
Juha-Pekka Mylén
KPMG Oy Ab
Töölönlahdenkatu 3 A
FI-00100 Helsinki

CERTAIN MATTERS

Forward-Looking Statements

The Offering Circular includes forward-looking statements about, among other things, present views and expectations of the Company's management on the results, financial position, business strategy and plans and goals for future operations and objectives. Such statements are presented in "*Summary*", "*Risk Factors*", "*Information on the Company and its Business*", "*Operating and Financial Review*" and elsewhere in the Offering Circular.

Forward-looking statements pertain to both the Company, such as certain financial goals that the Company has set for itself, and the sectors and industry in which it operates. Statements containing the expressions "aim", "anticipate", "assume", "believe", "come", "continue", "could", "estimate", "expect", "intend", "may", "plan", "predict", "seek", "target", "will", or other similar expressions express forward-looking statements.

All forward-looking statements in the Offering Circular reflect the present views of the management of the Company of future events, and involve risks, uncertainties and assumptions concerning the Company's business operations, results, financial position, growth strategy and liquidity. Such risks and factors of uncertainty are described, for example, in section "*Risk Factors*", which should be read together with other cautionary statements in the Offering Circular. These forward-looking statements apply only to the situation on the date of the Offering Circular and the Company's actual business operations, results, financial position and liquidity could differ materially from those indicated in the forward-looking statements. Moreover, even if the results of the Company's operations, financial position and liquidity, as well as development in the sectors where the Company operates, were in line with the forward-looking statements presented in the Offering Circular, the results and development are not necessarily indicative of the mentioned results and development of any future periods.

Unless otherwise required under the obligations set in applicable regulations (including the Securities Markets Act), the Company will not update or re-evaluate the forward-looking statements in the Offering Circular based on new information, future events or other factors. The statements made in this section apply to all subsequent written or oral forward-looking statements related to the Company or persons acting on behalf of it in their entirety. Persons considering investment should, prior to making an investment decision, carefully consider all factors mentioned in the Offering Circular due to which the Company's actual business operations, results, financial position and liquidity may differ from expectations.

Information from Third-Party Sources

This Offering Circular contains statistics, data and other information relating to the markets, market size, market shares and market positions and other industry data pertaining to the Company's business and markets. Where certain information contained in this Offering Circular has been derived from third party sources, such sources have been identified herein. The Company confirms that such third-party information has been appropriately reproduced herein and that as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

However, the Company does not have access to all of the facts, assumptions and postulates underlying the third party information, or statistical information and economic indicators contained in sources of third party information, and the Company is unable to verify such information. Moreover, market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward looking and speculative. Therefore, changes in the postulates and their premises on which market studies are based, could have a significant influence on the analyses and conclusions made.

The statements in this Offering Circular on the Company's market position and on other companies operating in its market areas are based solely on the experiences, internal investigations and assessments of the Company, as well as the reports and surveys it has commissioned, which the Company deems reliable. The Company cannot, however, guarantee that any of these statements are accurate or give an accurate description of the Company's position in its market, and none of the Company's internal investigations or information has been verified using external sources independent of those commissioned by the Company.

Unless otherwise identified, information in the Offering Circular related to the quantity of Shares and votes as well as shareholder's equity have been calculated based on information that was registered in the Trade

Register at latest by the date of the Offering Circular.

Presentation of Financial Statements and Certain Other Information

Certain financial information incorporated into this Offering Circular are derived from the Company's audited consolidated financial statements for the financial years ended 31 December 2017 and 31 December 2016, the parent company Oma Savings Bank Plc's audited financial statements for the financial year ended 31 December 2015 and the Company's unaudited consolidated financial information as at and for the nine months ended 30 September 2018, including unaudited consolidated comparative figures as at and for the nine months ended 30 September 2017. Certain solvency information included in this Offering Circular is derived from the audited financial statements of the parent company for the financial periods ended 31 December 2017, 31 December 2016, and 31 December 2015. The audited consolidated financial statements for the financial years ended 31 December 2017 and 31 December 2016, the unaudited consolidated comparative figures for the financial year ended 31 December 2015 and unaudited consolidated interim report for the nine months ended 30 September 2018, including unaudited consolidated comparative figures for the nine months ended 30 September 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"). The parent company Oma Savings Bank Plc's audited financial statements for the financial year ended 31 December 2015 has been prepared in accordance with the Finnish Accounting Act (1336/1997, as amended), the Finnish Accounting Ordinance (1339/1997, as amended), and the guidelines and opinions of the Accounting Board operating under the auspices of the Ministry of Economic Affairs and Employment (together the "**FAS**"). The Company's audited consolidated financial statements and the financial statements of the parent company for the financial years ended 31 December 2017 and 31 December 2016 have been audited by Authorized Public Accountant Juha-Pekka Mylén and the parent company Oma Savings Bank Plc's audited financial statements for the financial year ended 31 December 2015 has been audited by authorized public accountants Ernst & Young Oy with authorized public accountant Tatu Huhtala as the principal auditor. The Company´s annual general meeting held on 14 April 2018 re-elected authorized public accountant Juha-Pekka Mylén as the Company's auditor and authorized public accountants KPMG Oy Ab as the Company's deputy auditor.

As an independent auditor, Juha-Pekka Mylén has provided a report on the review of the unaudited interim report as at 30 September 2018, including comparative figures, which has been incorporated into this Offering Circular applying international review standards. The financial information in question has not been audited. This being the case, the limited nature of the applied review measures must be taken into account when assessing the reliability of said information.

The Company's date of transition to IFRS was 1 January 2016. Before 1 January 2016 the Company prepared its financial statements in accordance with the Finnish Accounting Act (1336/1997, as amended), the Finnish Accounting Ordinance (1339/1997, as amended), and the guidelines and opinions of the Accounting Board operating under the auspices of the Ministry of Economic Affairs and Employment (together the "**FAS**"). The Company has not prepared a consolidated financial statements before the financial year ended 31 December 2016. OmaSp's subsidiaries were not implemented into OmaSp's financial statement for 2015, because they were defined as small subsidiaries under Section 12(10) of the Credit Institutions Act. Additional information on the most significant differences between the Company's consolidated financial statements prepared in accordance with IFRS and FAS is presented in the note K36 to the Audited Consolidated Financial Statements for the financial year ended 31 December 2016 incorporated into this Offering Circular.

Alternative Performance Measures

The Company presents in this Offering Circular certain alternative performance measures of historical financial performance, financial position and cash flows, which, in accordance with the "Alternative Performance Measures" guidance issued by the European Securities and Markets Authority ("**ESMA**") are not accounting measures defined or specified in IFRS (the "**Alternative Performance Measures**"). These Alternative Performance Measures are:

- Operating income/loss
- Profit before taxes excluding net income on financial assets and liabilities
- Cost/income ratio
- Return on assets (ROA) %

- Return on equity (ROE) %
- Equity ratio
- Adjusted share of non-performing loans

The exact definitions of alternative performance measures are presented under "*Selected Financial Information – Key Figures*".

The Company presents Alternative Performance Measures as additional information to measures presented in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In the Company's view, Alternative Performance Measures provide the management, investors, securities market analysts and other parties with significant and useful additional information related to Company's results of operations, financial position and cash flows.

Operating income/loss is presented as an alternative performance measure since it reflects the Company's gross profits as well as the volume and development of the Company's business. Profit before taxes excluding net income from financial assets and liabilities presents comparable development of the Company's core business by excluding the effect of investment income from profit. Cost/income ratio, return on assets and return on equity are presented as supporting indicators because, in the view of the Company, they are useful indicators of the profitability of OmaSp's operations. Equity ratio provides useful information on the solvency and capital adequacy. In the view of the Company, the adjusted proportion of non-performing receivables of the loan portfolio describes the development of the quality of the Company's loan portfolio. The Company's calculation method regarding non-performing receivables differs from the calculation method used by the FFSA. The Company's own reporting cannot take cross-default condition into account whereas this is taken into account by the FFSA in its respective calculations.

Alternative Performance Measures should not be viewed in isolation or as a substitute to the measures under IFRS. All companies do not calculate Alternative Performance Measures in a uniform way, and therefore the Alternative Performance Measures presented in this Offering Circular may not be comparable with similarly named measures presented by other companies.

Alternative Performance Measures presented by the Company are unaudited.

Roundings

Certain figures in the Offering Circular, including financial data, have been rounded. Therefore the sums of table columns and rows may not necessarily precisely correspond to the figures given as row or column totals. In addition, certain percentages reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Availability of the Finnish Prospectus

The Finnish Prospectus will be available at the latest on 19 November 2018 on the websites of the Company www.omasp.fi/investors under the Offering page and of the Sole Global Coordinator at www.danskebank.fi/issues. In addition, the Finnish Prospectus will be available as a printed copy on or about 19 November 2018 at the offices of the Company, at Danske Bank's offices, as well as at the reception of the Helsinki Stock Exchange at Fabianinkatu 14, FI-00100 Helsinki, Finland.

No Incorporation of Website Information

The Offering Circular, the possible supplements thereto, becoming part of the Offering Circular and documents included in the Offering Circular by reference, will be published on the Company's website. The other contents of the Company's website or any other website do not form a part of the Offering Circular, and prospective investors should not rely on such information in making their decision to invest in the Offer Shares.

Information Available in the Future

Since 2016 the company has published its Annual Report containing the Audited Consolidated Financial Statements for the last accounting period and a half year report including a consolidated interim report for the last six months ended June 30. In the future, the Company intends to annually publish interim reports containing the unaudited consolidated interim report for the first, second and third quarters. All annual reports, interim reports and stock exchange releases are published in Finnish and English.

REASONS FOR THE OFFERING AND USE OF PROCEEDS

Reasons for the Offering and Listing

The objective of the Offering and the contemplated Listing is to improve the Company's ability to continue to successfully implement its growth strategy and to improve its financial and strategic flexibility by providing the Company access to equity capital markets. The Offering will also allow the Company to broaden its ownership base and thus increase the liquidity of the Company's shares as well as provide new shareholders with the opportunity to participate in the Company's development. In addition, the contemplated Listing would enable the Company to use its shares as consideration in potential acquisitions and employee incentive schemes. The purpose of the Listing is also to increase the recognition and brand visibility of OmaSp among customers, employees and investors and thus enhance OmaSp's competitiveness.

Use of Proceeds

The Sellers will receive gross proceeds of approximately EUR 24.3 million from the Share Sale (calculated by using the mid-point of the Preliminary Price Range and assuming that the Sellers will sell the maximum amount of Shares and that the Over-Allotment Option will not be exercised). The Sellers will pay approximately EUR 0.7 million in fees in connection with the Offering (calculated by using the same assumptions as in the previous sentence).

The Company aims to raise gross proceeds of approximately EUR 34.1 million (calculated by using the mid-point of the Preliminary Price Range and assuming that all New Shares will be subscribed for) through the Offering by offering New Shares for subscription. The Company will pay approximately EUR 2.5 million in fees and expenses in connection with the Offering, and the net proceeds that the Company will receive from the Offering thus amount to approximately EUR 31.6 million. The Company will pay the fees and expenses in connection with the Offering with the existing cash funds.

The Company expects to use the net proceeds from the Offering for strengthening its capital structure, which will give the Company better possibilities for further growth in line with its strategy.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Company's capitalisation and indebtedness as at 30 September 2018 (i) as realised based on the Company's unaudited consolidated financial information (IFRS) for the nine month period ended on 30 September 2018 and (ii) as adjusted to reflect the estimated net proceeds of EUR 31.6 million from the Share Issue assuming that all the Offer Shares are subscribed for in the Offering and assuming that the events presented as adjustments would have occurred on 30 September 2018. When reading the following table, it should be noted that the execution of the Offering is uncertain. The following table should be read together with the following sections: "*Selected Financial Information*", and "*Operating and Financial Review*" as well as the Audited Consolidated Financial Statements and the related notes included in this Offering Circular.

(EUR thousand)	**30 September Actual**	**30 September Adjusted**
Capitalisation		
Short-term liabilities		
Secured	0	0
Unsecured	2,026,176	2,026,176
Secondary	-	-
Total	**2,026,176**	**2,026,176**
Long-term liabilities		
Secured	347,883	347,883
Unsecured	188,253	188,253
Secondary	25,000	25,000
Total	**561,136**	**561,136**
Total liabilities	**2,587,312**	**2,587,312**
Equity		
Share capital	24,000	24,000
Reserves total	107,688	139,407[1,(2]
Retained earnings (loss)	105,710	105,710
Profit (loss) for the review period	16,520	16,520
Total	**253,919**	**285,637**
Oma Savings Bank Plc's shareholders' shares	253,919	285,637
Non-controlling interest	715	715
Equity, total	**254,633**	**286,352**
Total equity and liabilities	**2,841,945**	**2,873,664**
NET INDEBTEDNESS		
Cash and cash equivalents[3)]	**22,498**	**54,094[1,(2]**
Financial securities	**297,928**	**297,928**
Liquidity (A)	**320,426**	**352,022**
Short-term financing receivables (B)	**386,660**	**386,660**
Short-term interest-bearing liabilities (C)	**2,010,103**	**2,010,103**
Liabilities to financial institutions	19,654	19,654
Liabilities to the public and public sector entities	1,990,449	1,990,449
Other liabilities	0	**0**
Short-term net indebtedness (D=C-B-A)	**1,303,017**	**1,271,421**
Long-term interest-bearing liabilities (G)	**540,127**	**540,127**
Liabilities to financial institutions	39,975	39,975
Liabilities to the public and public sector entities	-	-
Other long-term interest-bearing liabilities	500,152	500,152

Net indebtedness (D+G)	**1,843,144**	**1,811,548**

1) The Company aims to raise gross proceeds of approximately EUR 34.1 million through the Offering (calculated by using the mid-point of the Preliminary Price Range and assuming, that all New Shares are subscribed for). Gross proceeds will improve the Company's capital structure by increasing the Company's equity reserves.
2) The fees and expenses related to the Offering and Listing are expected to be EUR 2.5 million in total, of which EUR 0.1 million has arisen and recorded as expenses during the quarter ended on 30 September 2018. Gross proceeds recorded in the invested equity reserves and received from the Offering have been adjusted by expenses related to the Offering of EUR 2.4 million. Cash and cash equivalents have been adjusted by unpaid transaction expenses of EUR 2.5 million. Adjustment of cash and cash equivalents includes transaction expenses in account payables of EUR 123 thousand, which have been recorded as expenses during the review period ended on 30 September 2018.
3) Cash and cash equivalents without minimum reserve deposit

Off-balance sheet liabilities are described under "*Operating and Financial Review – Balance Sheet Information - Off-balance Sheet Commitments*".

The Company's working capital and liquidity management are described under "*Operating and Financial Review – Liquidity, Solvency and Sources of Capital*".

In addition to the events described above There have been no material changes in the Company's capitalisation and indebtedness since 30 September 2018.

Sufficiency of Working Capital

In the view of the Company's management, the Company's working capital (i.e. its liquidity and the availability of funding) is sufficient for the Company's present needs for the next 12 months following the date of this Offering Circular.

DIVIDENDS AND DIVIDEND POLICY

In connection with the Listing, the Board of Directors has adopted a dividend policy pursuant to which the Company targets a steady and growing dividend with an annual dividend payout of at least 20 per cent of the previous years' profit for the accounting period. The Board of Directors of the Company evaluates the balance between the dividends or the capital to be distributed and the amount of own funds required by the company's solvency requirements and targets and, on the basis of this evaluation, makes a proposal on the amount of dividend or capital to be distributed.

The payment of dividends or capital repayments, if any, and the amounts and timing thereof in the coming years will depend on the Company's future results, financial condition, cash flow, investment needs, solvency and other factors.

There can be no assurance for any given year that the Company will resolve to pay dividends or capital repayments. If a dividend or capital repayment is paid, there can be no assurance that the amount of the dividend or capital repayment will be as described above. Any dividend or capital repayment paid in a given financial year will not be indicative of any dividends or capital repayments to be paid in any subsequent year. If dividend or capital repayment is paid, all Shares entitle their holders to same distributions of funds.

Under the provisions of the Finnish Companies Act, dividends may be paid and non-restricted equity may otherwise be distributed only after the general meeting of shareholders has approved the company's financial statements. The general meeting of shareholders decides on the distribution of dividends based on a proposal by the Board of Directors. The general meeting of shareholders may also authorise the Board of Directors to decide on the payment of dividends or other distribution of unrestricted equity. The amount of dividends or other distribution of unrestricted equity cannot exceed the amount resolved by the general meeting of shareholders. A resolution on the distribution of dividend or other unrestricted equity, or on granting of authorisation to the Board of Directors concerning such distribution, requires a majority decision at the general meeting of shareholders.

The amount of dividends or other unrestricted equity that may be distributed is restricted to the amount of distributable funds shown on the financial statements of the company on which the distribution would be based on, provided that there have not been significant changes in the company's financial position after the preparation of the financial statements. Distribution of dividends or other distribution of unrestricted own capital is not permitted if, when resolving on the distribution, it is known or it should be known that the company is insolvent or that the distribution will result in insolvency of the company. The Credit Institutions Act further imposes restrictions on credit institutions regarding the use of retained earnings. If the total capital or consolidated total capital of a credit institution, such as the Company, falls short of the capital requirement set forth under the EU solvency regulation, the credit institution may not distribute profit or other return on equity, unless the FFSA, due to a special reason, approves a fixed-term exception from the prohibition. For a description of the restrictions applicable to dividend distributions, see "*The Shares and Share Capital of the Company – Shareholders' Rights*".

The dividends paid by the Company for the financial years ended 31 December 2017, 31 December 2016 and 31 December 2015 are presented in the table below adjusted by the number of shares at the date of the Offering Circular:

	Dividends paid for the financial year ended 31 December 2017	**Dividends paid for the financial year ended 31 December 2016**	**Dividends paid for the financial year ended 31 December 2015**
EUR			
Dividend/share[1]	0.08	0.06	0.06
Dividends for the financial year in total	**2,112,342.24**	**1,575,981.60**	**1,478,400.00**

1) The dividend per share has been adjusted to take account of the effect of the resolution of the Extraordinary General Meeting held on 9 November 2018. In order to increase the number of shares through a share issue without payment in proportion to shareholdings (share split), the shareholders received 49 new shares per share held by each shareholder. Adjusted information is unaudited and adjusted dividend per share is calculated by the number of the Company's outstanding shares as at the date of the Offering Circular, i.e. 25 085 000 shares. As at the date of this Offering Circular the Company owns 11,700 of the Company's own shares.

IMPORTANT DATES

Subscription period of the Offering commences	19 November 2018
The Offering may be discontinued at the earliest	26 November 2018
Subscription periods of the Public Offering and the Personnel Offering end on or about	27 November 2018
Subscription period of the Institutional Offering ends on or about	29 November 2018
Announcement of the final results of the Offering at the latest	29 November 2018
Offer Shares subscribed for in the Public Offering registered in the investors' book-entry accounts on or about	30 November 2018
Trading in the Shares, excluding Personnel Shares, commences on the Pre-list of the Helsinki Stock Exchange on or about	30 November 2018
The Offer Shares offered in the Institutional Offering are ready to be delivered against payment through Euroclear Finland on or about	4 December 2018
Trading in the Shares, excluding Personnel Shares, commences on the official list of the Helsinki Stock Exchange on or about	4 December 2018
The Offer Shares offered for in the Personnel Offering registered in the investors' book-entry accounts on or about	18 December 2018
Trading in the Personnel Shares commences on the official list of the Helsinki Stock Exchange on or about	18 December 2018

TERMS AND CONDITIONS OF THE OFFERING

The term “subscription” refers in the following to the investor’s offer or commitment (as defined below) to subscribe for or purchase Offer Shares (as defined below) in the Offering (as defined below), and an investor may be allocated either New Shares (as defined below) or Sale Shares (as defined below). Correspondingly, “subscriber”, “subscription period”, “subscription place”, “subscription price”, “purchase offer” and “subscription commitment” (and other corresponding terms) refer to both Share Issue (as defined below) and Share Sale (as defined below).

General Terms and Conditions of the Offering

Offering

Oma Savings Bank Plc, a public limited liability company incorporated in Finland (“**OmaSp**” or the “**Company**”), initially offers 4,500,000 new shares in the Company (the “**New Shares**”) for subscription (the “**Share Issue**”). In addition to the Share Issue Etelä-Karjalan Säästöpankkisäätiö (the “**Main Seller**”) and other sellers listed in Annex A of this offering circular (the “**Other Sellers**”, and toghether with the Main Seller the “**Sellers**”) may offer for purchase a maximum of 3,200,000 existing shares in the Company (the “**Sale Shares**”) (the “**Share Sale**” and together with the Share Issue the “**Offering**”). Unless the context indicates otherwise, the New Shares, the Sale Shares, and the Personnel Shares (as defined below) are together referred to herein as the “**Offer Shares**”.

The Offering consists of (i) a public offering to private individuals and entities in Finland (the “**Public Offering**”), (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States (the “**Institutional Offering**”) and (iii) a personnel offering to the Company’s Personnel (as defined below) (the “**Personnel Offering**”). The Offer Shares represent a maximum of approximately 15.2 per cent of all the Company’s shares (the “**Shares**”) after the Share Issue without the Over-Allotment Option (as defined below), (approximately 17.5 per cent assuming that the Over-Allotment Option is exercised in full), and that the Sellers will not sell any Sale Shares and that the Company issues 4,500,000 New Shares. The Offer Shares represent a maximum of approximately 26.0 per cent of all the Shares in the Company after the Offering without the Over-Allotment Option (approximately 29.9 per cent assuming, that the Over-Allotment Option is exercised in full), and assuming that the Sellers sell the maximum amount of Sale Shares, that all initially offered New Shares in the Share Issue are subscribed for.

Offer Shares will be offered in the Institutional Offering outside the United States in offshore transactions in compliance with Regulation S under U.S. Securities Act of 1933, as amended (the “**US Securities Act**”) and otherwise in compliance with said regulation. The Shares (including the Offer Shares) have not been registered, and they will not be registered under the US Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S of the US Securities Act).

The sole global coordinator and bookrunner for the Offering is Danske Bank A/S, Finland Branch (“**Danske Bank**” or the “Sole **Global Coordinator**”). Carnegie Investment Bank AB, Finland Branch (“**Carnegie**”), is the manager of the Offering (the “**Manager**” and together with the Danske Bank the “**Managers**”). The places of subscription in the Public Offering are Danske Bank, OmaSp and Nordnet Bank AB Finnish Branch (“**Nordnet**”), in the Institutional Offering are Danske Bank and Carnegie, and in the Personnel Offering are Danske Bank and Oma Sp.

The terms and conditions of the Offering are comprised of the general terms and conditions of the Offering as well as the special terms and conditions of the Public Offering, Institutional Offering and Personnel Offering.

Share Issue

The extraordinary general meeting of shareholders of the Company resolved on 9 November 2018 to authorise the Board of Directors of the Company to decide on an issue of a maximum of 5,000,000 New Shares. Based on said authorisation, the Board of Directors resolved on 15 November 2018 preliminarily to issue a maximum amount of 4,500,000 New Shares in the Share Issue. The number of New Shares so issued would represent approximately 15.2 per cent of the Shares after the Share Issue. In the Personnel Offering, the Company is offering for subscription preliminarily a maximum of 150,000 New Shares and in possible oversubscription situations in the Personnel Offering a maximum of 550,000 additional New Shares (the “**Personnel Shares**”).

The New Shares are being offered in deviation from the shareholders' pre-emptive subscription right in order to enable the listing of the Shares on the official list of Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") (the "**Listing**"). The payment made to the Company for the approved New Share subscriptions will be booked in its entirety in the invested unrestricted equity fund of the Company. Thus, the Company's share capital will not increase in connection with the Share Issue. As a result of the Share Issue, the number of the Company's shares may increase to a maximum of 29,596,700 Shares (assuming that all New Shares initially offered in the Share Issue are subscribed for).

Share Sale

The Sellers may offer for purchase preliminarily a maximum of 3,200,000 Sale Shares in the Share Sale. The Sale Shares represent approximately 10.8 per cent of the Shares after the Share Issue without the Over-Allotment Option and approximately 14.7 per cent including the Over-Allotment Option, assuming that the Sellers will sell the maximum amount of Sale Shares, and that all New Shares offered in the Share Issue are subscribed for. If less than all Sale Shares are sold, each Seller will sell Sale Shares on a *pro rata* basis (however, the Additional Shares offered by the Main Seller will be included in the *pro rata* –ratio).

Over-Allotment Option

The Main Seller is expected to grant Danske Bank as stabilizing manager (the "**Stabilizing Manager**") an over-allotment option, which would entitle the Stabilizing Manager to purchase a maximum of 675,000 additional Shares (the "**Additional Shares**") if no Sale Shares are sold, and a maximum of 1,155,000 Additional Shares if all Sale Shares are sold, solely to cover over-allotments in connection with the Offering (the "**Over-Allotment Option**"). The Over-Allotment Option would be exercisable within 30 days from the commencement of trading of the Shares on the Helsinki Stock Exchange (which is estimated to occur between 30 November 2018 and 28 December 2018 (the "**Stabilisation Period**"). The Additional Shares represent approximately 3.9 per cent of the Shares and votes after the Share Issue assuming that all New Shares initially offered in the Share Issue are subscribed for. The Over-Allotment Option shares would in any case not exceed a maximum share of 15 per cent of the total amount of Offer Shares.

Stabilisation

The Stabilising Manager is entitled, but not obligated, to engage in measures during the Stabilisation Period that stabilise, maintain or otherwise affect the price of the Shares. The Stabilising Manager may allocate a larger number of Shares than the total number of Offer Shares, which will create a short position. The short position is covered if it does not exceed the number of Additional Shares. The Stabilising Manager is entitled to close the covered short position using the Over-Allotment Option and/or by buying Shares on the market. In determining how to close the covered short position, the Stabilising Manager may consider, among other things, the market price of the Shares in relation to the Final Subscription Price. In connection with the Offering, the Stabilising Manager may also bid for and purchase Shares on the market to stabilise the market price of the Shares. These measures are intended to support the market price of the Shares and the measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or prevent or delay any decrease in the market price of the Shares. However, stabilisation measures cannot be carried out at a higher price than the Final Subscription Price. The Stabilising Manager has no obligation to carry out these measures, and it may cease any of these measures at any time. The Stabilising Manager or the Company on behalf of the Stabilising Manager will publish information regarding the stabilisation required by legislation or other applicable regulations during the Stabilisation Period and at the end of the Stabilisation Period. Stabilisation measures may be carried out on the Helsinki Stock Exchange during the Stabilisation Period.

Any stabilisation measures will be conducted in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/123/EC, 2003/125/EC and 2004/72/EC (the "**Market Abuse Regulation**") and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilisation measures.

The Stabilising Manager and Main Seller are expected to enter into a share lending agreement related to the stabilisation and the Over-Allotment Option in connection with the Offering. According to the share lending agreement, the Stabilising Manager could borrow a number of Shares equal to the maximum number of Additional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the

Stabilising Manager borrows Shares pursuant to the share lending agreement, it must return an equal number of Shares to the Main Seller. For further information, see "*Plan of Distribution in the Offering"*.

Placing Agreement

The Company, the Main Seller and the Managers are expected to enter into a placing agreement (the "**Placing Agreement**") on or about 29 November 2018. The Other Sellers will not be parties to the Placing Agreement. However, the Other Sellers have each given share sale commitments under which they have undertaken to sell Offer Shares in the Offering. For further information, see "*Plan of Distribution in the Offering"*.

Subscription Period

The subscription period for the Public Offering will commence on 19 November 2018 at 10:00 (Finnish time) and end on 27 November 2018 at 16:00 (Finnish time).

The subscription period for the Institutional Offering will commence on 19 November 2018 at 10:00 (Finnish time) and end on 29 November 2018 at 12:00 (Finnish time).

The subscription period for the Personnel Offering will commence on 19 November 2018 at 10:00 (Finnish time) and end on 27 November 2018 at 16:00 (Finnish time).

The Company's Board of Directors and the Main Seller have, in the event of an oversubscription, the right to discontinue the Public Offering and the Institutional Offering by joint decision at the earliest on 26 November 2018 at 16:00 (Finnish time). The Company's Board of Directors may discontinue the Personnel Offering at its sole discretion no earlier than 26 November 2018 at 16:00 (Finnish time). The Public, Institutional and Personnel Offerings may be discontinued or not discontinued independently of one another. A stock exchange release regarding any discontinuation will be published without delay.

The Company's Board of Directors and the Main Seller are entitled to extend the subscription periods of the Public Offering and the Institutional Offering. The Company's Board of Directors is entitled to extend the subscription period of the Personnel Offering. A possible extension of the subscription period will be communicated through a stock exchange release, which will indicate the new end date of the subscription period. The subscription periods of the Institutional Offering, the Public Offering and the Personnel Offering will in any case end on 27 November 2018 at 16:00 (Finnish time) at the latest. The Company's Board of Directors and the Main Seller may extend or refrain from extending the subscription periods of the Institutional Offering, Public Offering or Personnel Offering independently of one another. A stock exchange release concerning the extension of the subscription period must be published no later than on the estimated final dates of the subscription periods for the Institutional, Public and Personnel Offerings stated above.

Subscription Price

The preliminary subscription price for subscription and purchase of the Offer Shares in the Institutional Offering and Public Offering is a minimum of EUR 7.00 and a maximum of EUR 8.20 per Offer Share (the "**Preliminary Price Range**"). The Preliminary Price Range may be changed during the subscription period, which would be communicated through a stock exchange release. If, as a result of the change, the upper limit of the Preliminary Price Range increases or the lower limit decreases, the Offering Circular will be supplemented and the supplement will be published through a stock exchange release. The Final Subscription Price may be above or below the Preliminary Price Range.

The Final Subscription Price (the "**Final Subscription Price**") will be determined in negotiations between the Company, the Main Seller and the Managers based on the subscription offers of institutional investors in the Institutional Offering (the "**Subscription Offer**") after the expiry of the subscription period, on or about 29 November 2018 (the "**Pricing**"). However, the Final Subscription Price in the Public Offering cannot be higher than the maximum price of the Preliminary Price Range, i.e. EUR 8.20 per Offer Share. The subscription price per share in the Personnel Offering is 10 per cent lower than the Final Subscription Price in the Public Offering, i.e. the Final Subscription Price in the Personnel Offering (as defined below) will be no more than EUR 7.38 per Personnel Share. The amount of the Final Subscription Price can differ in the Public Offering and Institutional Offering only in the case that the Final Subscription Price in the Institutional Offering is higher than the maximum price of the Preliminary Price Range. The Final Subscription Price and the Final Subscription Price in the Personnel Offering will be published through a stock exchange release immediately after the Pricing and will be available on the Company's website at www.omasp.fi/investors under the Offering page following the publication of the stock exchange release and in the subscription places of the Public Offering and the Personnel Offering no later than the business day following the Pricing, i.e. on or about 30 November 2018.

Conditionality, Execution and Publishing of the Offering

The Company's Board of Directors and the Main Seller will jointly decide on the execution of the Offering, final number of Offer Shares, the Final Subscription Price and the allocation of Offer Shares in connection with the Pricing on or about 29 November 2018. The aforementioned information will be published through a stock exchange release immediately after the Pricing and be available on the Company's website at www.omasp.fi/investors under the Offering page following the publication of the stock exchange release and in the subscription places of the Public Offering and the Personnel Offering no later than the business day following the Pricing, i.e. on or about 30 November 2018. In case all New Shares are not subscribed for, the Offering will not be executed. The implementation of the Offering is conditional upon the signing of the Placing Agreement.

Cancellation of the Commitments

A commitment to subscribe for or purchase Offer Shares in the Public Offering or subscribe for Personnel Shares in the Personnel Offering (a "**Commitment**") cannot be amended. A Commitment may only be cancelled in the situations provided for in the Finnish Securities Markets Act (746/2012, as amended, the "**Securities Markets Act**").

Cancellation in Accordance with the Securities Markets Act

If the Finnish Prospectus is supplemented or corrected due to a material error or omission or due to material new information that has become known after the Finnish Financial Supervisory Authority has approved the Finnish Prospectus and before trading in the Offer Shares begins on the Prelist Helsinki Stock Exchange, investors who have given their Commitments before the supplement or correction of the Finnish Prospectus have, in accordance with the Securities Markets Act, the right to cancel their Commitments within at least two (2) banking days after the supplement or correction has been published. In addition, the use of the cancellation right requires that the error, omission or material new information that led to the supplement or correction has become known prior to the delivery of the Offer Shares to the investors. Any cancellation of a Commitment must concern the total number of shares covered by the Commitments given by an individual investor. If the Finnish Prospectus is supplemented, the supplement will be published through a stock exchange release. The stock exchange release will also include information on the right of the investors to cancel their Commitments.

Procedure to Cancel a Commitment

The cancellation of a Commitment must be notified in writing to the subscription place where the initial Commitment was made and within the time limit set for such cancellation with the following exceptions:

- A Commitment made by telephone to the Danske Bank Investment Center may be cancelled by telephone using Danske Bank's bank identifiers.

- The cancellation of a Commitment made online via the Danske Bank eBanking service, corporate eBanking services or Web subscription can be made by visiting a Danske Bank office (excluding corporate offices) in person or through an authorized representative or by calling Danske Bank Investment Center using Danske Bank's bank identifiers.

- In the Personnel Offering, the cancellation of a Commitment must be notified in writing to the place of subscription.

The cancellation of a commitment made in an Oma Savings Bank branch bank must be notified in writing to the subscription place where the commitment was made either in person or through an authorised representative and within the time limit set for such cancellation.

In the event the Offering Circular is supplemented, investors that subscribed through Nordnet must send a written cancellation request by email to operations.fi@nordnet.fi or a cancellation request must be delivered to the office within the time limit set for such cancellation subject to the following exceptions: Commitments submitted through Nordnet's online service for Nordnet's own customers can be cancelled through an authorised representative or through Nordnet's online service by approving a separate Commitment cancellation using Nordnet online banking identifiers.

The possible cancellation of a Commitment must concern the entire Commitment. After the time limit set for cancellation has expired, the cancellation right is no longer valid. If a Commitment is cancelled, the place of subscription will return the amount paid for the Offer Shares to the bank account stated in the Commitment. The money is refunded as soon as possible after the cancellation of the Commitment, approximately within five (5) banking days of the cancellation notice being submitted to the subscription place. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to the investor's Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. To Nordnet book-entry account customers who gave the Commitment through Nordnet to the amount to be refunded will only be paid to Nordnet cash accounts. No interest will be paid on the refunded amount.

Registration of Offer Shares to Book-Entry Accounts

An investor giving a Commitment must have a book-entry account with a Finnish account operator or an account operator operating in Finland. Investors must specify the details of their book-entry account in their Commitments. The Offer Shares allocated in the Public Offering are recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Pricing takes place, on or about 30 November 2018. In the Institutional Offering, investors should contact the Managers of the Offering with respect to the book-entry accounts. The Offer Shares allocated in the Institutional Offering will be ready to be delivered against payment on or about 4 December 2018 through Euroclear Finland Oy. Personnel Shares will be registered in the book-entry accounts of investors who have made an approved Commitment on or about 18 December 2018.

Title and Shareholder Rights

The title to the Offer Shares will be transferred when the Offer Shares are paid for, the New Shares are registered in the Trade Register maintained by the Finnish Patent and Registration Office (the "**Trade Register**") and the Offer Shares are recorded in the investor's book-entry account. Offer Shares carry rights equal to all other Shares and they will entitle their holders to dividends and other distributions of assets as well as other rights in the Company related to the Shares when the title has been transferred.

Transfer Tax and Other Expenses

Transfer tax will not be levied in connection with the issuance or subscription of the New Shares in Finland. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of shares. The Sale Shares are being sold in connection with commencement of trading in the Shares on the Prelist of the Helsinki Stock Exchange, and no transfer tax is expected to be payable for these transfers in Finland. Should transfer tax be levied, the Sellers will pay the transfer tax levied on the sale of their Sale Shares.

Trading in the Shares

Before the execution of the Offering, the Shares have not been subject to trading on any regulated market or multilateral trading facility. The Company intends to submit a listing application with the Helsinki Stock Exchange to list the Shares on the official list of the Helsinki Stock Exchange. Trading in the Shares is expected to commence on the Prelist of the Helsinki Stock Exchange on or about 30 November 2018 and on the official list of the Helsinki Stock Exchange on or about 4 December 2018. Trading in the Personnel Shares is expected to commence on the stock exchange list of the Helsinki Stock Exchange on or about 18 December 2018. The trading code of the Shares is OMASP and the ISIN code is FI40000306733.

When trading on the Prelist begins on or about 30 November 2018, not all of the Shares issued or sold in the Offering may have been transferred to the investors' book-entry accounts yet. If an investor wishes to sell Shares purchased or subscribed for by them in the Offering on the Prelist, the investor should ensure that the number of Shares registered to its book-entry account covers the transaction in question at the time of clearing.

Right to Cancel the Offering

The Company's Board of Directors and the Main Seller may cancel the Offering at any time before its excecution on the grounds of, for example, the market conditions, the Company's financial position or a material change in the Company's business. If the the Offering is cancelled, the subscription price paid by the investors will be refunded in approximately five (5) banking days from the cancellation decision. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. To Nordnet book-entry account customers who gave the Commitment through Nordnet the amount to be refunded will only be paid to Nordnet cash accounts. No interest will be paid on the refunded amount.

Lock-up

The Company and the Main Seller are expected to agree, and the Other Sellers have agreed that, during the period that will end on the date that falls 180 days from the Listing, without the prior written consent of the Sole Global Coordinator, they will not issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option right or contract to sell, transfer any option right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any of their Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise, or submit to the Company's general meeting of shareholders a proposal to effect any of the foregoing. The Company lock-up does not apply to remuneration or incentive programs described in the Finnish Prospectus and there are certain exemptions to the application of the Other Sellers' lock-up. The lock-up does not apply to the measures related to the execution of the Offering. If the Sale Shares are not sold in connection with the Offering, the Seller's lock-up will not apply.

The members of the Board of Directors and the management team of the Company are expected to enter into a lock-up agreement with similar terms, save for certain exceptions, to that of the Company and the Sellers that will end on the date that falls 360 days from the Listing.

The lock-up applies to approximately 72.1 per cent of the Shares after the Offering without the Over-Allotment Option and approximately 68.2 per cent including the Over-Allotment Option, assuming that the Sellers will sell the maximum amount of Sale Shares, and that all New Shares initially offered in the Share Issue are subscribed for. Assuming that the Sellers will not sell Sale Shares, the lock-up applies to approximately 37.5 per cent of the Shares after the Offering without the Over-Allotment Option and approcimately 35.2 per cent including the Over-Allotment Option, assuming that all New Shares initially offered in the Share Issue are subscribed for.

The lock-up of persons participating in the Personnel Offering are described below in "– *Right to Participate in the Personnel Offering*".

Other Matters

The Board of Directors of the Company will decide on other matters related to the Share Issue and on the practical arrangements resulting therefrom. Other issues and practical matters relating to the Share Sale will be resolved by the Main Seller.

Documents on Display

The Company's latest financial statements, report of the Board of Directors and the auditor's report as well as the other documents pursuant to Chapter 5, section 21 of the Companies Act (624/2006, as amended), are available during the subscription period at the Company's offices at Valtakatu 32, FI-53100 Lappeenranta.

Applicable Law

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland.

Special Terms and Conditions Concerning the Public Offering

Overview

A maximum of 400,000 Offer Shares are preliminarily offered in the Public Offering to private individuals and entities in Finland. Depending on the demand, the Company and Main Seller may reallocate Offer Shares between the Institutional, Public and Personnel Offerings in deviation from the preliminary number of shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 400,000 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments submitted in the Public Offering.

The place of subscription has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions herein or if it is otherwise incomplete.

Right to Participate and the Minimum and Maximum Amounts for Commitments

Investors whose domicile is in Finland and who submit their Commitments in Finland may participate in the Public Offering. Commitments in the Public Offering must cover no less than 100 and no more than 20,000 Offer Shares. Each investor may only provide one Commitment in the Public Offering. If an investor provides Commitments in the Public Offering in more than one place of subscription, only the first Commitment will be considered when allocating Offer Shares.

Places of Subscription and Submission of Commitments

A Commitment will be considered to have been made when the investor has submitted a signed commitment form to the place of subscription in accordance with instructions of the place of subscription or has confirmed the Commitment with bank identifiers in accordance with the instructions of the place of subscription and paid for the subscription concerned by the Commitment. A Commitment submitted as a web subscription is deemed to have been made when the investor has made the Commitment in accordance with the terms and conditions of the web subscription. Any more detailed instructions issued by the place of subscription must be taken into consideration when submitting a Commitment.

Commitments may only be cancelled in the manner and situations referred to under "– *General Terms and Conditions of the Offering – Cancellation of Commitments*".

The places of subscription in the Public Offering for customers with a book-entry account in Danske Bank are:

- Danske Bank's eBanking service with bank codes for private customers at www.danskebank.fi;
- Danske Bank's corporate eBanking services in the Markets Online module for Business Online customers;
- Danske Bank's Investment Center with Danske Bank's bank codes by phone, 9:00 to 20:00 Monday to Friday and 10:00 to 16:00 on Saturday (Finnish time), tel. +358 200 2000 (local network charge/mobile call charge). Calls to the Danske Bank Investment Center are recorded;
- Danske Bank's offices in Finland during normal business hours; and
- Danske Bank's Private Banking offices in Finland (for Danske Bank's Private Banking customers only).

Making a Commitment by phone using Danske Bank's Investment Center or Danske Bank's eBanking service requires a valid eBanking agreement with Danske Bank.

The places of subscription in the Public Offering for customers book-entry account in OmaSp are:

- All OmaSp's branches during normal business hours. Information on the branches of OmaSp is available online at www.omasp.fi/fi/konttorisi-yhteystiedot. Information on the branches and additional information are also available on OmaSp's customer service from Monday to Friday at 8:00 – 20:00 and on Saturday at 10:00 – 14:00, tel. +358 20 764 0600.

The other places of subscription in the Public Offering are:

- Nordnet's internet service at www.nordnet.fi/omasp. The subscription can be made through internet service with the bank identifiers of Nordnet, Aktia, Danske Bank, Handelsbanken, Nordea, Oma Säästöpankki, Osuuspankki, POP Bank, S-Bank, Savings Bank as well as Ålandsbanken

- When separately agreed, the subscription commitment in the Public Offering can be made at Nordnet Bank Ab Finland branch's office at Yliopistonkatu 5, 00100 Helsinki, on weekdays from 9:30 to 16:30.

- Danske Bank’s e-subscription for private customers at www.danskebank.fi. A Subscription can me made through the online service with the bank identifiers of Aktia, Danske Bank, Savings Bank, S-Bank, Nordea, Oma Savings Bank, and Ålandsbanken; and

- Danske Bank’s branches in Finland (excluding corporate branches) during normal business hours. Information on the offices offering subscription services is available by phone using Danske Bank's Investment Center, 9:00 to 18:00 Monday to Friday and 10:00 to 16:00 Saturday (Finnish time), tel. +358 200 20109 (local network charge/mobile call charge), by e-mail at the address sijoituspalvelut@danskebank.fi or online at www.danskebank.fi. Calls to the Danske Bank Investment Center are recorded.

The Offer Shares covered by a Commitment must be paid using an account in the name of the investor making the Commitment. Corporations may not submit Commitments via Danske Bank’s eBanking service or web subscription.

The subscription commitment can also be made on behalf of a corporation through the online service of Nordnet. Estates of a deceased person or persons under guardianship cannot submit their subscription commitment through Nordnet’s online service, and must instead submit their subscription commitment at the office of Nordnet.

Commitments by or on behalf of persons under the age of 18, or otherwise under guardianship, must be made by their legal guardians and may require the consent of the local guardianship authority in Finland. A guardian may not subscribe for Shares without the permission of the local guardianship authority, as the Shares are not subject to trading on a regulated market at the time of the Commitment.

Payment of Offer Shares

When submitting a Commitment, the maximum price of the Preliminary Price Range (i.e. EUR 8.20 per Offer Share), multiplied by the number of Offer Shares covered by the Commitment is to be paid for the Offer Shares. The Final Subscription Price shall not be higher than the maximum of the Preliminary Price Range, i.e. EUR 8.20 per Offer Share.

The payment of a Commitment submitted in a banking office of Danske Bank, Danske Bank’s Private Banking offices or Danske Bank’s Investment Center will be debited directly from the investor’s bank account in Danske Bank or it may be paid by bank transfer. The payment corresponding to a Commitment that has been submitted through Danske Bank’s eBanking service or Danske Bank’s corporate eBanking service will be charged from the investor’s bank account when the investor confirms the Commitment with his or her bank identifiers. The payment of a Commitment submitted through Danske Bank’s web subscription must be made in accordance with the terms and conditions and instructions of web subscription immediately after the Commitment has been submitted.

The payment of a Commitment submitted at an OmaSp office is charged from the investor’s bank account in OmaSp while making the subscription.

An account charge corresponding to a Commitment made through Nordnet’s online service will be charged from a cash account in Nordnet from Nordnet’s own customers and with regard to customers of other banks, from a bank account in another bank from the customers of other banks when the investor confirms the Commitment with their online banking codes.

Approval of a Commitment and Allocation

The Company and the Main Seller will decide on the allocation of Offer Shares in the Public Offering to investors after the Pricing. The Company and the Main Seller will decide on the procedure to be followed in the event of potential oversubscription. Commitments may be approved or rejected in whole or in part. The Company and the Main Seller aim to accept subscribers' Commitments in whole up to 100 Offer Shares. For Commitments exceeding this amount, the Company and the Main Seller allocate Offer Shares in proportion to the amount of Commitments unmet. A confirmation notice regarding the approval of the Commitments and the allocation of Offer Shares will be sent to the investors who have submitted their Commitments in the Public Offering as soon as possible and on or about 12 December 2018 at the latest.

Nordnet book-entry account customers who submitted their Commitments through Nordnet will see their Commitments as well as the allocation of Offer Shares on the transaction page of Nordnet's online service.

Refunding of Paid Amounts

If the Commitment is rejected or only partially approved and/or if the Final Subscription Price is lower than the amount paid at the time of making the Commitment, the excess amount of the paid amount will be refunded to the party that made the Commitment to the Finnish bank account identified in the Commitment on or about the fifth (5) banking day after the Pricing, on or about 7 December 2018. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. The amount to be repaid to Nordnet book-entry account customers who gave the Commitment through Nordnet will only be paid to Nordnet cash accounts. No interest will be paid on the refunded amount. See also "– *General Terms and Conditions of the Offering – Cancellation of Commitments*" above.

Registration of Offer Shares to Book-Entry Accounts

Investors submitting Commitments in the Public Offering must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and the investor must specify the details of their book-entry account in its Commitment. As of 21 June 2017, it has no longer been possible to keep and process new book-entry types in Euroclear Finland's account operator, Customer Account Services. This being the case, Euroclear Finland's book-entry account clients must open a book-entry account in another Finnish account operator in order to subscribe for shares in the Public Offering. The Offer Shares allocated in the Public Offering are recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Pricing takes place, on or about 30 November 2018.

Special Terms and Conditions Concerning the Institutional Offering

Overview

Preliminarily a maximum of 8,305,000 Offer Shares are offered in the Institutional Offering to institutional investors in Finland and, in accordance with the applicable laws, internationally outside the United States on the terms and conditions set forth herein. Depending on the demand, the Company and Main Seller may reallocate Offer Shares between the Institutional, Public and Personnel Offerings in deviation from the preliminary number of shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 400,000 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

Offer Shares will be offered in the Institutional Offering outside the United States in offshore transactions in compliance with Regulation S under the US Securities Act and otherwise in compliance with said regulation. The Shares (including the Offer Shares) have not been registered, and they will not be registered under the US Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S of the US Securities Act). For more information on restrictions concerning the offering of the Offer Shares, please see "*Important Information"*.

The Managers have the right to reject a Subscription Offer, either partially or wholly, if it does not comply with the terms and conditions herein or if it is otherwise incomplete.

Right to Participate and Place of Subscription

An investor whose Subscription Offer covers at least 20,001 Offer Shares may participate in the Institutional Offering.

The Subscription Offers of investors in the Institutional Offering will be received by the Managers of the Offering.

Approval of Subscription Offers and Allocation

In the Institutional Offering, the Company and the Main Seller will decide on the approval of Subscription Offers after the Pricing. The Company and the Main Seller will decide on the procedure to be followed in the event of potential oversubscription. Subscription Offers may be approved or rejected in whole or in part. A confirmation of the approved Subscription Offers in the Institutional Offering will be provided as soon as practicable after the allocation.

Payment for Offer Shares

Investors in the Institutional Offering must pay for the Offer Shares corresponding to their accepted Subscription Offers in accordance with the instructions issued by the Managers on or about 4 December 2018. If necessary in connection with a Subscription Offer being made or before the approval of a Subscription Offer, the Managers have the right provided by the duty of care set for securities intermediaries to require that the investor provide information concerning its ability to pay for the Offer Shares corresponding to its Subscription Offer or require that the payment for the Offer Shares concerned by the Subscription Offer be made in advance. The amount to be paid in this connection is the maximum price of the Preliminary Price Range, i.e. EUR 8.20, multiplied by the number of Offer Shares covered by the Subscription Offer. The Final Subscription Price may be lower or higher than the Preliminary Price Range. If the Preliminary Price Range is increased, the maximum price per share of the new price range will be applied to the orders submitted thereafter. Possible refunds will be made on or about on the fifth (5th) banking day following the Pricing, on or about 7 December 2018. No interest will be paid on the refunded amount.

Special Terms and Conditions Concerning the Personnel Offering

Overview

Preliminarily a maximum of 150,000 Personnel Shares and, in the event of an oversubscription, a maximum of 550,000 additional Personnel Shares are being offered in the Personnel Offering to all employees of the Company in Finland at the end of the subscription period, the members of the Company's Board of Directors and the members of the management team (the "**Personnel**").

Depending on the demand, the Company may reallocate Offer Shares between the Institutional and the Public and Personnel Offerings in deviation from the preliminary number of shares without limitation. Notwithstanding the above, the minimum number of Offer Shares to be offered in the Public Offering will be 400,000 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments submitted in the Public Offering.

Right to Participate in the Personnel Offering

Only the Personnel are entitled to subscribe for Personnel Shares.

Personnel must agree to comply with the lock-up to participate in the Personnel Offering. In accordance with the lock-up, Personnel participating in the Personnel Offering may not, without the prior written consent of the Sole Global Coordinator (which consent may not be unreasonably withheld) and during a period ending 360 days after the Listing, i.e. on 25 November 2019, sell, short sell, or otherwise directly or indirectly transfer Personnel Shares, option rights or warrants to own Personnel Shares or other securities exchangeable for or convertible into or exercisable for Personnel Shares that they may hold or have purchased in the Personnel Offering or be authorised to transfer. When making subscriptions, persons participating in the Personnel Offering accept that they will be bound without separate measures by the aforementioned lock-up period and that it will be noted on the subscriber's book-entry account by the Company.

The right to participate in the Personnel Offering is personal and non-transferrable. Personnel entitled to participate may, however, make a subscription through an authorised representative. Personnel participating in the Personnel Offering may also participate in the Public Offering subject to its terms if they wish.

A Commitment in the Personnel Offering must concern 100 Personnel Shares at minimum.

Final Subscription Price of the Personnel Offering and the Allocation of Personnel Shares

The final subscription price in the Personnel Offering is 10 per cent lower than the Final Subscription Price in the Public Offering, preliminarily no more than EUR 7.38 (the "**Final Subscription Price of the Personnel Offering**"). The Final Subscription Price of the Personnel Offering may be below the lower limit of the Preliminary Price Range. The Final Subscription Price and the Final Subscription Price of the Personnel Offering will be communicated through a stock exchange release immediately following the Pricing, and they will be available in the places of subscription of the Personnel Offering no later than the banking day following the Pricing, on or about 30 November 2018.

The Company's Board of Directors will decide on the allocation of the Personnel Shares after the Pricing. The Company's Board of Directors will decide on the procedure to be followed in the event of an oversubscription and will, if necessary, use its authorisation to issue a maximum of 550,000 additional Personnel Shares. Commitments may be approved or rejected in whole or in part. The Board of Directors aims to approve Commitments in full for up to 100 Personnel Shares and, for Commitments exceeding this amount, allocate Personnel Shares in proportion to the amount of Commitments unmet. A confirmation notice regarding the approval of the Commitments and the allocation of Offer Shares will be sent to Personnel who have submitted their Commitments in the Personnel Offering as soon as possible and on or about 12 December 2018 at the latest.

Places of Subscription, the Placing of a Subscription, and the Payment and Registration of Personnel Shares

The places of subscription for the Personnel Offering are Danske Bank and the branches of Oma Savings Bank. In the Personnel Offering, the Commitments are given and payments paid in accordance with separate instructions provided to the eligible subscribers.

The Company or Danske Bank has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions herein or if it is otherwise incomplete.

The Personnel Shares issued in the Personnel Offering will be registered with the Trade Register on or about 17 December 2018.

Entry of Personnel Shares into Book-Entry Accounts

The parties submitting Commitments in the Personnel Offering must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and the party must specify the details of its book-entry account in its Commitment. As of 21 June 2017, it has no longer been possible to keep and process new book-entry types in Euroclear Finland's account operator, Customer Account Services. This being the case, Euroclear Finland's book-entry account clients must open a book-entry account in another Finnish account operator in order to subscribe for shares in the Personnel Offering. Personnel Shares allocated and paid for in the Personnel Offering will be entered into the investors' book-entry accounts on or about 18 December 2018.

MARKET AND INDUSTRY REVIEW

The following description contains market and industry information based on data obtained from external sources and assessments of the Company management. Where such information in question originates from an external source, the relevant source has been specified. The following description also includes assessments of the Company's market position, which cannot be obtained from public sources. These assessments are based upon the non-public sources available to the Company and upon the knowledge of the management regarding the relevant industries and markets. For further information regarding the sources of market and industry data, please see "Certain Matters – Information from Third-Party Sources".

Introduction

In its business operations, OmaSp focuses on banking operations widely throughout Finland. The majority of OmaSp's customers are private customers. In addition, OmaSp serves corporate clients, the majority of which comprise small and mid-sized enterprises. OmaSp offers its customers a wide-ranging selection of banking services, including daily banking, secured financing, savings and investment services, along with the related advisory services. The Company's business operations are particularly affected by the development of the Finnish banking market and the general economic conditions, as well as macroeconomic factors. The Finnish banking market, in turn, is considerably affected, *inter alia*, by the general economic development, housing market development, prevailing interest rates, capital markets development, and other trends having an effect upon the market.

General Economic Conditions in Finland

Table 1: Key Finnish economy indicators

Indicator	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Gross domestic product per capita (EUR)[2]	39,745	39,263	38,847	38,772	39,625	40,638	41,695	42,529	43,167
Real growth in Gross domestic product[3]	-1.4%	-0.8%	-0.6%	0.1%	2.5%	2.8%	2.9%	2.2%	1.7%
Consumer price inflation[4]	2.8%	1.5%	1.0%	-0.2%	0.4%	0.7%	0.8%	1.1%	1.7%
Unemployment rate[5]	7.7%	8.2%	8.7%	9.4%	8.8%	8.6%	8.0%	7.7%	7.5%

In 2015 the Finnish economy started to grow, measured with the real growth in the gross domestic product, after which the growth accelerated in the following years, and amounted to 2.8 per cent in 2017. The economic growth is anticipated to continue strong in Finland also over the years of 2018 through 2020, albeit the growth rate is estimated to slightly decelerate compared to the 2017 rate. In the past few years, the Finnish economic growth has been extensive, driven by exports, investments and increasing private consumption. The strong growth in 2016 through 2017 was also partially attributable to the fact that the level of overall production was returning to the level preceding the long downturn that began in 2008.[6] Only in 2018 the gross domestic product is anticipated to exceed the level of 2008, preceding the financial crisis and the following economic downturn. Over the 2018-2020 period, the Finnish economy is expected to grow with support from strong global demand, improved cost-competitiveness, increased household income and favourable financing conditions, albeit growth is anticipated to revert to a more moderate level.[7] The economic upturn has boosted the real purchasing power of households, vital for the banking market, both owing to an increase in the level of income and an

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2 Sources: Historical information: Statistics Finland: Finland in Figures site, National Accounts (as at 24 October 2018) projections: IMF World Economic Outlook October 2018 (as at 24 October 2018), using 2017 price levels

3 Sources: Historical information: Statistics Finland: Finland in Figures site: National Accounts (as at 24 October 2018) projections: Bank of Finland: Bank of Finland bulletin 3/2018 (19 June 2018)

4 Sources: Historical information: Statistics Finland: Finland in Figures site: Prices and Costs (as at 24 October 2018) projections: Bank of Finland: Bank of Finland bulletin 3/2018 (19 June 2018)

5 Sources: Historical information: Statistics Finland: Finland in Figures site: Labour Market (as at 24 October 2018) projections: Bank of Finland: Bank of Finland bulletin 3/2018 (19 June 2018)

6 Sources: Bank of Finland: July 2018 Financial outlook (13 July 2018)

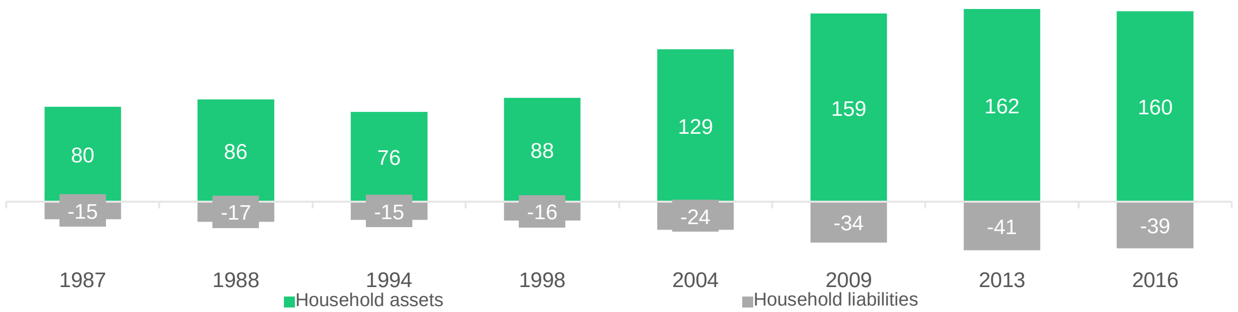
7 Sources: Bank of Finland: Bank of Finland bulletin 3/2018, Finnish Economy Projection (19 June 2018)

improved employment situation. In addition to the growth in purchasing power, private consumption has recently been supported by strong consumer confidence on their own and the Finnish economy.

The unemployment rate was climbing in Finland during 2012-2015, peaking at 9.4 per cent in 2015. During 2016-2017, the unemployment started to decline considerably as a result of strong economic growth. The unemployment rate is estimated to continue to decline also between 2018 and 2020, by a total of 1.1 percentage points. The decrease in unemployment and increase in employment is, however, limited by high structural unemployment, as well as employment mismatch in the labour market, *i.e.*, *inter alia*, differences between the demand and supply of workforce along with differences in the levels of education and skills.[8] Furthermore, differences between estimated growth rates of different industry sectors affect the decline pace in unemployment. Between 2018 and 2020, the economic growth is projected to be more pronounced in industry sectors in which the utilisation of workforce is proportionally lesser compared to, for instance, the service sector.

The Company management considers Finland to be a favourable environment for carrying on banking operations at the moment. In addition to the economic development in the coming years, also other macroeconomic factors in Finland are favourable from the point of view of banking operations. In the context of the European comparative framework, the indebtedness of the State of Finland was relatively low at the end of 2017, amounting to 61.4 per cent of the gross domestic product, being significantly below the EU[9] average of 83.2 per cent. Partially as a result of the low indebtedness rate, Finland's country risk is low, measured as 10-year government bond credit default swap spread, which in Finland was 24.1 basis points on 30 August 2018, while the average among the EU states was 93.0 basis points.[10] In European comparison, Finland is also a relatively wealthy country when measured by the gross domestic product per capita, which in 2017 was EUR 35.7 thousand in Finland, considerably above the EU average of EUR 27.7 thousand.[11] In Finland, wealth is also evenly distributed and the income inequality is low: in 2017, Finland's Gini coefficient was 25.3, with the EU average being 30.3.[12]

Figure 1: Household assets and liabilities in Finland (EUR thousand, median)



Source: Statistics Finland: Assets, liabilities and income of household by age of reference person (as at 24 October 2018)

At the end of 2017, the total loans of Finnish households amounted to EUR 148 billion, of which the vast majority comprised housing loans, totalling EUR 96 billion.[13] In aggregate, at the end of 2017, the financial liabilities of Finnish households amounted to EUR 161 billion. In addition to the financial liabilities, Finnish

[8] Source: Bank of Finland, Bank of Finland bulletin 3/2018, Projection for the Finnish Economy (19 June 2018)

[9] EU-28, consisting of Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. This definition has been used throughout the Offering Circular, unless stated otherwise.

[10] Source: Bloomberg: searched for price fluctuation of credit default swap of EU states (as at 30 August 2018)

[11] Source: Eurostat: General and regional statistics, using 2010 prices (as at 24 October 2018)

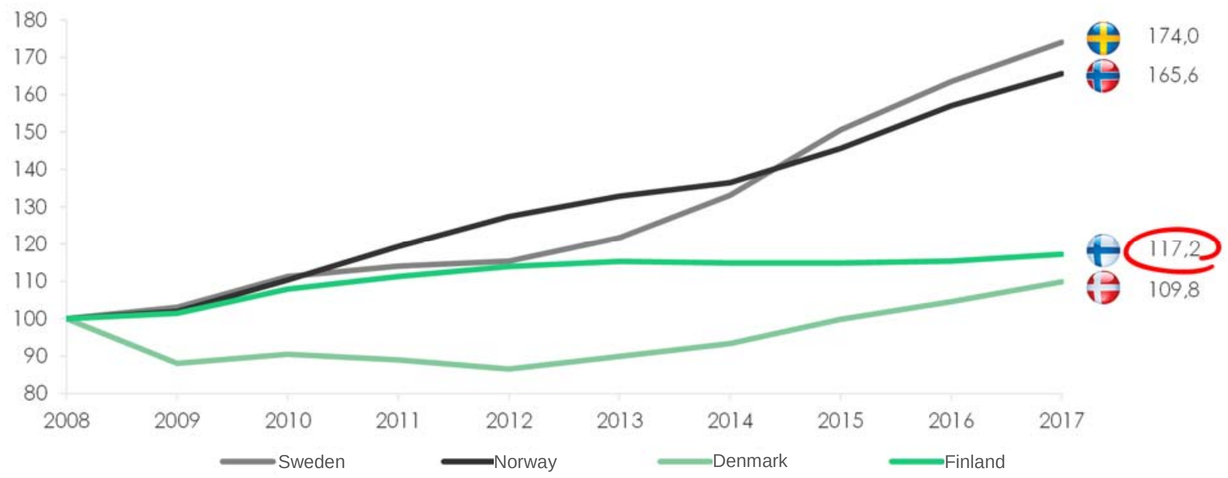
[12] Source: Eurostat: EU-SILC survey: comparable disposable income with Gini coefficient (as at 24 October 2018)

[13] Source: Finance Finland Banking Year 2017 (17 August 2018)

households held financial assets of in total EUR 307 billion at the end of 2017. Alongside the financial assets, households owned real assets, such as housing wealth, which represents a larger asset class for households than financial assets.[14]

Household debt in proportion to assets has slightly increased in Finland over the review period of 1987-2016. In 1987, the household debt-to-asset ratio amounted to 18 per cent, and in 2016 to 25 per cent. Although household indebtedness has increased in the recent years, as a whole, the indebtedness of Finnish households is, however, relatively sound because gross debt-to-income ratio of households as well as the share of non-performing loans of the total loan base are relatively low. In Finland, the gross debt-to-income ratio of households was 116 per cent in 2017, slightly above the average of other EU states of 103 per cent. The higher household indebtedness ratio in Finland compared to the average of EU states is explained, *inter alia*, by the prevalence of owner-occupancy, which increases the average debt burden of households relative to the disposable income. In Finland, 73.2 per cent of households owned their homes in 2017, while in several Central European countries the percentage was lower. For instance in Germany, 51.7 per cent of households owned their homes in 2017[15]. When comparing to the other Nordic countries, Finnish household indebtedness is at a low level when measured by the gross debt-to-income ratio. In 2017, the corresponding ratio amounted to 163 per cent in Sweden and to 241 per cent in Denmark.[16] The percentage of non-performing loans to total gross loans in Finland amounted in 2017 to 1.4 per cent, which is clearly below the average of the EU states of 3.7 per cent.[17] Also compared to the Nordic countries, the proportion of non-performing receivables of the loan portfolio was at a fairly good level, in Sweden the comparable figure in 2017 was 1.1 per cent, and in Denmark 2.5 per cent.

Figure 2: Housing price development in the Nordic countries, indexed, EUR (2008 = 100)



Source: Eurostat: Housing price index – annual data (as at 26 October 2018

As illustrated in Figure 2, the housing price development has been relatively stable in Finland, especially when compared to Sweden and Norway. During 2012-2017, the annual development of Finnish housing prices ranged between -0.3 per cent and 2.4 per cent. The housing price increase was driven, *inter alia*, by higher consumer purchasing power and confidence, along with the low interest rate level. Albeit housing prices in Finland have grown during the past ten years, the average prices compared to the household disposable income have decreased during the same time period. Partially owing to this, the average mortgage loan size of Finnish households has not increased when compared to their disposable income. In the view of the Company's management, the past years' steady development in housing prices, especially when compared

[14] Source: Finance Finland, Banking Year 2017 (17 August 2018)

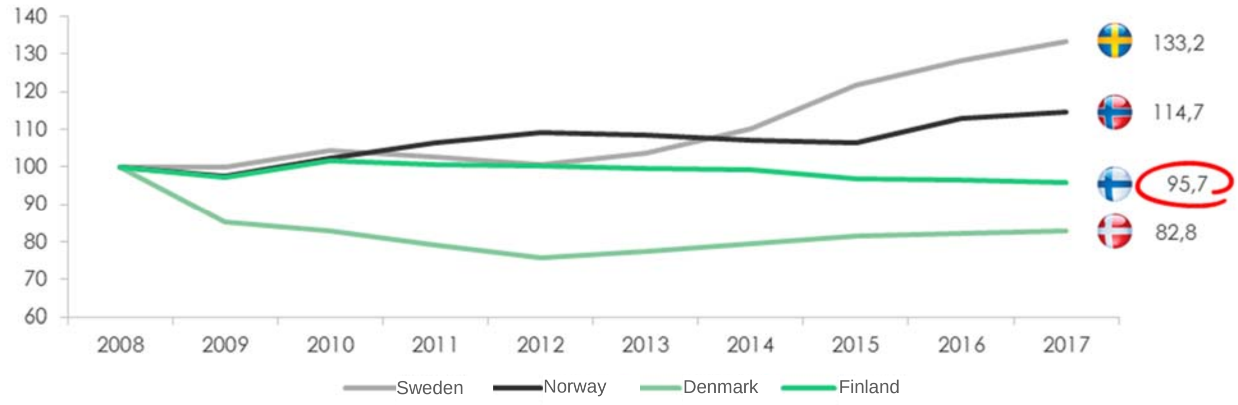
[15] Source: Finance Finland, Banking Year 2017 (17 August 2018)

[16] Source: Eurostat (as at 24 October 2018). The loans include the aggregate loans of households, the disposable income has been defined as available gross annual income, added with the net change in the pension funds that the household is entitled to.

[17] Source: World Bank: World Development Indicators (as at 24 October 2018)

to the development of the disposable income and the development of general economy, indicates that the risks for sudden and significant decreases of housing prices in Finland are limited,

Figure 3: Housing prices relative to the disposable income in the Nordic countries, indexed, EUR (2008 = 100)



Source: OECD Data: Housing (Housing prices and disposable income, defined as available gross annual income, added with the net change in the pension funds that the household is entitled to, as at 5 September 2018)

Regional Economic Situation in OmaSp's Most Important Operating Regions

Figure 2: Local economic situation in OmaSp's key operating regions

	Share of OmaSp's loan portfolio	Population, 2017	Forecasted population growth 2017-2030	GDP per capita 2016, '000 EUR	Average price of real estates, €/m^2, last 12 months August 2018	Debts to disposable income ratio, 2016
Southern Ostrobothnia	30%	190,910	+0.1%	26.6	2,823 (Seinäjoki)	120.5%
Pirkanmaa	13%	512,081	+6.5%	30.7	3,862 (Tampere)	113.2%
Southern Karelia	12%	129,865	-2.3%	31.4	2,047 (Lappeenranta)	94.7%
Uusimaa	8%	1,655,624	+10.6%	44.4	5,786 (Helsinki)	121.1%
Kymenlaakso	8%	175,511	-3.4%	29.7	1,387 (Kotka)	90.1%
Finland, total		5,513,130	+4.3%	33.8	2,766	113.0%

Sources: Debt-to-income: Statistics Finland, Statistics on indebtness (as at 24 September 2018), Population: Statistics Finland, Population structure (as at 29 September 2018), Population growth: Statistics Finland, Population projection 2015 by age and gender regionally 2015-2040; GDP per capita: The Association of Finnish Local and Regional Authorities, Statistics for municipal finances (as at 29 September 2018); Real estate average prices: Etuovi.com, Real estate market and real estate prices in Finland (as at 29 September 2018), Share of OmaSp's loan portfolio: OmaSp

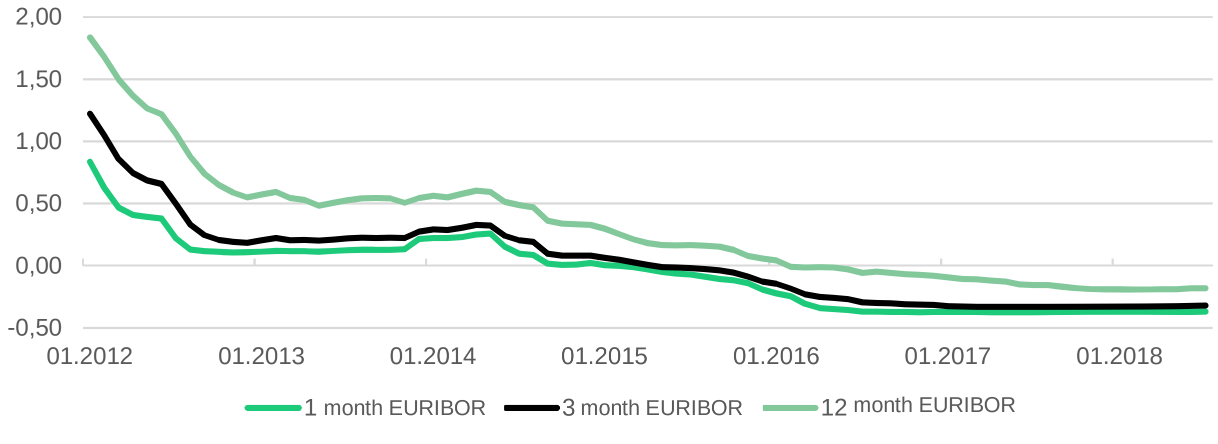
As described in Figure 2, the economic situation and real estate price development in Finland vary significantly between different regions. Through urbanisation, the population growth and GDP per capita are higher in larger cities compared to smaller municipalities. Due to higher demand on real estate driven by, *inter alia,* higher population growth, the real estate prices are higher in larger cities and growth centres, and partly resulting from it, household indebtness in relation to disposable income is also greater in these areas. In net emigration areas, such as South Karelia and Kymenlaakso, gross domestic product per capita and real estate average prices are often lower compared to other areas. In these areas, however, indebtness in relation to disposable income is also lower than in the other areas. Due to above mentioned reasons, according to the Company's management view, different geographical areas have their own opportunities and threaths from banking operations' point of view. In growth centres, the Company assumes the real estate demand to increase and price level to remain more stable in the long-term through population growth, but on the other hand, household indebtness is greater and thus the resilience for economic shocks is lower. In net emigration areas, in turn, the Company's management sees that housing price development can possibly be less stable, but on the other hand, due to lower proportional indebtness, they are more resilient towards shocks to the economy

Interest Rate Development

The general interest rate level has remained low in Europe and in Finland as a result of the expansionary monetary policy of the European Central Bank (ECB) for the past few years. The ECB has, as of March 2016, retained the interest rate (reference interest rate) of main financing operations at 0 per cent and the deposit interest rate at -0.4 per cent. The expansionary monetary policy of the ECB has also included an asset purchase programme, which is considered to represent unconventional monetary policy action.[18] The objective of the programme is to promote the attainment of the ECB's price stability target and to prevent the prolongation of the period of slow inflation. As a result of ECB's low key policy interest rate and deposit interest rate, also the market interest rates have dropped to a historic low. For example, the generally followed one, six and 12-month Euribor reference interest rates have been negative during 2016-2018.

The ECB council communicated in a press release on 25 October 2018, which related to its latest interest rate meeting that it expects the key policy interest rates to remain at their current level at least until the summer of 2019. Furthermore, the council has stated that it would be retaining the key policy interest rate at its current level until inflation would revert sustainably closer to the medium term target level of just under two per cent. In its latest interest rate meeting press release, the ECB council reported that it was also continuing with its monthly purchases of EUR 15 billion per month until the end of December 2018. The ECB council anticipated that if the forthcoming information confirms its inflation expectations for the medium term, it will end the purchases.

Figure 4: Interest rate level development in the eurozone



Source: Bank of Finland, Statistics: Interest rates (as at 24 October 2018)

[18] Bank of Finland, Bank of Finland bulletin 3/2018 (19 June 2018)

Overview of the Retail Banking Market in Finland

Size and Development of the Market

Table 3: Loans and deposits of Finnish financial institutions[19]

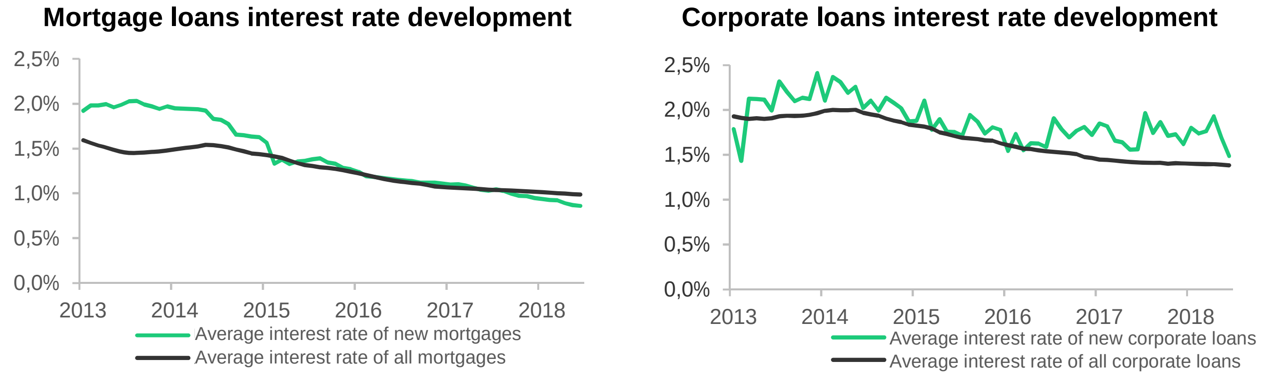
EUR, billion	2012	2013	2014	2015	2016	2017
Total loan portfolio	193	206	214	217	220	225
Loans to households	115	117	119	122	125	128
Household mortgage loans	86	88	90	92	94	96
Loans to corporations	63	67	68	73	76	79
Total deposits	135	142	145	148	150	157

Source: Bank of Finland, Statistics: MFI balance sheet and interest rates (as at 24 October 2018)

The euro-denominated loans to the public of financial institutions operating in Finland amounted to EUR 225 billion in total at the end of 2017. Loans to households comprised the majority, approximately 57 per cent, of the Finnish retail banking markets total loan portfolio in 2017. Corporate loans are the next largest loan category with approximately a 35 per cent share of all loans in 2017. The remainder of the loan portfolio consists of loans to financial and insurance institutions and public entities. As presented in Table 3, the Finnish retail banking market has grown steadily for the entire review period, with the average growth during the years of 2012 through 2017 being 3.1 per cent, when estimated by the total loan portfolio developent. Loans to households have increased during 2012-2017 by approximately 2.2 per cent annually on average, *i.e.* in total by EUR 13 billion, while the corporate loan portfolio has increased over the same time period by approximately 4.6 per cent annually on average, *i.e.* in total by EUR 16 billion. One of the significant explanatory factors for the rapid increase in the corporate loan portfolio has been the high volume of construction, which has been reflected in the corporate loan portfolio in the form of an increase in housing corporations' loan portfolio, while the remaining corporate loan portfolio has grown at a considerably slower pace.[20] The growth of the total Finnish credit institutions' loan portfolio over the 2012-2017 period was according to the Company's view driven by the favourable development of the general economic conditions, and, in particular increased private consumption, increased coproprate investments, steady housing price development and low interest rate level.

The deposit base of the retail banking market has grown almost at the same pace with the loan portfolio, with the average annual growth during 2012-2017 amounting to approximately 3.0 per cent. The distribution of the deposits between the different customer sectors deviates from the distribution of the loan portfolio to the extent that corporations comprise merely 23 per cent of the deposits in 2017, while the proportion of households of the deposit amounted to 56.0 per cent.

Figure 5: Interest rate development of mortgage and corporate loans in Finland (%)



Source: Bank of Finland, Statistics: MFI balance sheet and interest rates (as at 24 October 2018)

[19] Eurozone public euro-denominated loans and deposits of Finnish financial institutions

[20] Source: Finance Finland ry, Banking year 2017 (17 August 2018)

Mortgage loan interest rates have been on a steady decline during 2013-2018. The decline has been driven by decreased reference interest rates and loan margins especially within the Helsinki Metropolitan Area and in other large cities, where the loan market competition has become more intense. In less competed regions outside of the largest cities, the loan margins have, to the Company's understanding thus far remained at a considerably higher levels. Since 2015, the average interest rates of the total outstanding mortgage loan portfolio has remained roughly at the same level as the average interest rates for new mortgages. In June 2018, the average interest rate of all outstanding mortgage loans was 0.99 per cent, while the average interest rate for new loan agreements was 0.86 per cent. Also the average interest rate for the corporate loan portfolio has been decreasing since 2014, but at a slower pace compared to the mortgage loan interest rates. Furthermore, the average interest rate for new corporate loans fluctuates on a monthly basis considerably more than with new mortgages. The Company's view is that factors impacting these trend include, *inter alia*, the fact that for corporate loans, minimum thresholds for the loan interest rate are applied more often than for mortgages, that in corporate loans the amount of collateral fluctuates more than for mortgages, and that the international interest rate development has a stronger effect on the interest rates of corporate loans.[21] The company considers that despite the decrease in interest rates and margins, Finnish banks have been able to maintain their business relatively highly profitable through improving efficiency of their operations, for example, with the aid of digitalisation.

Trends and Recent Changes

Substantial structural changes have been visible in the Finnish retail banking market in the recent years, of which the most notable ones include increased regulation, growing use of digital banking services, a decreasing number of bank branches, and the emergence of alternative financial services providers into the industry. These changes in the banking sector are closely intertwined, because, for instance, one of the notable enabling factors for alternative financial services providers to enter the banking sector has been customers' increasing familiarisation towards the use of digital banking services.

Increasing Regulation

Increased regulation has partly been driven by the European Union's increasing integration as well as the internationalisation of the financial markets, which have increased the need for more harmonised regulation of the financial industry at the European level. This has resulted, for instance, in the creation of the European financial supervision system, in which banking operations are supervised by the European Banking Authority (EBA) and, *inter alia*, the improvement of investor protection, as well as the establishment of the European Securities Market Authority (ESMA), striving towards promoting the stability of the financial markets. Another substantial reason for the growing regulation of the financial industry is the increasing complexity of the financial markets, attributable to novel products and service channels. For instance, the significantly increasing use of digital banking services has posed additional challenges, *inter alia*, for the identification of customers using remote services, and the recording of customer data and, thereby, brought up additional regulation relating to these.

[21] Sources: Bank of Finland, Statistics: MFI balance sheet and interest rates (as at 24 October 2018), OmaSp

Table 4: Certain key regulation schemes impacting the Finnish banking market

Regulation	Regulation status
EU-level regulation schemes	
MiFID II and MiFIR[22]	In force, directive implemented in national legislation
PSD 2[23]	Implemented in national legislation and entered into force in 2018, transitional period until autumn 2019
IFRS 9[24]	In force
GDPR	In force
Basel IV[25]	Time of entry into force not decided
Finnish national level regulation	
Structural additional capital requirement[26]	Entering into force on 1 July 2019
Tightened maximum loan-to-value ratio for mortgages[27]	In force as of July 2018
Financial technology regulation	The FFSA and the Ministry of Finance have emphasised the need for regulatory changes[28]

According to the Company's view, especially the regulation schemes that have an effect on banks' capital buffer requirements and lending as well as the possibilities opening up from the payment services directive reform impact the Finnish banking market. The capital buffers required from the banks have increased during the past decade and will further increase as of 1 July 2019, when the structural additional capital requirements, i.e. a systemic risk buffer, imposed on credit institutions by the FFSA enter into force. The solvency requirements vary according to the size and systemic risk of the bank and may therefore impact the competitive landscape. The solvency requirements affect the banks' ability to grow, because as lending increases, banks also need to increase their capital buffers. Also, the maximum loan-to-value ratio in mortgages, *i.e.* the so-called loan ceiling, may impact the demand for mortgage. The Company is of the view that the more stringent maximum loan-to-value ratio will not notably impact OmaSp's operations, because the maximum loan-to-value ratios in the Company's mortgages, are in general notably below the 85 per cent limit imposed by the FFSA. Up until 1 January 2018, the limit imposed by the FFSA was 90 per cent.

The banking market is further impacted by the revised so called EU Payment Services Directive 2 (PSD2) and the changes entailed by the directive to the national legislation that have been in force since the beginning of 2018. As a result of the directive, banks must open the interfaces of customers' payment accounts for third party service providers by the transitional period, *i.e.* autumn 2019. In practice, as a result of the directive, third parties may begin to offer, for instance, payment transaction initiation services, account information services and card-based payment services. The entry into the market of any new operators providing payment services may alter the competitive situation within the payment services market, but also open up new possibilities for banks to develop their services. The MiFID II and MiFIR schemes had a significant impact on the provision of investment management services and operators were obliged to, among other things, assess their processes and revise their systems to be compliant with the new regulations. IFRS 9 impacts the way how financial instruments on banks' balance sheet are valued, and the standard is expected to increase short-term earnings

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22 Directive on markets of financial instruments (MiFID II) and Regulation on markets of financial instruments (MiFIR), that have a wide impact on provision of investment services

23 Payment Services Directive 2

24 Standard 9 of International Financial Reporting Standard implemented in EU, Financial Instruments

25 Regulation whole of Basel Committee operating in connection with Bank for International Settlements (BIS), which implementation in EU will be regulated by regulations, directives and/or other EU regulation as well as by implementation in national legislation, where applicable

26 Decision of FFSA directorate on additional capital requirements commanded based on structural features of financial system (systemic risk buffer) based on Credit Institutions Act, 29 June 2018

27 Decision of FFSA directorate regarding tightening of maximum loan-to-value ratio

28 Ministry of Finance, (FinTech strategy to improve competitiveness and innovativeness of European financing sector VM2018-00220)

volatility due to the calculation of expected credit losses and its effect on the profit reported by banks. The implementation of GDPR has set additional obligations to all companies dealing with customer data and sanctions given from breaches of data protection regulations may be material.

The Company's view is that increasing and changing regulation will complicate the operations, especially for very small banks but also for banks with complex legal structures. Issues relating to financial technology regulations particularly concern FinTech operators entering into the industry in relation to when and how far they have to adapt to legislation applicable to banks and investment management services firms. In addition, the Company is of the view that changes in regulation have a limited effect on OmaSp's activities, since it benefits from a sufficient scale of its operations as well as a simple legal structure. In addition to the above-mentioned regulation schemes, the operations of banks and banking market are also affected by many other regulations and regulation schemes already in force. See also "*Banking Regulation and Supervision*" of the Offering Circular.

Increasing Utilisation of Digital Banking Services

The role and utilisation of digital banking services has increased considerably in the last decade. According to a survey conducted by Finance Finland, in 2017 it was already significantly more common to submit a loan application digitally than through a bank branch. Furthermore, in the recent years, the popularity of mobile banking services has soared. In 2017, already half of Finns were utilising a mobile phone or tablet device as the primary or secondary device for the utilisation of online banking, while in the spring of 2014 only approximately one fourth did so. Online and mobile services are used particularly for carrying out daily banking services. For instance, for the payment of invoices, the online bank is the primary channel for 90 per cent of Finns. For the users of online banks, mobile banks is the primary service for 23 per cent of persons who also use online banks.[29] The provision of digital services often requires fewer personnel and other resources from the bank than the provision of the same service at a physical service location. Thereby, the increased utilisation of digital services enhances the efficiency of functions in the banking sector and the profitability of banks. The digitalisation of banking services is a positive trend also for the customers, because as a result, the availability of the service as the service availability is not only tied to a geographical location or to the bank's office hours.

Reduction in the Total Number of Branches in the Market

The increased utilisation of digital banking services is closely connected also to the reduction of bank branches in the Finnish banking market as digital services often replace the service provided in physical branches. The number of branches serving individual clients has been reduced from slightly over 1,500 in 2010 to under 1,000 in 2017. In addition to the closing down of the bank branches, also the remaining branches' service selection may have been reduced. For example, approximately 15 per cent of bank branches serving private customers are not offering any cash services at all anymore, and approximately 30 per cent have reduced the amount of cash services being provided.[30]

Despite of the increasing digitalisation, 75 per cent of Finns still want to utilize banking services also at a branch.[31] Furthermore, sourcing of new customers and the sale of additional services continues to largely take place via branches. The Company considers that the decisions of different banks regarding the location of their branches are based upon the individual strategies of each bank, encompassing an assessment of the competitive landscape prevailing in each geographical area, and the method selected by each bank on how to offer different services to its customers.

Entry of Alternative Financial Services Providers into the Sector

The changes in the banking market, along with a shift in customer demands have also made room for alternative financial services providers. For instance, consumer credit providers, asset management companies and financial service comparison marketplaces relying purely on digital channels, have emerged in the market. Many of the new providers of alternative financial services are focusing on one or a few services, such as, for example "payday loan companies" offering high-interest, rapidly available consumer credits. In the recent years, also companies providing more comprehensive financial services have begun to surface in the

[29] Finance Finland, Saving, use of credit and means of payment 2017 (8 June 2017)

[30] Source: Finnish Financial Supervisory Authority, Report on the availability and pricing of basic banking services 2017 (19 September 2017)

[31] Finance Finland, Saving, use of credit and means of payment 2017 (8 June 2017)

market, not offering traditional physical branch services at all but, rather, purely offering their services through digital and other distance connection service channels. The diminishing significance of the physical bank network has also accelerated the offering of credit to Finland from abroad at an increasing pace. Alternative banking and financial services providers have, however, rarely ventured into the most important services of traditional banks, namely secured loans and payment services. The Company's management is of the view that the entry of alternative financial service providers to the industry has opened up new possibilities for cooperation *e.g.* in unsecured corporate lending, but has not significantly affected the competitive situation for OmaSp.

Competitive Landscape

OmaSp's relevant group of competitors comprises of banks operating in Finland, providing banking services to households and corporations. The new alternative financial service providers that have entered into the Finnish financial service market during the recent years have not significantly changed the competitive setting from the Company's point of view, because OmaSp focuses on the granting of secured loans and the provision of comprehensive banking services, where the largest operators in the market comprise banks operating in Finland.

Table 5: Information on Finnish retail banking market incumbents

Company	**Mortgages to households, 2017, EUR billion**	**Growth in mortgages granted to households 2015-2017[1)]**	**Cost-income ratio (2015-2017 avg.)[3)]**	**Number of branches, as at September 2018, pcs**
Large nationwide operators				
OP Group	37.7	2.5%	55%	442
Nordea[2)]	28.4	1.2%	42%	161
Danske Bank	10.9	0.6%	61%	42
Medium-sized nationwide operators (in order of growth in mortgages granted to households)				
OmaSp	1.0	12.3%	58%	41
Savings Banks Group	4.9	11.3%	64%	146
POP Bank Group	1.9	6.9%	73%	85
Ålandsbanken	1.4	2.4%	78%	10
Handelsbanken	2.8	-0.4%	54%	45
Aktia	4.0	-5.8%	69%	45
S Bank	2.1	Not available	85%	12

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1) Average annual growth (formula: (2017 figure / 2015 figure)^(1/2)-1
2) Nordea's figures include Nordea Bank AB (publ), Finnish branch, Nordea Mortgage Bank Plc and Nordea Finance Finland Ltd as of 25 September 2018. The cost-to-income ratio figure for Nordea Bank AB (publ), Finland branch average for 2015-2016.
3) In 2017, net income on financial assets and liabilities, amounting to EUR 10.8 million, was highlighted in OmaSp's results. Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017.

Source: OmaSp (OmaSp's figures), Bank of Finland (16 April 2018) (2017 figures for operators other than OmaSp), Finance Finland annual statistics (9 June 2016) (2015 figures for operators other than OmaSp), FFSA cost-income ratio

The market relevant for the Company is the Finnish banking market, in which the competitive field is divided into sizeable banks operating on a nationwide basis and, on the other hand, into medium-sized banks operating in wide areas of the country. In the recent years, the competitive situation has been particularly impacted by the concentration of the larger incumbents into bigger cities and the rapid reduction of the branch networks. The Company's management is of the understanding that larger banks have also at times considerably reduced their focus of providing services to small and medium-sized enterprises, which, in turn, has opened up growth possibilities for smaller and agile banks. In the past few years, several medium-sized banks, such as OmaSp have grown at a considerably faster pace than the larger banks and, therefore, their significance in the Finnish banking market has increased. Between 2015 and 2017, OmaSp grew on average 12.3 per cent annually, measured with mortgages granted to households, which was the fastest growth of the peer group set forth in Table 5 and considerably faster, for instance, than the growth of the three largest banking operators in Finland. OmaSp is also more profitable than the vast majority of the other operators when measured by the cost-income ratio.

According to the Company's management, in the largest cities, OmaSp in practice faces competition from all of the banks operating in Finland. In the larger cities, the price competition is more intense and average loan margin "shopping" (i.e. requesting competing quotations) is commonplace, which also leads to lower price levels relative to smaller cities. In the smaller cities, competition is usually less intense and the number of operators is lower. For that reson, the Company's management also considers the price levels to be higher than in the larger cities. OmaSp does not engage in price competition, but rather competes with its extensive service offering, service quality and accessibility, which, in addition to prices, are relevant criteria for customers when choosing a bank. The Company considers its most important competitive advantage in the largest cities to be the personal and skilled customer service it offers, along with good accessibility. In smaller cities, the Company's competitive edge is its local physical presence, along with local knowledge.

INFORMATION ABOUT THE COMPANY AND ITS BUSINESS

General Information on the Company's Business

OmaSp is a growing Finnish bank and based on total assets, the largest savings bank in Finland. Over 270 professionals provide nationwide services through OmaSp's 40 branches and digital service channels to approximately 135,000 customers. OmaSp is focused primarily on retail banking operations and provides its clients with a broad range of banking services both through its own balance sheet as well as by acting as an intermediary for its partners' products. The intermediated products include credit, investment and loan insurance products. OmaSp is also engaged in mortgage bank operations.

OmaSp's core aim is to provide personal service and to be local and close to its customers, both in digital and in traditional channels. The Company aspires towards premium level customer experience through personal service and easy accessibility. In addition, the development of the Company's operations and services occurs on a customer-oriented basis. The Company's personnel is committed and the Company seeks to support their career development with versatile tasks and continuous development. A substantial part of the personnel also owns shares in the Company.

OmaSp's operations have expanded over the past few years. Total operating income and the balance sheet total have increased over the time period of 2015 through 2017. Total operating income was EUR 54,352 thousand in 2015, EUR 60,339 thousand in 2016 and EUR 74,091 thousand in 2017. Balance sheet total instead was EUR 1,932,328 thousand in 2015, EUR 2,150,768 thousand in 2016 and EUR 2,726,567 thousand in 2017. Profit for the accounting period has also increased steadily being EUR 14,778 thousand in 2015, EUR 16,044 thousand in 2016 and EUR 24,087 thousand in 2017. In 2017the Company's growth in profits was also affected by non-recurring investment gain, through which the net income on financial assets and liabilities were noticeably higher than during previous years.[32] Non-recurring investment gains and other factors affecting the comparability of the Company's financial information have been described in further detail under "*Operating and Financial Review – Factors Affecting the Comparability of the Financial Information*" in this Offering Circular.

The following table sets forth financial key figures of the Group over the time periods mentioned in the table:

	1 Jan–30 Sept		1 Jan–31 Dec		
(EUR thousand)	**2018**	**2017**	**2017**	**2016**	**2015**
		(unaudited, unless stated otherwise)			
Total operating income	57,806	49,959	74,091(1	60,339(1	54,352
Profit before taxes	20,460	19,910	30,379(1	20,611(1	18,420
- of which net income on financial assets and liabilities3)	832	2,905	10,780	2,401	4,371
Profit/loss for the accounting period	16,603	16,041	24,087(1	16,044(1	14,778
Cost-income ratio	58.5%	58.5%	55.5%	58.9%	59.5%
Balance sheet total	2,841,945	2,291,432	2,726,567(1	2,150,768(1	1,932,328
Equity, total	254,633	237,693	241,484(1	221,071(1	202,126
Return on assets, ROA %	0.8%	1.0%	1.0%	0.8%	0.8%
Return on equity, ROE %	8.9%	9.3%	10.4%	7.6%	7.8%
Tier 1 capital ratio, (CET1) %	16.6%	18.5%(2	17.6%(2(4	18.6%(1(2	19.4%(2

1) Audited
2) Parent company's figure
3) Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017
4) The figure does not correspond with the figures presented in the financial statement of 2017, since the Company has rectified the key figures for core capital and solvency. The shares subscribed for in the 2017 personnel offering are not included in the core capital.

Key Strengths

The Company's management believes that the following factors in particular represent the key strengths of the Company, providing it a competitive advantage:

[32] Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017

Profitable Finnish Bank with a Demonstrated Ability to Grow and Operate Efficiently

OmaSp has managed to increase its total operating income and balance sheet rapidly by providing its customers with high accessibility and excellent customer service, as per its strategy. To highlight this, OmaSp's balance sheet total increased between the years 2015 and 2017 by on average 18.8[33] per cent annually, while the balance sheets of a reference group consisting of competing Finnish banks[34] increased on average 7.3 per cent annually during the same time period[35]. OmaSp's growth has been primarily organic but also successful mergers and acquisitions have had a positive effect on the growth. A fundamental factor in profitability is OmaSp's efficient operating model and organisation, allowing for a low cost-income ratio. Over the 2015-2017 period, OmaSp's cost-income ratio was on average 58.0 per cent, while the cost-income ratio of the reference group averaged at 71.1 per cent over the same time period.[36] The operative efficency, focus on profitable customer segments that appreciate good customer service and low credit losses resulting from successful risk management have also further contributed to the high profitability. The company's Return on Assets (ROA) during 2015-2017 was on average 0.87 per cent, while the equivalent figure for the reference group was 0.50 per cent.[37] In 2017, the Company's profitability was also impacted by a non-recurring investment gain, which resulted in higher net income on financial assets and liabilities compared to the previous years.[38] The non-recurring investment gain and other factors impacting comparability of the Company's financial information have been presented in more detail under "*Operating and Financial Review – Factors Affecting the Comparability of the Financial Information*" of this Offering Circular.

The Company Operates in Finland, which is a Stable and Favourable Operating Environment

The Company management is of the view that OmaSp's operating environment in Finland is attractive, owing, *inter alia*, to the current positive outlook of the Finnish economy, the stable housing market and the moderate indebtedness of households. The Finnish gross domestic product (GDP) started to grow strongly in 2015, increasing by 2.5 per cent in 2016, and 2.8 per cent in 2017. The growth of GDP is anticipated to persist and to amount on average to 1.8 per cent per annum during the 2018-2020 period[39]. The principal reasons behind the GDP growth include, *inter alia*, high export demand, increase in the household disposable income, improved cost competitiveness, and favourable financing conditions[40]. The growth of the Finnish economy has also been reflected in the unemployment rate, which has decreased from the level of 9.4 per cent in 2015 to 8.6 per cent by the end of 2017. The unemployment rate is forecast to decline to 7.5 per cent by 2020.[41].

The Company's management considers that the operating environment in Finland is stable also considering the household indebtedness and housing prices. Housing prices in Finland have developed steadily, growing by on arverage 1.8 per cent per annum during 2008-2017[42] while housing prices relative to the disposable income of households have decreased over the same time period on average 0.5 per cent annually[43]. The International Monetary Fund IMF estimated in 2016 that housing prices in Finland were at a healthy level and the probability for substantial and sudden housing price drops was limited[44]. The Company management is of

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33 Formula of average annual growth: (2017 figure / 2015 figure)^(1/2)-1

34 The reference group includes Aktia, Oma Savings Bank, POP Banks, S Bank, Savings Bank Union Coop and Ålandsbanken

35 Source: OmaSp (OmaSp's figures), Finnish Financial Supervisory Authority: Statistics (reference group figures, excluding OmaSp's figures) (as at 24 October 2018)

36 Source: OmaSp (OmaSp's figures), Finnish Financial Supervisory Authority: Statistics (reference group figures, excluding OmaSp's figures) (as at 24 October 2018)

37 Source: OmaSp (OmaSp's figures), Finnish Financial Supervisory Authority: Statistics (reference group figures, excluding OmaSp's figures) (as at 24 October 2018)

38 Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017

39 Source: IMF: World Economic Outlook October 2018 (as at 24 October 2018)

40 Source: Bank of Finland, July 2018 Economy Review (13 July 2018)

41 Source: Historical data: Statistics Finland (as at 24 October 2018), projections: Bank of Finland: Euro & Talous 3/2018 (19 June 2018)

42 Source: Eurostat: House price index (as at 24 October 2018)

43 Source: OECD Data: Housing (housing prices and disposable income of households, which have been defined in available gross annual income, added with the net change in the pension funds that the household is entitled to as at 5 September 2018)

44 Source: IMF Country Report No. 16/369: Finland, Selected Issues (4 November 2016)

the view that there have not been any such material changes in the development of the Finnish housing market that would prevent the development from continuing steadily also going forward. In the view of the Company, although household indebtedness for housing loans has increased through housing cooperative indebtedness, the housing cooperative loans only constitute a marginal part of the household loans.

During the last years, household indebtedness has grown somewhat, when measuring the ratio of debts to assets[45]. When comparing the indebtedness ratio to the households' disposable income, the indebtedness of Finnish households is, however, at a relatively low level when compared, for instance to Sweden and Denmark.[46] In addition, the proportion of non-performing receivables of the loan portfolio is at a low level in Finland, and below both the eurozone average and the Swedish and Danish averages.[47] The situation of the Finnish banking market has been described in more detail under "*Market and Industry Review*".

High Quality Full Service Offering for Private and Corporate Customers

OmaSp offers a full selection of banking services for its roughly 135.000 customers. OmaSp's service offering for private customers includes daily banking services, various financing solutions, savings services, asset management services, insurances, as well as certain legal services relating to e.g.inheritance and family law. The service selection for corporate customers encompasses payment services and other corporate daily banking services, financing services, corporate pension insurances, and investment services as well as legal and other advisory services. OmaSp has supplemented its own service offering with services provided by cooperation partners, which enables the offering of a complete service selection. For instance, in relation to asset management services, OmaSp cooperates with Sp Fund Management Company Ltd Oy and Sp Life Insurance Company Oy. The Company also has numerous other long-term cooperation partners. A comprehensive service offering allows even the most demanding customer requirements to be met. OmaSp wants to provide its customers with the best possible service and an excellent customer experience in all of its customer relationships.

Approximately 20 per cent of OmaSp's customer base comprises corporate customers, and the remaining roughly 80 per cent private customers. Private customers account for 58.3 per cent and corporate customers 41.7 per cent of OmaSp's loan portfolio as at the end of September 2018. Within private customers, the Company focuses on customers who desire a complete service selection from their bank and who appreciate good customer service and service accessibility. The vast majority of corporate customers are small and medium-sized enterprises that are well known to the Company.

Comprehensive Digital Services and an Extensive Branch Network Enables High Quality and Efficient Service Provision

OmaSp serves its customers through comprehensive digital service channels and 40 branches, throughout Finland.

OmaSp's digital service channels improve the customer experience by ensuring that the services are within customers' reach whenever and wherever they want. The Company's objective is to keep its service offering personal also in digital service channels. For instance by means of online meetings, the Company can meet its customers face-to-face via the internet and to provide a service that is more personal than via a mere telephone connection. Furthermore, digital service channels play a crucial role in enhancing the efficiency of the Company's operations, as they serve to increase the level of automation in the service production, which saves costs without jeopardising the level of customer service. The importance of digital services is reflected in OmaSp's continuous development activities of digital services. In the past few years, OmaSp has added a multitude of vital services into its offering. In 2015, OmaSp published the OmaMobiili mobile service and in 2018, the digital service channels were further expanded with the introduction of the OmaKonttori and the OmaVahvistus mobile applications. Together with the OmaAllekirjoitus (Oma Signutre) application which enables electronic signatures, these services provide the customer with a possibility to usean extensive range of banking services purely through the digital service channels.

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[45] Source: Statistics Finland: Assets, liabilities and income of household by age of reference person (as at 24 October 2018)

[46] Source: Eurostat (as at 24 October 2018). Debts include total loans of househoulds, imposable income are defined as gross amounted imposable annual income, added with net change in pension funds in which the household is entitled to.

[47] Source: World Bank: World Development Indicators (as at 24 October 2018)

The Company is continuously optimising its own branch network in order to achieve an optimal service channel for its customers and, simultaneously, to maximise efficiency in the provision of customer services and sales. The most important criteria for the location of branches comprise sufficient regional demand for good and local customer service, the positive demographical and economic conditions of the area, as well as the good reachability of customers and brand visibility. In order to ensure sound demographical and economic conditions, the Company's branches are primarily located in growth centres, where population is increasing and the level of activity among small and medium-sized enterprises is high. In smaller municipalities OmaSp's branches primarily serve as bases for the sales personnel. OmaSp monitors the efficiency of its branches and branch personnel systematically and closely, for instance, through sales targets, profitability and customer satisfaction. Every office has its own profit and loss statement and balance sheet for which the branch manager is responsible. Each of the Company's branches must have a positive outlook and good profitability.

OmaSp provides customers with several different alternatives, which enable flexible and accessible services for customers. In most cities, the branches are open also on weekday evenings. Personal service is provided via digital channels through, for instance, the chat and video connections in the OmaKonttori and OmaMobiili applications. Customer meetings are increasingly being arranged at customers' homes. The customers may choose for themselves, which customer advisor they want to be in contact with at any given time.

Stable Business Profile

OmaSp focuses on stable retail banking operations in Finland, aiming to keep individual customer and investment risk concentrations limited as well as organisational structure simple and transparent. The Company has defined clear risk management processes, limits for risk taking and guidelines for remaining within the set boundaries.

OmaSp maintains a strict credit policy. Each customer is assigned an internal credit rating and the majority of the Company's loan portfolio comprises loans to customers with an internal credit rating of AAA-A[48]. Furthermore, OmaSp's credit risk is limited by the fact that a large proportion of the loan portfolio is comprised of secured loans, there is a relatively low exposure to individual customers, and OmaSp has geographic diversification. At the end of September 2018, secured loans constituted 98.6 per cent of the Company's loan portfolio.[49] For instance, the loans of the Company's agricultural customers on average feature comprehensive and high-quality securities, in relation to which the Company's management considers the credit loss risk to be low. The Company also maintains low Loan to Value (LTV) ratios in its loans in order to minimise credit losses.

The risks relating to the Company's operations are widely dispersed both from the point of view of the customer base and geographical locations. At the end of June 2018, 71.4 per cent of the company's loan portfolio was held by customers whose aggregate liabilities towards the bank amounted to under EUR 400 thousand and the top one thousand largest customers accounted for 33.5 per cent of the loan portfolio. Only a small number of customers had liabilities towards the bank in excess of EUR 5 million.[50] Taking into account the Company's diversified customer base and the high proportion of secured loans, relatively limited risks are posed to the Company by individual customers. The average size of the housing loans granted by the Company is approximately EUR 62.7 thousand. Furthermore, the Company's loan portfolio is geographically relatively dispersed, which limits the effect of local shocks in the economy on the Company. The Company operates in several growth centres in which the economic outlook is favourable and the housing market is active. Housing prices and the proportional indebtedness of households are higher in these areas as compared to the rest of Finland. On the other hand, the Company also operates in several smaller municipalities, where the economic outlook is on average less favourable. However, in these areas, housing prices are generally lower than in other parts of Finland, and household indebtedness is low, decreasing the probability of the actualisation of

[48] The Company assigns both its private and corporate customers a credit rating of AAA (highest credit rating) – D (lowest credit rating or unclassified). For its internal credit rating, the Company utilizes its own and publicly available customer data, on the basis of which the Company makes an individual credit rating regarding a customer.

[49] Loan portfolio split for secured and unsecured loans with the parent company's figures

[50] Loan portfolio split as of customer's overall liability with the parent company's figures

credit risks in these areas.[51] In addition, in small areas, loan margins are also higher than in the largest growth centres.

The Company's stable business profile, systematic risk management and high-quality loan portfolio have historically resulted in lower non-performing receivables than in the Finnish banking sector on average according to the FFSA's statistics during 2015-2017. The proportion of non-performing receivables of the loan portfolio amounted in 2015 to 1.3 per cent for OmaSp, while in the entire Finnish banking sector the average was 1.4 per cent, and in the banking sector of the entire eurozone the average was 4.9 per cent. At OmaSp, the proportion of non-performing receivables of the loan portfolio amounted in 2016 to 1.2 per cent, while in the entire Finnish banking sector it averaged at 1.4 per cent and in the banking sector of the entire eurozone at 3.7 per cent. In 2017, the proportion of OmaSp's non-performing receivables of the loan portfolio amounted to 1.2 per cent, while in the entire Finnish banking sector the figure amounted to 1.4 per cent, and in the banking sector of the entire eurozone on average to 3.4 per cent. Furthermore, in accordance with OmaSp's own reporting, the proportion of adjusted non-performing receivables of the loan portfolio amounted to 1.0 per cent in 2017.[52]

Strong Funding Base and Liquidity

OmaSp has a strong funding base that has grown steadily as a result of the increasing deposit base and capital market funding. Over the time period of 2015 to Q3 2018, the funding base grew on average 16.0 per cent per year[53], and amounted to EUR 2.5 billion at the end of September 2018[54]. The Company's funding base is primarily composed of deposits[55] that in September 2018 amounted to 67.8 per cent of the entire funding base. The funding base is widely diversified between different customer groups and customers. The majority of deposits are in the customers' current accounts. The dispersal of the deposit base reduces the risk for substantial simultaneous withdrawals of deposits, which could complicate the Company's liquidity management.

Furthermore, as of 2013, OmaSp has issued six bonds, through which the Company has been able to diversify its funding base and to prolong the maturity of the funding, which allows for more leeway for the Company in relation to risk management. On the date of this Offering Circular, three of the bonds are outstanding. The Company management is of the view that bonds will continue to play an important role in organising the Company's funding. The Company has consistently increased the size of the bonds issued in order to increase the proportion of capital market funding in its funding base. The latest bond issued by the Company was a EUR 250 million covered bond issued in December 2017, which the Company tapped in June 2018 with an EUR 100 million issue. The Company's management sees that raising funds by means of issuing covered bonds allows for a reduction of the Company's funding costs in the future. Furthermore, OmaSp employs deposit certificates and debentures to diversify its funding base and to increase its funding options. In addition to deposits and capital market funding, the Company has a TARGET2 account opened and activated at the Bank of Finland, which allows for the utilisation of central bank funding for short and long-term liquidity management. By September 2018, the Company has not used central bank financing. The Company has also obtained long-term funding from the European Investment Bank and the Nordic Investment Bank (NIB).

OmaSp has high liquidity, which the Company maintains by investing assets primarily in liquid funds and assets. The Company seeks to minimise the costs incurred from maintaining a liquidity portfolio by keeping the amount of cash to be retained at the central bank low, to maximise profit generation from the liquid assets. The Company has set the minimum internal threshold of the liquidity coverage requirement (LCR) at 125 per

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[51] Sources: Association of Finnish Local and Regional Authorities, Statistics of Local Finland (as at 29 September 2018); Statistics Finland, Indebtedness (as at 24 September 2018); Etuovi.com, Housing market and house prices in Finland (as at 29 September 2018)

[52] All OmaSp and Finnish bank sector figures presented in the paragraph are based on the figures notified by the Financial Supervisory Authority apart from the separately mentioned OmaSp's figure from 2017, which is based on the Company's own reporting. The Company's calculation method in part of adjusted non-performing receivables differs from the calculation method used by the Financial Supervisory Authority. The Company's own reporting cannot take cross-default condition into account whereas the Financial Supervisory Authority takes it into account in its own calculations.

[53] Formula of the average annual growth : (2018 Q3 figure / 2015 figure)^(1/2.75)-1

[54] The funding base includes liabilities to credit institutions, liabilities to the public and public sector entities, debt securities issued to the public, and subordinated liabilities.

[55] Liabilities to the public and public sector entities.

cent as a part of liquidity and market risk strategy, while the requirement under Capital Requirements Regulation amounted to 100 per cent in June 2008.

As a result of, *inter alia*, its expanded funding base and successful risk management, OmaSp has succeeded to lower its funding costs. The interest expenses relative to the funding base have declined steadily over the review period, amounting to 0.48 per cent in 2015 and 0.26 per cent between 1 January and 30 September 2018[56] [57]. The decline in the funding costs has also been impacted by the decreased deposit interest rates, the issuance of a covered bond with a relatively low interest rate cost, as well as the BBB+ credit rating obtained from S&P, which provide further support in obtaining funding.

Attractive Financial Profile

OmaSp's historical financial development has been strong. Factors affecting the historical financial development include, *inter alia*, the positive development of operating income, profits and profitability, along with strong solvency. The Company's total operating income increased during 2015-2017 on average 17 per cent per year.[58] The growth has been to a large extent organic, but Joroisten Osuuspankki and Pyhäselän Osuuspankki becoming part of OmaSp also for their part affected the growth of operating income between 2015 and 2016. The growth from 2015 to 2017 also contains such investment gains that the Company's management is not expecting to gain in the coming years. The net income on financial assets and liabilities were emphasised in 2017, when OmaSp was preparing for the adoption of the IFRS 9 standard and sold a considerable portion of its equity investments in order to reduce the effect of changes in market prices to the Company's profit in the future.[59] A significant part of the EUR 10.8 million net income on fincancial assets and liabilities in 2017 were related to the afore-mentioned investment realizations. The Company's operating income increased during the first nine months of 2018 by 15.7 per cent as compared to the comparison period of 2017. The Company's net interest income increased during the first nine months of 2018 by 25.0 per cent and net fee and comission income and expenses by 20.9 per cent as compared to the comparison period of 2017. The net income on financial assets and liabilities were lower than during the comparison period of 2017 due to the reallocation of the investment portfolio at the end of 2017.[60]

The profit of the Company grew between 2015 and 2017, when the profit for the accounting period increased on average 28 per cent per year[61] and, simultaneously, the return on assets (ROA) increased from 0.8 per cent to 1.0 per cent. The improvement in the profit and profitability is attributable to a cost-efficient organisation and operations, focusing upon profitable customer segments that appreciate good service as well as low credit losses and non-recurring investment gains. The most notable factor for low credit losses has been a diligent credit policy, as well as a focus on customers with a sound payment ability. In 2017, the Company's profitability was also affected by non-recurring investment gain, which provided the Company's net income on financial assets and liabilities to be on a significantly higher level than during previous years.[62] Non-recurring investment gain and other factors affecting comparability of the Company's financial information have been presented in more detail under "*Operating and Financial Review – Factors Affecting the Comparability of the Financial Information*" in this Offering Circular.

Alongside its strong growth and profitability profile, OmaSp's notable strength is the Company's strong solvency, which increases the Company's tolerance for losses and affords flexibility in terms of growth and dividend distribution. Strong solvency position is an important factor also in terms of credit rating and it affects

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[56] The interest expenses relative to the funding base has been calculated as follows: interest expenses of the period / (Liabilities to credit institutions + liabilities to the public and public sector entities + Debt securities issued to the public + Subordinated liabilities, at the end of the period). Between 1 January and 30 September 2018 the interest expenses have been annualized as follows: 1 January – 30 Septebmber 2018 / 3 * 4.

[57] The funding base includes liabilities to credit institutions, liabilities to the public and public sector entities, debt securities issued to the public, and subordinated liabilities.

[58] Formula of the average annual growth: (2017 figure / 2015 figure)^(1/2)-1

[59] Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017

[60] Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017

[61] Formula of the average annual growth: (2017 figure / 2015 figure)^(1/2)-1

[62] Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017

the price of funding. At the end of September 2018, the Company's solvency ratio (TC) amounted to 17.5 per cent, which was significantly above the regulatory requirement of 10.5 per cent.

Further information regarding the financial key figures and the result of the Company's business operations has been set forth under "*Operating and Financial Review*".

Business Strategy

The key factors of OmaSp's strategy are the following:

Fostering Excellent Customer Experience

OmaSp strives to be a bank of satisfied customers that is local and close to its customers and offers the best service locally. This objective entails the Company's target to have the highest customer satisfaction in the industry among its primary customer categories, *i.e*. families and small and medium-sized enterprises as well as the target to offer its customers with the best customer experience. The Company aims to keep its customer experience at a high level by focusing on development of value adding services according to customer needs, by reacting rapidly to changing customer needs by knowing its customers well, as well as by having high accessibility through advanced digital service channels and an extensive branch network. The Company is also a reliable banking partner for its customers, managing its customers' and its own financial affairs diligently, persistently and reliably.

In the past few years, OmaSp has been successful in achieving high customer satisfaction. In the "Parasta Palvelua" customer satisfaction survey commissioned by OmaSp in December 2017, customer satisfaction was 4.3 on a scale from 1 to 5. In the same survey, the satisfaction of the Company's customers with their own contact person was 4.8 and customers' view on how well their matters are taken care of in whole amounted to 4.3. Furthermore, the Net Promoter Score "NPS" of the Company's customers towards OmaSp was 42, being excellent.[63]

Active Search of Profitable Growth through Excellent Customer Service and Good Service Accessibility

OmaSp believes that excellent customer service will speed up Company's profitable growth. Instead of price competition, OmaSp focuses on excellent customer service and high service accessibility. OmaSp strives towards excellent customer service and good service accessibility through being local and close to its customers both in digital and physical service channels. For these purposes the Company seeks continuously to know its customers' needs well and to develop its services and service channels to meet the changing needs. The Company's management sees that this strategy creates growth opportunities particularly in larger cities where, to the understanding of the Company's management, many competitors are focusing more on price competition, at the expense of a good customer experience. In smaller municipalities, the Company's competitors have reduced their presence. The Company is of the view, however, that many of these locations exhibit a strong demand for local services. This creates growth opportunities for OmaSp, as the Company's management believes its strengths to lie in its local expertise and in high service accessibility.

The Company's entire organisation is engaged in active sourcing of new customers to drive growth and strives proactively to highlight the benefits of good and skilled customer service. With its professional service, OmaSp seeks to create value for its customers in the long-term, as the Company's management believes this to be more attractive for the customer than any, even momentary, lower prices from a bank whose service quality and accessibility do not compete with OmaSp's customer-oriented service level. High customer satisfaction improves the Company's chances for upselling, as well as increases customer loyalty, thus reducing customer churn. The high recommendation rate, in turn, benefit new customer acquisition, as satisfied customers recommend OmaSp to others.

High Profitability is Fostered by Taking Care of Profitability of Customer Relationships, Focusing on Efficient Operations and Keeping the Costs of Funding Low

OmaSp's strategic objective is to seek growth only if the growth can be carried out profitably and without taking excessive risks. Focusing on a good customer experience allows the Company to maintain good profitability,

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[63] Oma Savings Bank Best Service survey 2017

as good customer experience allows for higher pricing customer acquisition without engaging in price competition. A large portion of the Company's costs relates to funding of the operations. Consequently, maintaining high profitability is also impacted by the Company's efficient risk management, high solvency and liquidity, which serve to enable low funding costs in relation to interest income of lending. In addition to the competitive price levels in lending and the funding of the operations, the Company seeks to provide services as efficiently as possible. For these purposes, the Company is continuously monitoring and optimising its distribution channel, both at a branch and employee level. As an example of this, the Company closed down or merged in total 12 branches in 2016. Each of the Company's branches must demonstrate good profitability and a positive future outlook. Furthermore, the Company is heavily investing in digital service channels in order to automate customer service in order to improve its profitability. In addition to the service channels, the Company seeks to keep its administrative organisation efficient and lean to keep the administrative costs low.

Active Risk Management and Desire to Retain High Solvency at all Times

Keeping OmaSp's risks low is primarily based on three principal factors: 1) the Company operates in stable retail banking market segments in Finland, 2) the Company keeps its customer and investment risk concentrations low, as well as 3) the Company maintains a simple and transparent organisational structure. The geographical dispersion of the Company's customer base and of its business operations limits the Company's exposure to fluctuations in local economic conditions. The Company keeps its credit risks low by practicing a strict credit policy and by focusing on secured loans in its lending. A simple and transparent organisational structure also facilitates risk management, supervision of operations and, when necessary, reacting to any detected shortcomings.

The Company has adopted systematic processes for managing operational risks. The entire organisation is responsible for risk management and, in addition, the different parts of the Company have specialised risk management tasks. The Board of Directors determines the boundaries for risk-taking, and approves the methods and systems for risk monitoring. The Company's management team is responsible for risk assessment and monitoring as part of the Company's operation. The management conducts risk monitoring on a daily basis, based on instructions approved by the Board of Directors. All employees are as part of their daily work responsible for risk monitoring and reporting any suspect activities. All employees have unified and clear instructions on how to act in different situations. In addition, OmaSp has separate risk management, compliance and internal audit functions that, *inter alia*, promote a healthy risk taking culture, supervise risk management and ensure that the Company's Board of Directors and management have an up-to-date and correct picture of the Company's profitability, efficiency and operative risks.

Credit risk management is crucial for the Company. Maintenance of a sound credit policy is an integral part of the Company's risk management, and thus, OmaSp has carefully determined a unified credit policy, which is followed in all lending throughout the Company. To the extent possible, credit decisions are made in the branches, as close to the customer as possible, because the local personnel has good local knowledge and best information regarding the customers. Credit risks are materially impacted also by the quality of the Company's customer base. OmaSp has historically focused and will also in the future focus on granting of secured loans to financially healthy customers. Each customer is assigned an internal credit rating that for loan customers must be at least B for individuals and A for corporate customers. The precondition for the Company in extending loan to a customer is always the customer's stable solvency and good credit rating. By focusing on private customers, as well as on small and medium-sized corporate customers, the Company is able to keep the risk concentrations related to individual customers low.

Solvency management also forms a significant part of the Company's risk management. OmaSp's long-term financial target is to keep the core capital ratio (CET 1) illustrating solvency at a minimum of 16 per cent, *i.e.* considerably above the regulatory requirement. High solvency creates buffers against sudden negative shocks, but also allows the Company to seek high growth and dividend distribution to the owners. Furthermore, high solvency allows the Company to maintain its credit rating at a good level, which primarily decrease cost of the Company's funding. In addition to solvency, the Company upholds high liquidity. As a part of its liquidity and market risk strategy, the Company has set the minimum internal threshold of Liquidity Coverage Ratio, LCR, at 125 per cent, with the requirement under Capital Requirements Regulation being 100 per cent in June 2018.

Financial Targets

The following financial targets were adopted by the Board of Directors in connection with the Listing. These financial targets contain forward-looking statements that are not guarantees of future financial performance, and the Company's actual results of operations could differ materially from those expressed in connection with these forward-looking statements. Many factors, such as those mentioned under "*Certain matters – Forward-Looking Statements*", "*Risk Factors*" and "*Operating and Financial Review – Key Factors Affecting the Company's Operating Results*" may have an effect on the Company's results of operations. All financial targets mentioned here are solely targets and thus they should not be treated as forecasts, estimates or calculations of the Company's financial performance in the future. The objectives set forth below are also subject to change over time, at the discretion of the Company.

The Company's long-term (3 to 5 years) financial objectives on the date of the Offering Circular are:

Growth: 10-15 per cent annual growth in total operating income under the currently prevailing market conditions

Profitability: Cost-income ratio below 55 per cent

Return on Equity (ROE): Return on Equity (ROE) over 10 per cent in the long-term

Solvency: Core Capital Ratio (CET1) of at least 16 per cent

In connection with the Listing, the Board of Directors has adopted a dividend policy pursuant to which the Company targets to pay a steady and growing dividend with an annual dividend payout of at least 20 per cent of the previous years' net profit for the accounting period. For further information, see "*Dividends and Dividend Policy*".

OmaSp's financial targets are based on a number of assumptions concerning, *inter alia*, the general development of the economy in Finland and the development of OmaSp's business. These assumptions underlying OmaSp's financial targets may prove erroneous, and OmaSp's operating result may materially deviate as compared to the financial targets owing to these factors and the other factors mentioned under sections *"Certain Factors – Forward-Looking Statements", "Risk Factors", "Operating and Financial Review – Key Factors Affecting the Company's Operating Results".* Owing to changes in authority regulations governing solvency, market conditions and due to OmaSp's financial development, it may be expedient for OmaSp to alter its objective concerning the solvency in the future, for instance if OmaSp resolves upon the issuance of various instruments affecting solvency or if credit rating agencies' requirements in terms of the Company change as a result of Listing or the growth of the Company. OmaSp's ability to achieve its financial targets is associated with uncertainty and unforeseen expenses, part of which is beyond OmaSp's control, and no guarantees can be given as to the attainment of such targets or as to the fact that OmaSp's financial standing does not materially deviate from the financial objectives stated above.

Information regarding the Company's financial result and key figures for the years 2015 through 2017 as well as for the interim periods of 1 January through 30 September 2017 and 1 January through 30 September 2018 has been set forth under "*Selected Financial Information*".

Company's Business Operations, Services and Products

OmaSp provides its clients with a broad range of banking services through its own balance sheet, through companies partially owned by it, as well as by acting as an intermediary for its partners' products. The core of the Company's service offering consists of providing high quality daily banking and lending services to private and corporate customers, and in addition the Company offers its private and corporate customers a wide range of different financing, savings and investment services. Additionally, the Company offers legal advisory services to its private customers in inheritance and family law matters, as well as to corporate customers in, for instance, the establishment of companies, taxation and generational change.

Services provided by the Company

Private Customers	Corporate Customers
Daily Banking Services	Daily Banking Services
Wealth Management	Wealth Management
Financing	Financing

Savings

Savings

Credit Insurance

Advisory Services

Inheritance and Family Law Advisory Services

OmaSp provides its services and products to its approximately 135,000 customers via digital service channels and 40 branches. OmaSp wants to be local and close to its customers, regardless of the customer's location or service needs. In order to reach its objective, OmaSp offers its customers a comprehensive set of digital services that the customers can utilize regardless of time and place, a comprehensive network of branches and customer service professionals who meet the customers at their preferred locations.

The Company's business operations as well as products and services that it provides are described in more detail in the following sections below.

Loans, Financing and Credit

OmaSp offers its private and corporate customers a multitude of different loans for the varying needs occurring in life and during the lifecycle of a company, with a focus on secured loans. For private customers, the Company offers, *inter alia*, mortgages, car loans, renovation loans, student loans and loans for other, even unexpected, needs of everyday life.

For corporate customers, OmaSp offers a comprehensive range of financing services for the financing of the corporate customers' business operations. The traditional business loan provided by the Company is well suited, for instance, for financing corporate investments. Securities that may be required by a corporate customer's counterparty for different kinds of deliveries, construction contracts, and purchase price payments may be arranged, if necessary, by a bank guarantee provided by OmaSp. OmaSp also offers its corporate customers a corporate account with an overdraft facility, with which the corporate customer can ensure liquidity in short-term and seasonal financing needs.

The versatility of the corporate financing services offered by OmaSp is further supplemented by its cooperation partner Finnvera. Finnvera promotes internationalization of domestic companies and acts, *inter alia*, as a guarantor for loans granted by financiers. As a result of OmaSp's and Finnvera's cooperation, the Company's corporate customers can utilize Finnvera's guarantees in arrangements for security of credits. Furthermore, in January 2017 OmaSp signed a two-year guarantee agreement with the European Investment Bank (EIB). The agreement encompasses corporate loans amounting to EUR 50 million, which the bank, subject to specified criteria, may grant to growth-oriented small and medium-sized enterprises. In addition, EIB and the Company signed a EUR 20 million loan agreement on 1 June 2018, which is targeted to small and medium sized enterprises. OmaSp also acts in collaboration with the Nordic Investment Bank (NIB). Within the scope of the EUR 20 million loan facility agreed upon with NIB in 2015 OmaSp may grant financing for ventures of small and medium-sized enterprises' projects that are in line with NIB's objectives, *i.e.* projects that develop the competitiveness of the member states or improve the state of the environment. On 18 October 2018, the Company and NIB signed a new EUR 35 million euro loan with corresponding terms.

In September 2018, the Company also signed an EaSI guarantee agreement (Microfinance) with the European Investment Fund (EIF). The objective of the agreement is to improve the employment rate and social innovation. The EaSI guarantee agreement includes two separate guarantee schemes, one of which is targeted at micro companies and the other at social companies. OmaSp may grant loans to the above-mentioned companies and combine them with EIF's 80 per cent guarantee. Within the limits of the EaSI agreement, OmaSp may grant loans for up to a total of EUR 50 million.

OmaSp acts as an independent issuer of Visa cards, and the Company's customers may also resort to a card credit offered by the Company to meet their financing needs. OmaSp finances the Visa credits from its own balance sheet.

The financing services offered by OmaSp as set forth above are additionally supplemented by various products of cooperation partners that OmaSp offers to its customers, such as various loan insurances and various conditional guarantees. For further information, please see section *"– OmaSp's Cooperation Partners*" below.

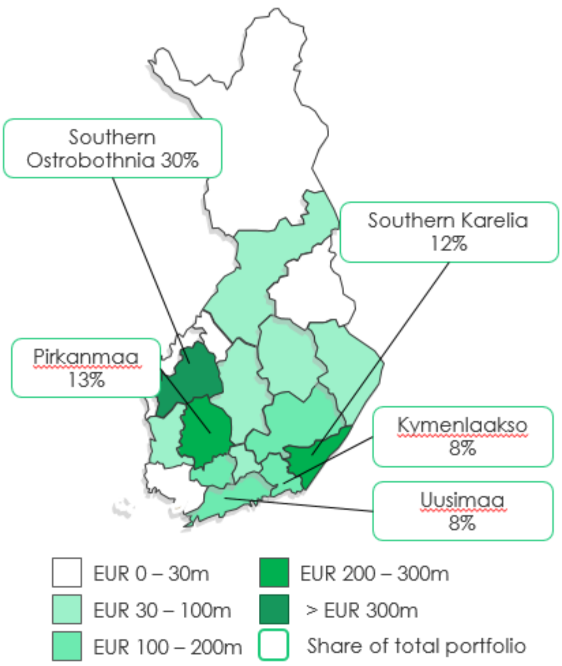
OmaSp's lending has increased as a result of an increase in its customer base. The aggregate amount of OmaSp's lending at the end of financial year 2017 amounted to EUR 2,137.9 million (EUR 1,785.4 million at the end of financial year 2016). Lending includes the credit in the bank's balance sheet, amounting to EUR 2,078.4 million (EUR 1,728.7 million at the end of financial year 2016) and the overdraft facilities in use, as well as credit card receivables of EUR 58.9 million (EUR 55.9 million at the end of financial year 2016), as well as loans brokered from state funds of EUR 0.5 million (EUR 0.8 million at the end of financial year 2016). The aggregate amount and development of OmaSp's lending is demonstrated below:

	1 Jan–30 Sept		1 Jan–31 Dec		
(EUR thousand)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited unless otherwise indicated)				
Loans and advances to the public and public sector entities	2,415,624	1,917,531	2,137,868[1]	1,785,417[1]	1,530,264

1) Audited

As of 30 September 2018, the Company's loan portfolio is comprised of loans granted to private customers, approximately 58 per cent, and of loans granted to corporate customers, approximately 42 per cent. Loans granted to corporate customers were split across industries as follows: real estate approximately 38 per cent, agriculture, forestry and fishery approximately 24 per cent, commerce approximately 8 per cent, construction approximately 6 per cent, industry approximately 5 per cent, finance and insurance approximately 2 per cent and other industries approximately 17 per cent.[64]

The loans granted by OmaSp are geographically spread over several different areas in Finland, and for that reason OmaSp's management is of the view that its loan portfolio is well-diversified geographically. OmaSp's most significant branches, as measured by the outstanding loan portfolio, are Seinäjoki, Lappeenranta, Hyllykallio, Kankaanpää and Hämeenlinna. The geographical distribution of OmaSp's loan portfolio in Finland is presented below.



Around 30 per cent of loans are approved to customers located in Southern Ostrobothnia, around 13 per cent of loans are approved to customers in Pirkanmaa, around 12 per cent of loans are approved to customers located in Southern Karelia, around 8 per cent of loans are approved to customers located in Uusimaa and around 8 per cent of loans are approved to customers located in Kymenlaakso. The rest of the loans approved by the Company are mainly granted in Northern Ostrobothnia, Northern Savo, Southern Savonia, Northern Karelia, Päijät-Häme, Central Finland, Kanta-Häme and Satakunta regions.[65]

[64] Loan portfolio split by customer type and industry based on the parent company's figures

[65] Geographical division of loan portfolio with the parent company's figures

In the recent years, the Company has succeeded in steadily increasing the overall lending volume to its private and corporate customers. The loan portfolios consisting of loans to private customers and corporate customers as well as their respective development is presented below.

	30 September	**31 December**		
(EUR million)	**2018**	**2017**	**2016**	**2015**
	(unaudited)[66]			
Private customer loan portfolio at the end of the period	1,400	1,279	1,179	1,194
Corporate customer loan portfolio at the end of the period	978.2	828.5	580.0	329.9

Credit decisions are based on the customer's credit-worthiness and solvency, as well as the fulfilment of the other criteria for granting credit, such as the collateral requirements. As part of the lending process and risk management, OmaSp assesses the credit rating of its customers internally. The majority of the private and corporate customers' loans have been granted to customers falling into the highest credit rating categories. As of 30 June 2018, approximately 61.5 per cent of private customer loans were rated by the Company as credit rating AAA-A, approximately 27.2 per cent as credit rating category B, approximately 7.6 per cent as credit rating category C, and approximately 3.7 per cent as credit rating category D. Of the corporate customers and housing cooperative loans, the Company has rated approximately 4.7 per cent as credit rating category AAA, approximately 37.7 per cent as credit rating category of AA+, approximately 9.3 per cent as credit rating category AA, approximately 19.3 per cent as credit rating category A+, approximately 16.8 per cent as credit rating category A, approximately 4.9 per cent as credit rating category B, approximately 6.4 per cent as credit rating category C, and approximately 1.0 per cent as credit rating D or unrated.[67]

Accounts and Deposits

OmaSp provides its private and corporate customers with accounts for all customer needs. The Company offers its private customers, *inter alia*, current accounts, savings accounts, ASP -accounts and rent security deposit accounts. For its corporate customers, the Company offers corporate accounts.

The deposits made into the accounts by the customers play a fundamental role in the Company's funding operations. Customer deposits account for a vast majority of the Company's total funding. The development of the amount of deposits has been depicted in the following table:

	1 January – 30 September		**1 January–31 December**		
(EUR thousand)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited unless stated otherwise)				
Liabilities to the public and public sector entities	1,728,865	1,512,107	1,639,304(1	1,482,828(1	1,472,793

1) Audited

The Company's funding operations are described in more detail under section ”*Funding and Liquidity*” below.

Card Business

OmaSp offers a wide variety of payment-related services to its private and corporate customers. OmaSp offers a payment card for the needs of nearly every user. OmaSp's cards can be used for payments in store and online, and for withdrawing cash in Finland and abroad. OmaSp's cards allow for the withdrawal of cash in conjunction with shopping in K -grocery stores and R-kiosks. OmaSp also offers a contactless payment feature in its cards.

OmaSp acts as an independent issuer of Visa cards and in their financing needs, and the Company's customers may also resort to card credit provided by OmaSp. The bank finances the Visa card credits from its own balance sheet.

[66] Loan portfolio split by customer type and industry based on the parent company's figures

[67] Loan portfolio split by customer's internal credit rating based on the parent company's figures.

A Visa Business Debit ATM and payment card may be connected to a corporate customer's account, allowing corporate customers to manage their payments and online purchases in addition to the traditional wire transfer and online banking payments.

Payment Services

OmaSp provides its private and corporate customers with versatile daily banking services. In most of its branches, OmaSp offers its customers bank clerk services. Bank clerk services comprise of, *inter alia*, various forms of payment carried out at the bank and the processing of cash for private and corporate customers. OmaSp also provides its customers with services for cross-border payment traffic. Alongside various payment cards, OmaSp offers its customers payment services through which customers can pay their bills themselves either through online banking on their own computer, or through mobile payments, utilising OmaSp's OmaMobiili mobile online bank. Additionally, customers can pay their purchases in the form of online payments in online stores utilising OmaSp's own payment button, assuming that the online store in question has integrated this possibility into their website. Reciprocally, OmaSp's corporate customers may include OmaSp's payment button on their website to enable online payments through the websites.

Savings and Investment Services

OmaSp provides its private and corporate customers with various savings and investment services both independently as well as jointly together with its cooperation partners. The Company provides or brokers to its customers *inter alia*, savings insurances, asset management insurances, pension saving, ASP accounts, basket equity-linked OmaTuotto deposits and fixed-term deposits, capitalisation agreements, shares and common funds.

The Company does not produce all of its investment and savings services by itself, but rather supplements its service offering by intermediating services of companies it partially owns and of its cooperation partners. The Company intermediates, for instance, common fund products of Sp-Rahastoyhtiö Oy and insurance products of Sp-Henkivakuutus Oy. For securities services, the broker employed by OmaSp is FIM, with Säästöpankkien Keskuspankki Suomi Oyj acting as the account operator. In the customer interface the the service appears as entirely offered by OmaSp.

The aggregate volume of the mutual fund and insurance savings brokered by OmaSp has been depicted below:

	30 September		31 December		
(EUR million)	**2018**	**2017**	**2017**	**2016**	**2015**
			(unaudited)		
Customers' mutual funds and insurance savings brokered by OmaSp at the end of the time period	292.1	267.2	278.9	258.6	216.5

OmaSp provides its private customers with the following savings and investment services: savings deposit account, investment deposit, OmaTuotto deposit, ASP account, mutual funds, savings insurance, asset management insurance as well as shares and other book-entries. For its corporate customers, the Company offers the following savings and investment services: savings deposit account, investment deposit, OmaTuotto deposit, mutual funds, capitalisation agreement, asset management capitalisation, group pension insurance as well as shares and other book-entries.

Furthermore, in November 2017, OmaSp issued a debenture loan that was fully subscribed for and amounted to EUR 15 million. The loan was offered for subscription by customers via OmaSp's own branches.

Trade Finance Products

For its corporate customers, OmaSp offers Trade Finance products to support their foreign trade. The service launched in 2017 is produced in cooperation with Danske Bank so that OmaSp brokers Danske Bank's Trade Finance products to its customers under its own brand. DanskeBank pays OmaSp a commission for the Trade Finance products brokered via OmaSp.

OmaSp's Cooperation Partners

OmaSp offers some of the services complementing the traditional banking operations and the Company's core business operations in collaboration with its cooperation partners. OmaSp owns a share of its cooperation partners Sp-Rahastoyhtiö Oy (7.4 per cent holding) and Sp-Henkivakuutus Oy (18.8 per cent holding). OmaSp has no ownership in the other cooperation partners listed below.

Sp-Rahastoyhtiö and Sp-Henkivakuutus Oy

OmaSp brokers Sp-Rahastoyhtiö Oy's mutual funds and Sp-Henkivakuutus Oy's insurance products. As remuneration for a sale made by OmaSp, it receives a portion of the subscription, redemption and management fees of the products sold. As at 30 September 2018, customers had approximately EUR 292.1 million worth of Sp-Rahastoyhtiö Oy's and Sp-Henkivakuutus Oy's mutual fund and insurance savings brokered by OmaSp. Cooperation with Sp-Rahastoyhtiö and Sp-Henkivakuutus ensures OmaSp the possibility of providing its customers with a wide-ranging selection of services supplementing its banking sevices, such as savings and investing services, loan insurance and life insurance products. By means of providing such services together with its cooperation partners, OmaSp can focus on its core business operations, *i.e.* operating and developing of retail banking services.

Central Bank of Savings Banks Finland Plc

OmaSp's central credit institution services are provided by Central Bank of Savings Banks Finland Plc ("Central Bank of Savings Banks"). The Central Bank of Savings Banks provides OmaSp with payment brokerage services, including participation in payment systems (SEPA –payments as well as payments between savings banks – the SML -services), the use of a clearing system, SEPA-direct debiting services as well as a foreign exchange brokerage service. OmaSp has an agreement with the Central Bank of Savings Banks concerning the bank's cash management services. OmaSp acquires services related to the brokerage of customer payments from the Central Bank of Savings Banks. OmaSp is independently responsible for and independently manages the liquidity of the payment account and other functions associated with it. OmaSp has an independent liquidity management and treasury function. Additionally, OmaSp has a TARGET2 account, which it manages independently.

The Central Bank of Savings Banks also functions as an account operator for OmaSp.

Other Cooperation Partners

Other cooperation partners important for OmaSp include, *inter alia*, Finnvera and the European Investment Fund, which guarantee some of the corporate loans granted by OmaSp; NIB and EIB, providing the Company financing to be further brokered to small and medium-sized enterprises; as well as Insurance Limited Liability Company Garantia and AXA Partners, offering OmaSp's private customers loan guarantees and loan insurances. In the spring of 2018, OmaSp also initiated cooperation with Fundu Oy. The objective of the cooperation is to offer increasingly versatile and efficient financing alternatives to OmaSp's corporate customers.

Company's Customers and Service Channels

General

OmaSp's key customer groups are private customers as well as small and medium-sized enterprises. The Company's customer volumes have recently developed positively, in addition to which approximately 9,100 new customers transferred to OmaSp at the end of 2017 in connection with the operations acquired from the S-Bank. The development of the Company's customer volume has been depicted in the following table:

	31 December		
(pcs)	**2017**	**2016**	**2015**
Number of customers at the end of the period	c. 135,000	c. 125,000	c. 125,600

Private Customers

Approximately 80 per cent of OmaSp's customers are private customers. Among private customers, OmaSp's target customers comprise customers desiring full-service banking services and appreciate good and easily accessible customer service.

The majority of private customers utilize a minimum of three services offered by the Company. Thus, the Company has succeeded in obtaining a large number of full-service customers, whom the Company estimates to be more loyal than customers utilising just one or two of the services the Company offers. At the end of June 2018 approximately 24.9 per cent of the Company's customers were utilising a minimum of five different services offered by the Company, approximately 35.4 per cent were utilising three or four different services offered by the Company and 39.7 per cent of the Company's customers were utilising less than three different services offered by the Company.

OmaSp has successfully increased its private customer loan portfolio. The development of the Company's private customer loan portfolio has been described in more detail under "*The Company's Business Operations, Services and Products*". The reception of Joroisten Osuuspankki's and Pyhäselän Paikallisosuuspankki's business operations in the autumn of 2015 contributed positively to the growth of the number of private customers and the private customer loan portfolio. As a result of the arrangement approximately EUR 150 million of deposits and approximately EUR 124 million of credits in total were transferred to OmaSp, of which the majority was deposits and credits of private customers.

According to the Company's management, growth has been achieved through excellent customer service and active sales efforts. The growth has been particularly strong in mortgage loans. OmaSp believes that excellent customer service will accelerate the Company's growth in the larger cities in which a many of the competitors, in the view of the Company's management, are focusing more on price competition, at the expense of a good customer experience. Instead of price competition, OmaSp focuses on excellent customer service and service accessibility, which the Company's management believes to be aspects valued by many customers. Focusing on good customer experience allows the Company to maintain high profitability, as good customer experience permits higher pricing and results in successful customer acquisition without engaging in price competition. For example in June 2018, the average interest rate of new mortgages granted by OmaSp was 1.21 per cent, while in all of Finland the average, according to the Bank of Finland, was 0.86 per cent. The higher interest rate of the new mortgages granted by OmaSp is in the view of the Company's management attributable to a variety of different factors. The Company believes that its customers appreciate the excellent, personal, local service offered by the Company, as well as processing times that meet the customers' needs. OmaSp aims not to participate in strict price competition in customer acquisition. All of the loans granted by OmaSp are subject to a responsible lending policy, and, as such, the higher interest rates are not a consequence of a more liberal lending policy as compared to the Company's competitors, or of higher risk taking in lending. In addition, a relatively high proportion of the loans granted by OmaSp are granted outside of the largest cities, where, in the view of the Company's management, the price competition is not as tight.

At the end of September 2018, approximately 58.3 per cent of OmaSp's loan book was held by private customers.[68]

Corporate Customers and other Entities

Roughly 20 per cent of the Company's customers are corporate customers or other entities. In relation to corporate customers, the Company's target customers are companies that OmaSp is familiar with, having a stable business model and are looking for full service banking services. The majority of the Company's corporate customers are small and medium-sized enterprises. A focal factor in the Company's strategy is acquiring and serving such small and medium-sized enterprises, whose business the Company has assessed to be financially healthy and stable.

The Company has succeeded in considerably growing its loan portfolio consisting of corporate customers' loans. The development of the loan portfolio consisting of corporate customers' loans has been illustrated above under section "*The Company's business operations, services and products*".

[68] Loan portfolio split by customer type and industry based on the parent company's figures.

Of the growth of the loan portfolio consisting of corporate customers' loans, a portion of approximately EUR 140 million ensues from the acquisition of S Bank's small and medium-sized enterprises and agricultural and forestry business operations, carried out in early December 2017.

At the end of September 2018, 41.7 per cent of OmaSp's loan book was held by corporate customers and other entities.[69]

Company's Service Channels

A key target of the Company is to serve its customers personally and to be local and close to its customers both in digital and traditional service channels. Historically, OmaSp's key market areas have included South Karelia, South Ostrobothnia, Southern Savonia, Häme, Kymenlaakso, Pirkanmaa, North Karelia and Satakunta, which has resulted in the network of branches previously being centralised into those areas. During the past few years, the Company has expanded its operations in all of Finland and wishes to strengthen its market position and to increase its customer volumes across the country.

Digital Service Channels

In order to be able to offer its services efficiently throughout the country, the Company has invested in developing its digital service channels and in optimising its branch network. The Company has comprehensive digital service channels, with the aid of which the Company is able to serve its customers regardless of the time and place.

At the core of the Company's digital services lies a versatile online bank, where private and corporate customers can manage their affairs pertaining to payments, accounts and cards, loans and asset management at the customers' convenience. OmaSp also offers its customers the OmaMobiili mobile online bank that allows customers to manage their daily banking affairs through a smartphone or a tablet. The Company also provides online identification services and an electronic signature service, through which customers can identify themselves in various online services and companies can identify their customers. With the aid of the electronic signature service OmaAllekirjoitus, customers can electronically sign agreements they have concluded with OmaSp and, thereby, open new services with the bank.

OmaSp is continuously developing its digital service channels in an effort to improve customer experience and to optimise its services. For instance, OmaSp first introduced video conferences with its customers in the spring of 2017. At the same time, the Company released the updated OmaMobiili mobile application which was initially launched in 2015. The development of digital service channels has been one of the primary development areas also during 2018. In the summer of 2018, OmaSp piloted among its customers the OmaKonttori mobile application that allows the customers, in addition to managing their banking affairs, to conduct negotiations with the bank clerk of their choice via a mobile device. After the pilot stage, OmaSp intends to launch the OmaKonttori application for use to everybody, not just to the Company's customers. This would allow potential new customers to meet with the Company's bank clerks digitally using OmaKonttori. Other novel services introduced in 2018 include the electronic PIN code application OmaVahvistus, which enables signing-in to OmaSp's digital services without a paper-form PIN code list, as well as electronic signature services, allowing customers to electronically sign documentation pertaining to their banking affairs. During the years 2018 and 2019, OmaSp's objective is to further improve its mobile payment services, as well as to continue developing the mobile bank to include all functionalities of the web online bank, and to enable an ever better and more flexible customer experience for its customers.

Branch Network

Alongside the digital services, OmaSp has an extensive and comprehensive branch network, which the Company seeks to actively develop for optimised efficiency. As part of the re-organisation of its operations, in late 2016 and during the summer of 2017, the Company merged smaller branches and service locations into nearby branches in order to improve profitability. At the same time the Company opened new branches in growth centres in locations in which the Company believes the branches can achieve good profitability and high customer flows. Recently OmaSp has opened branches in, *inter alia*, Lahti and Jyväskylä. During the latter part of 2018, OmaSp has opened a branch in Oulu and will open a branch in downtown Helsinki. In addition, an expanded branch will be opened in Turku approximately in January 2019.

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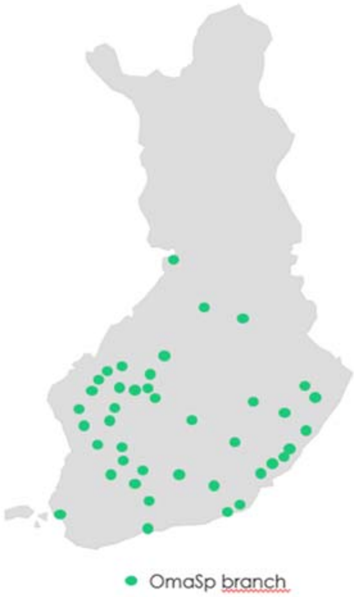
[69] Loan portfolio split by customer type and industry based on the parent company's figures.

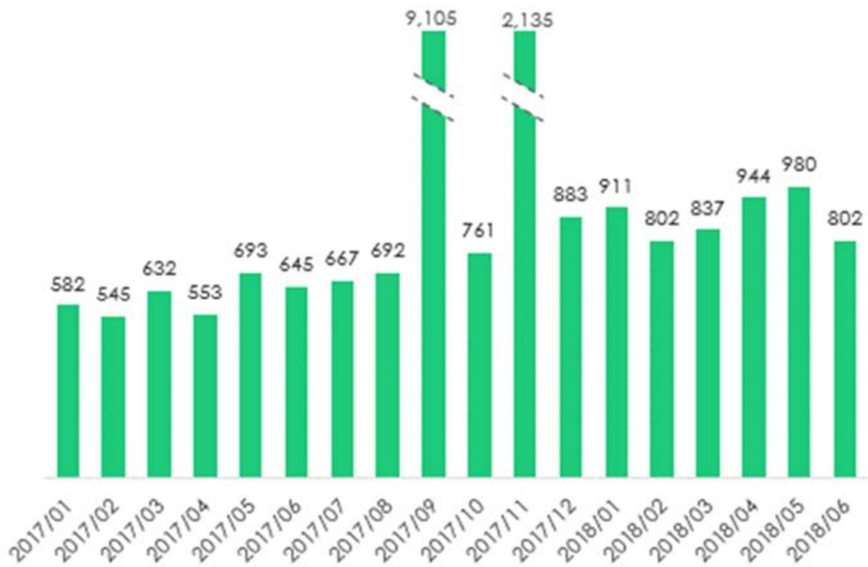


OmaSp has at least one branch in the following locations: Akaa, Alajärvi, Alavus, Espoo, Haapajärvi, Hamina, Hammaslahti, Hauho, Helsinki, Häijää, Hämeenlinna, Iisalmi, Ilmajoki, Imatra, Jalasjärvi, Joensuu, Joroinen, Joutseno, Jyväksylä, Kankaanpää, Kauhajoki, Kihniö, Kotka, Kouvola, Kuortane, Kurikka, Lahti, Lappeenranta, Lempäälä, Mikkeli, Parikkala, Parkano, Riihimäki, Savonlinna, Seinäjoki, Tampere, Turku, Tuuri, Ähtäri.

OmaSp aspires to be a people-oriented bank and to distinguish itself from its competitors through personal service. An example of versatile personal service and being close to the customer is that OmaSp can even arrange home visits for such of its customers who for one reason or another are unable to manage their banking affairs electronically or at the nearest branch.

Sales and Customer Experience

OmaSp conducts its marketing via a multitude of marketing and distribution channels, such as the Internet, social media, its branches and other service locations, television, radio and printed advertising. The Company maps out new potential customers with marketing and advertising campaigns, through references provided by the Company's current customers, through participation in local events, maintaining and building relationships with real estate brokerage networks, and through being present in local communities. OmaSp cooperates, *inter alia*, with different real estate brokers to make real estate acquisitions as easy and quick as possible for the customers. When selling to new customers, the Company always strives to be the active party and to offer its services to potential customers as efficiently as possible. In sales situations, the goal of the Company is to succeed in concretising for its potential customers how customers can benefit from good and personal service as well as increasing their wealth in the long term, instead of merely seeking the cheapest price at the expense of customer experience and high-quality and professional customer service. OmaSp's competitive edge as compared to its competitors is, in the view of the Company's management, high-quality and personal service in digital channels and branches, and it is therefore not the Company's strategy to compete with the lowest prices. The Company's management believes that customers that receive high-quality and personal service will remain customers of the Company for a long time and will utilize the Company's services to an increasing and more extensive extent over time. The Company has succeeded in obtaining new customers at a growing and steady pace over the years of 2017 and 2018. Number of OmaSp's new customers on a monthly basis starting from the year 2017 has been represented below. The notably larger amounts of new customers in September and October 2017 are due to the acquisition of S-Pankki's SME, farming and forestry business that resulted in S-Pankki's customers being transferred to OmaSp's customers.



OmaSp aspires to be a bank of satisfied customers and all of the services being provided by the Company have been created, and are being further developed, by keeping the customer needs at the core of the development work. The Company's objective is that all of its services should meet and even exceed the customers' expectations. OmaSp's management wants the customers to feel that OmaSp is local and close in the customers' everyday life. Being local and close requires the Company to have strong local knowledge and accessibility in its operational areas. All of the Company's customers have their own personal contact person whom customers can contact via all the service channels offered by the Company.

Customer satisfaction is important for OmaSp and the Company has managed to maintain customer satisfaction at a high level. OmaSp measures customer satisfaction with the annually conducted Parasta palvelua (Best Service) survey. In the survey, OmaSp's customers answer online to questions concerning customer satisfaction. In the latest Parasta palvelua survey conducted in December 2017, OmaSp was awarded a score of 4.3/5 for general customer satisfaction, 4.1/5 for customers' satisfaction with their local branches and 4.8/5 for customers' satisfaction with their own contact person at OmaSp. The Net Promoter Score, "NPS" of the Company's customers towards OmaSp was 42, *i.e.* excellent. The survey was carried out by Balentor Oy during the time period of 24 November through 15 December 2017 and altogether 7,676 people answered to it. For the majority of respondents, around 88 per cent, OmaSp was their primary bank.

A crucial factor in fostering customer satisfaction is high service accessibility. The Company's aim is that the accessibility of its services would be at the top of the industry. For these purposes, the Company provides services to its customers also outside of normal office hours. OmaSp keeps most of its branches open also during weekday evenings by appointment, and OmaSp's personnel may, if necessary, meet customers also at the customers' home or another venue suitable for the customer. In addition, customers also receive personal service via the Company's digital service channels. In the OmaKonttori mobile application and the OmaMobiili mobile online bank, customers can be in contact with the bank via chat and video conferencing.

OmaSp strives to maintain a warm, cohesive and people-oriented image and brand message in its marketing and customer contacts. OmaSp strives in all of its marketing and communications to use unambiguous and comprehensible means of communication, being uniform and easily recognisable. OmaSp's logo and the identifiable green colour scheme are featured in the payment cards offered by the Company, in its online service and in all of its advertising.

Funding and Liquidity

As at 30 September 2018 OmaSp's funding base consisted of deposits received from the public (liabilities to the public and public sector entities, 67.8 per cent of the funding base), loans from other credit institutions (liabilities to credit institutions, 2.3 per cent of the funding base) bonds and cerificates of deposit (debt securities issued to the public, 28.8 per cent of funding), and of secondary loans (subordinate liabilities, 1.0 per cent of the funding base). The Company's funding base has expanded at the same time as the Company's financial expenses in relation to the funding base have decreased. The growth of the Company's funding base and the relative decrease of interest expenses has been described below.

(EUR million)	1 January – 30 September 2018	1 January –31 December 2017	2016	2015
	(unaudited, unless otherwise indicated)			
Funding base[70]	2,548.2	2,440.3	1,887.7	1,695.7
Interest expenses presented as percentage share of the funding base[71]	0.26%	0.30%	0.39%	0.48%

The cornerstone of the Company's funding comprises deposits received from the public. The bonds and certificates of deposit issued by the Company have, however, significantly broadened the Company's funding base. In the past few years, the Company has managed to increase the proportion of long-term, longer than 12-month, financing of its funding base. The Company aspires in the future to further increase the proportion of long-term financing, *inter alia*, by means of issuing bonds.

The Company has been successful in increasing its amount of received deposits since 2015. At the end of 2015, the aggregate amount of received deposits (liabilities to the public and public sector entities) amounted to EUR 1.47 billion, in 2016 to EUR 1.48 billion, in 2017 to a total of EUR 1.64 billion and on 30 September 2018 to EUR 1.73 billion. The Company's management is of the view that the growth has been primarily attributable to an increase in customer volumes. The average interest rate paid in relation to deposits has been decreasing since 2015. In December 2015, OmaSp paid an average interest on deposits of 0.32 per cent, in June 2016 an average of 0.25 per cent, in December 2016 an average of 0.18 per cent, in June 2017 an average of 0.16 per cent, in December 2017 an average of 0.14 per cent and in June 2018 an average of 0.12 per cent. The Company's management considers that the average interest rate payable on deposits has decreased owing to the maturation of old high-interest fixed-term deposits as well as the decrease of interest rates in general. In addition, the Company's broadened and increasingly versatile funding base has decreased its reliance on deposits and allowed for the payment of lower interest rates on deposits. In June 2018, approximately 74 per cent of the aggregate amount of the deposits received by OmaSp from the public had been received from private customers, approximately 22 per cent had been received from corporate customers and 4 per cent had been received from financial institutions. Majority of the deposits received from the public by OmaSp is less than EUR 50 thousand per customer. Approximately 5 per cent of the deposit base consisted of deposits of more than EUR 5 million in total per customer, approximately 5 per cent is between EUR 1 and 5 million per customer, approximately 15 per cent is between EUR 150 thousand and 1 million, approximately 29 per cent is between EUR 50 thousand and 150 thousand per customer and 46 per cent is below EUR 50 thousand per customer.

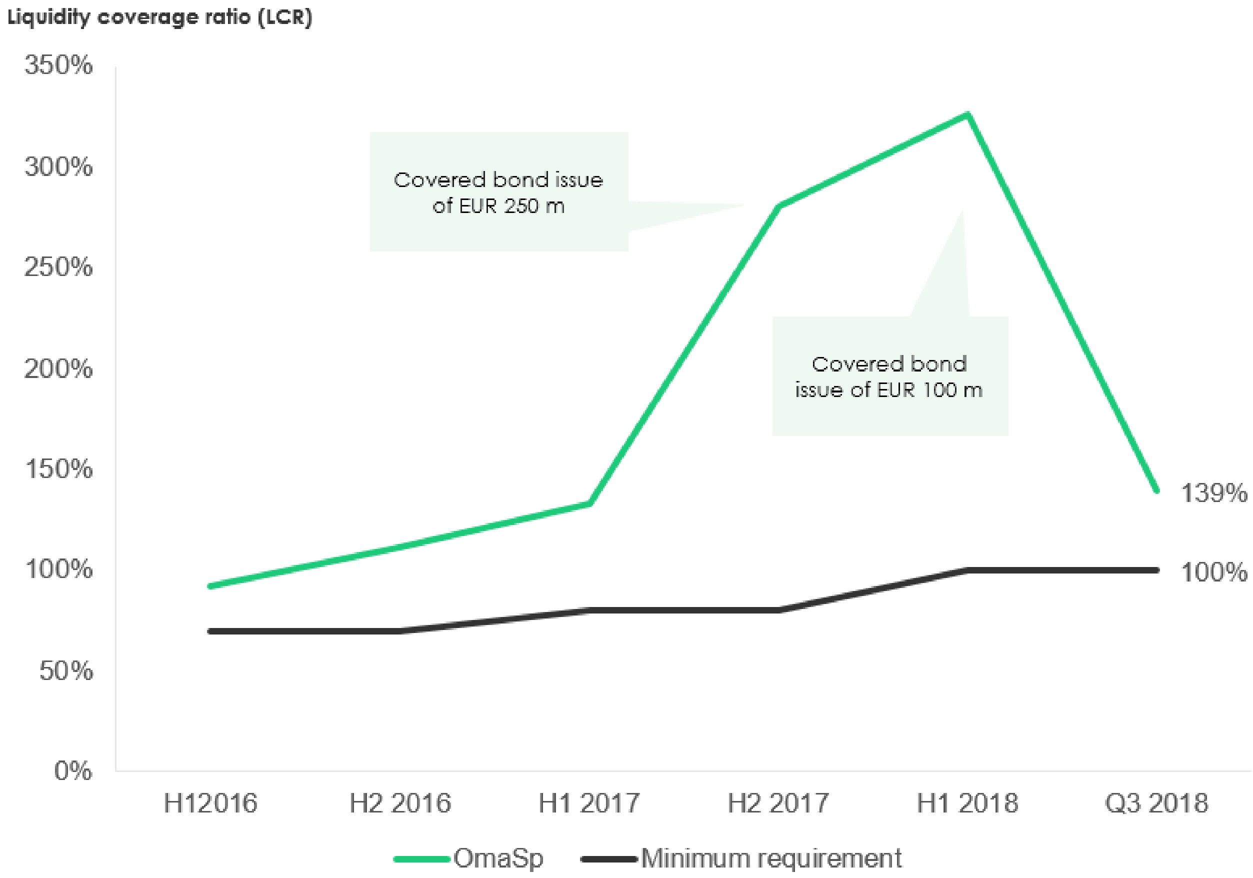
OmaSp has been active in the bond market since 2013 having issued six bonds in total. The bonds have allowed OmaSp to diversify its funding base and to prolong the maturity of its financing base. On the date of the Offering Circular, three of the bonds are still outstanding.

OmaSp also utilizes certificates of deposit in its funding. Certificates of deposit add flexibility to OmaSp's funding and the Company utilizes certificates of deposits for the purposes of short-term financing as well as for liquidity management.

OmaSp's liquidity is strong. The Liquidity Coverage Ratio (LCR) requirement pursuant to Capital Requirements Regulation is 100 per cent, but OmaSp has internally set the minimum level of the Liquidity Coverage Ratio at 125 per cent as a part of its liquidity and market risk strategy. OmaSp's liquidity has continued to improve in the recent years, and on the date of the Offering Circular, OmaSp clearly exceeds the requirements imposed under Capital Requirements Regulation. The development of the Company's liquidity has been described below.

[70] The funding base includes liabilities to credit institutions, liabilities to the public and public sector entities, debt securities issued to the public, and subordinated liabilities.

[71] The interest expenses relative to the funding base has been calculated as follows: interest expenses for the period / funding base as at the end of the period. Between 1 January and 30 September 2018 the interest expenses have been annualized as follows: 1 January – 30 Septebmber 2018 / 3 * 4.



The Company's liquidity and the development thereof, as well as the liquidity requirement imposed on the Copmany has been described in more detail under Section "*Operating and Financial Review*" of the Offering Circular.

Mortgage Bank Operations

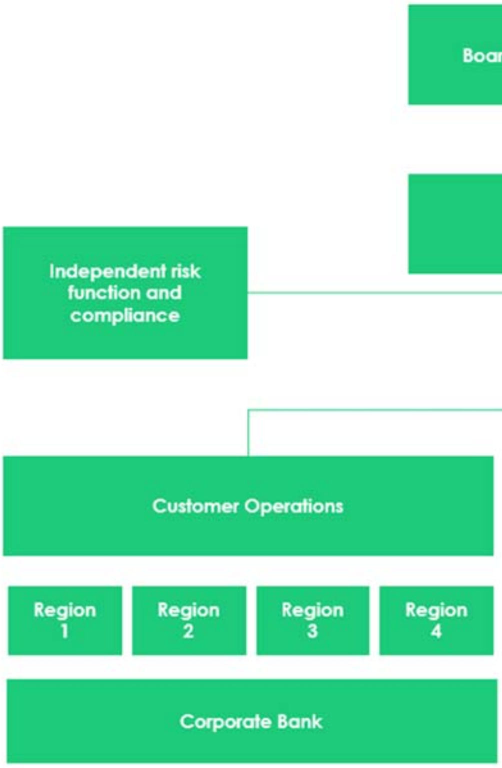
OmaSp was granted permission by the FFSA to launch mortgage bank operations on 14 September 2017. The mortgage bank functions as part of OmaSp's banking business. Mortgage bank operations constitute business operations entailing the issuance of covered bonds. The covered bonds are secured by the mortgages granted by OmaSp. The mortgage bank operations have allowed OmaSp to diversify its funding. In July 2017, Standard & Poor's (S&P Global Ratings Europe Limited, S&P Global division) confirmed OmaSp's long-term funding credit rating at BBB+ and short-term funding credit rating at A-2. As part of launching its mortgage bank operations, OmaSp applied to be admitted as a direct monetary policy counterparty of the European Central Bank (ECB) and as party of the TARGET2 system, which enables the use of central bank financing in the maintenance of short-term and long-term liquidity. The bank's TARGET2 account at the Bank of Finland was opened in September 2017. As at the date of this Offering Circular, OmaSp has not utilized central bank financing.

In November 2017, OmaSp established a bond programme amounting to EUR 1,500 million. Under the programme, the Bank issued in December 2017 a covered bond in the aggregate amount of EUR 250 million, and the amount was increased by EUR 100 million in June 2018. On 12 December 2017, S&P Global Ratings granted the bond a credit rating of AAA.

S&P Global Ratings Europe is established in the European Economic Area and on the date of this Offering Circular, it is registered to register of European Securities and Markets Authority (ESMA) in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the Credit Rating Agencies Regulation) (http://www.esma.europa.eu/page/list-registered-and-certified-CRAs).

Organisation and Personnel

The organisation of the Company has been described in the following diagram:



The below table illustrates the number of employees employed by the Group on average over the financial periods of 2017 and 2016, as well as the number of employees employed by the parent company Oma Savings Bank Plc at the end of the 2015 financial period. The Group's personnel amounts on the period of 1 January - 30 September 2018 to 287 persons on average.

	31 December		
(persons)	**2017**	**2016**	**2015**
Permanent full-time employees	206	208	207
Permanent part-time employees	12	6	10
Temporary employees	38	32	35
Total	**256**	**246**	**252**

The number of OmaSp's employees has not notably increased despite the Company's strong growth. The Company strives to ensure that each employee has a clear role in the organisation and is assigned adequate responsibility and work tasks. The Company's personnel are generally speaking very satisfied and committed to the Company, and approximately 70 per cent of the Company's employees are also shareholders in the Company. In a personnel survey conducted by the Company, the general satisfaction of the personnel in December 2017 amounted to 4.4/5.

IT Systems

OmaSp's most crucial individual IT system is its core banking system provided by Oy Samlink Ab ("**Samlink**"), around which OmaSp's IT infrastructure has been built. On the date of this Offering Circular, Samlink provides OmaSp with all of its relevant retail banking systems. Samlink's services encompass all of the IT solutions and systems closely connected to OmaSp's core business. The systems enable the serving of private and corporate customers at branches and online. Samlink provides OmaSp with customer information needed for its, lending, payment, investment, savings and debit card services. Samlink's system solutions play a vital role in relation to OmaSp's financial administration services and they form a basis, *inter alia*, for accounting, investment portfolio monitoring and reporting, authority reporting, payroll and risk management support solutions.

Samlink is an IT company owned by Säästöpankki, Aktia, Handelsbanken, Pop Pankki, as well as certain other operators, such as Posti, providing IT services to its owners. OmaSp owns 15.5 per cent of Samlink. Samlink's operational rationale is to improve the competitiveness of its owner banks and to enable synergies in development of IT systems by dividing the costs incurred from the development of IT systems between the owners, reducing the expenditure incurred from the development of IT system of individual owners, such as OmaSp.

OmaSp and some other owners of Samlink have been exploring options to reform the core banking system developed by Samlink. OmaSp has mapped the need for reform options to improve OmaSp's competitiveness and to reduce the Company's IT costs. Annual cost of Samlink's services for the Company currently is around EUR 12 million. Possible reform project is still in a planning and negotiation stage and decisions on the implementation of the reform or its timetable have not been set yet. The Company has, however, identified potential alternatives for the new system. As of now, it is still difficult to anticipate timetable for the possible reform, because there are several counterparties participating the planning, and the negotiation stage of the process has been ongoing already for approximately three years. Considering the time used in the planning and the current stage of the negotiations, however, it is possible that the decision will be made quickly assuming that all parties as well as the Company find an optimal solution and receive a full consensus on, inter alia, implementation mechanism, timetable and costs. If implemented, the reform would be a material project and the size of the investment would be around EUR 20 to 30 million for OmaSp. On the other hand, the Company estimates that direct and indirect savings arising from the reform would compensate the investment costs and therefore the Company's total expense level is not expected to change significantly. According to the information available as of the date of this Offering Circular, the investment cost would be split between the banks participating the project. OmaSp would capitalize the investment to its balance sheet and amortize it over a period of at least 10 years. However, details of the potential reform are open as of the date of this Offering Circular and the Company does not have detailed information on timetable, the final investment or its split, or magnitude of possible cost savings and the presented estimations may change. However, the Company's objective is to cover all, or at least a a major part, of the costs of the potential core system reform through savings and other income generated by the potential reform.

Risk Management and Compliance

OmaSp's Board of Directors has approved guidelines for the Company regarding the organisation of risk management and independent monitoring functions. The Company has arranged for the following independent functions to ensure efficient and comprehensive risk management and internal monitoring:

- Risk control function
- Compliance function
- Internal audit function
- Credit risk assessment function

The task of the Company's risk management is to ensure that the Company's notable risks are identified, assessed and measured and that risks are monitored and managed as part of the daily management of business operations. The Company's risks are assessed on a regular basis and the Company's Board of Directors examines the Company's risk management strategy, risk tolerance and approach to risk taking on a regular basis. Risks are managed by means of risk assessments and measures implemented on the basis of the assessments, with systematic monitoring and analysing the operational environment and the market. A special segment within the Company's risk management is credit risk management, and the company has in place a separate credit risk assessment function. The credit risk assessment function ensures that the Company has in place a credit risk strategy and credit risk management principles approved by the Board of Directors. The function monitors and assesses the Company's credit risk by utilizing the reporting produced for the Company's Board of Directors regarding the structure and quality of the Company's loan portfolio, its sizeable customer liabilities along with special credit risk reports.

In addition to the aforementioned assessment functions, the Company has in place a separate compliance function that is responsible for monitoring and ensuring that the Company conducts its operations in compliance with the legislation in force at any given time. The compliance function also monitors and ensures that the Company abides by internal guidelines and procedures. Furthermore, the Company has an internal audit function entrusted with verifying the adequacy, functioning and effectiveness of the Company's internal monitoring. The Company's risk management, credit risk management, compliance and internal audit functions report to the Company's Board of Directors. The management of the Company's financial risks has been described in more detail under "*Operating and Financial Review – Description of Financial Risk Management*".

Research and Development

OmaSp does usually not carry on any notable research and development work.

OmaSp focuses on developing the knowhow and capabilities of its personnel. OmaSp has launched the OmaSp Master training programme for the Company's managers and experts. The training is organised in collaboration with the University of Tampere Leadership Academy's research and development centre Synergo. OmaSp also arranges training weeks for the entire personnel, aiming at developing the expertise of the personnel.

The Company has also invested in developing its digital services. OmaSp develops its digital services together with its cooperation partners that are responsible for application development.

Legal Structure and Operating History

General Information

The name of the Company is Oma Savings Bank Plc (Oma Säästöpankki Oyj in Finnish and Oma Sparbank Abp in Swedish) and its domicile is Seinäjoki, Finland. The Company is a public limited company incorporated under the laws of Finland. The Company's postal address is Valtakatu 32, FI-53100 Lappeenranta, Finland and telephone number +358 20 764 0600. The Company's Business Identity Code is 2231936-2. The Company was registered in the Trade Register on 31 December 2008 and the Company has been conducting business under the name of Oma Savings Bank since 2009. The Company possesses a credit institution authorisation as well as an authorisation to engage in mortgage bank operations.

Pursuant to Clause 2 of its Articles of Association, the Company conducts deposit savings bank operations referred to in the Finnish Credit Institutions Act. The Company conducts mortgage bank operations referred to under the Finnish Mortgage Bank Act. The Company may issue covered bonds. In addition, the Company provides investment services referred to the Finnish Investment Services Act. The specific objective of the Company is the promotion of frugality. The Company is supervised and inspected by the FFSA.

Legal Structure

The Oma Savings Bank Group consists of the parent company (Oma Savings Bank Plc) and of its two subsidiaries Kiinteistö Oy Lappeenrannan Säästökeskus and SAV-Rahoitus Oyj. OmaSp's banking operations and the related business operations are carried out by the Group parent company.

Kiinteistö Oy Lappeenrannan Säästökeskus is domiciled in Lappeenranta and its line of business is to control pursuant to a lease agreement land lot No. 18, with its surface area being c. 1,915 m2, located in the II Centre district of the Town of Lappeenranta, in block No. 5, as well as to own and control the commercial and office building situated on the land lot, which houses the Company's headquarters.

SAV-Rahoitus Oyj is domiciled in Helsinki and its line of business is providing financial services. SAV-Rahoitus Oyj carries on insurance mediation operations referred to under the Finnish Act on Insurance Mediation and its operations are completely separated from OmaSp's business operations. In addition, SAV Rahoitus´ line of business includes providing specialised and expert vehicle trade services; hire purchase contracts, drafting and assigning of hire purchase contracts as well as trading; registry services; liquidity services; provision and brokerage of security; importation of vehicles and trading in vehicles; trading in and brokerage of products and services related to vehicles and traffic, as well as IT services pertaining to the aforementioned. In the

Company's view, the Company's share of ownership in SAV-Rahoitus Oyj is a finance investment that can be given up if necessary. The number of employers in SAV-Rahoitus Oyj as at 30 September 2018 was 6.

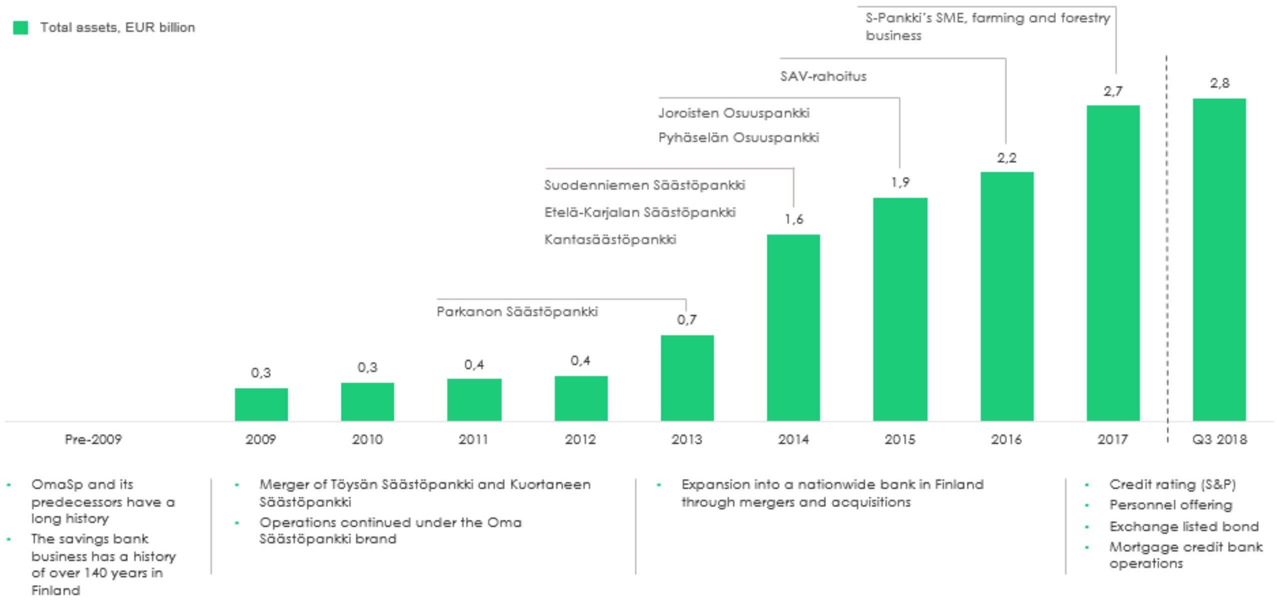
The following table sets forth the significant subsidiaries owned by OmaSp directly or indirectly on the date of the Offering Circular and that have been consolidated into the consolidated financial statement.

Company	**Holding**
Oma Savings Bank Plc	
Subsidiaries	
Kiinteistö Oy Lappeenrannan Säästökeskus	100%
SAV-Rahoitus Oyj	50.7%

Operating History

Savings bank operations in Finland have a long tradition extending to the early 19th century. OmaSp's history began in the Lappeenranta Savings Bank that was established in 1875.

The Company was formed out of the merger between the Töysän Säästöpankki and Kuortaneen Säästöpankki in 2009, continuing their business operations under the name of Oma Savings Bank. Parkanon Säästöpankki joined the Company in 2013. Kantasäästöpankki, Suodenniemen Säästöpankki and Etelä-Karjalan Säästöpankki joined in 2014. In the fall of 2015, the business operations of Joroisten Osuuspankki and Pyhäselän Paikallisosuuspankki were transferred to the Company. In 2016, the Company acquired approximately 48.0 per cent holding in SAV-Rahoitus Oyj, and on 30 September 2018 the holding amounts to 50.7 per cent. SAV-Rahoitus Oyj has been consolidated in OmaSp's consolidated financial statement since the year of acquisition, 2016. In 2017, the Company acquired S Bank's small and medium-sized enterprises as well as agricultural and forestry business operations. The Company's operating history and the development of its balance sheet total has been described below.



Intellectual Property Rights

The Company owns rights to mobile applications it has developed with its cooperation partners, of which the most central applications are OmaKonttori and OmaMobiili. The Company has acquired domain name www.omasp.fi to provide its services.

Real Estate and Leaseholds

OmaSp has in use a total of 49 business premises. 25 of the business premises are leased and the remaining 24 of its business premises are owned by OmaSp. OmaSp owns its headquarters located in Lappeenrata, as well as branch premises in Tuuri, Hyllykallio, Kuortane, Ilmajoki, Parkano, Kihniö, Kankaanpää, Kurikka, Hämeenlinna, Hauho, Riihimäki, Joutseno, Vuoksenniska, Imatrankoski, Hamina, Kouvola and Parikkala. In addition to these, the Company owns six other office premises that are in its use, including, *inter alia*, administration office in Hämeenlinna and working space In Pohjoisranta, Helsinki.

OmaSp also owns investment real estate that it does not utilize as business premises in its own business operations and that it seeks to lease forward.

Material Agreements

In addition to the agreements mentioned below, the Company has not concluded any material agreements pertaining to its customary business operations during the three financial periods preceding the publication of the Offering Circular, or during 2018, or agreements not belonging to its customary operations under which the Company would have substantial obligations or rights on the date of the Offering Circular.

OmaSp has concluded an agreement with Samlink regarding the outsourcing of certain IT services of material importance for OmaSp. OmaSp considers the core banking system used by OmaSp, outsourced to Samlink, to be material for its business. Samlink produces for OmaSp all of the fundamental retail banking systems operating as the information system platform, enabling the Company's business operations. Samlink's services encompass all of the IT solutions and systems closely connected to OmaSp's core business operations. The notice period of agreement between the Company and Samlink is 24 months for both parties. For further details, see Section *"–Organisation and Personnel – IT systems*".

On the date of the Offering Circular, the Company and certain shareholders of the Company are parties to a shareholders' agreement concerning the Company. The Shareholders' Agreement contains customary provisions concerning the Company's administration, transfer of shares and other rights and obligations of the parties. The Shareholders' Agreement will be terminated in case the Offering actualises.

Environmental Matters

OmaSp's operations do not involve any notable environmental considerations.

Legal and Administrative Proceedings

During the 12 months preceding the date of the Offering Circular, the Company has not been a party to any legal, arbitration or administrative proceedings that may have or during the past 12 months have had a significant effect on the financial position or profitability of the Company or its subsidiaries, and the Company is not aware of any such proceedings being pending or threatened.

BANKING REGULATION AND SUPERVISION

OmaSp is a credit institution as defined under the Finnish Act on Credit Institutions (Fi: *laki luottolaitostoiminnasta*, 610/2014, as amended, the "**Credit Institutions Act**"), which operations are subject to supervision and regulation on both a national and EU-level. OmaSp has an authorisation of credit institution for its opertations from the FFSA (previously known as Fi: *Rahoitustarkastus*), which has been granted to OmaSp in accordance with the legislation in force at the time of approval. Nowadays, authorisations of credit institution are granted by the European Central Bank (the "**ECB**") following a submitted application to the FFSA, as parts of the supervising functions have been transferred to ECB under the Council Regulation (EU) No 1024/2013. Apart from credit institution operations, OmaSp's authorisation of credit institution also entitles OmaSp to conduct provision of investment services and investment activitiesas defined under the Act on Investment Services (Fi: *sijoituspalvelulaki*, 747/2012, as amended). In addition, the FFSA has granted authorisation of mortgage bank to OmaSp in accordance with the Act on Mortgage Banks (688/2010, as amended).

The following is a summary of the principal supervision and regulation of credit institutions by public authorities (including European authorities such as the ECB).

Supervisory Authorities

The FFSA and the ECB

The FFSA is responsible for the supervision of Finland's financial markets, including the supervision of Finnish credit institutions. The objective of the FFSA's operations is the balanced operations of credit institutions and other supervised entities as required for a well balanced financial market as well as to safeguard interests of the insured and the general confidence in the operation of financial markets. Apart fron credit institutions, the FFSA's supervision also covers other types of financial operators, such as insurance companies, investment service firms, payment institutions, fund managers and alternative fund managers as well as the stock exchange and central securities depository.

The FFSA's central supervising functions are solvency supervision, risk supervision, market conduct supervision, macro-stability supervision as well as the general supervision and supervision of the solvency of life and non-life insurance companies. The supervision of credit institutions is conducted through, for example, analysis of reports regarding, among other things, solvency, large exposures and financial statements and through on-site inspections to ensure that each credit institution's operations comply with Finnish banking laws and regulations. In addition to its supervisory function, the FFSA issues both binding regulations and general guidelines for companies operating in the Finnish financial markets. In Finland, the so called Capital Requirements Directive (Directive 2013/36/EU of the European Parliament and of the Council, the "**CRD**"), has been implemented by amending the Act on Credit Institutions as well as through the regulations and guidelines given by the FFSA, and the FFSA is primarily responsible for deciding on and applying the capital buffers under the CRD in Finland, which, in turn, means that the FFSA also has a central role in the supervision of both individual credit institutions as well as macro-prudential supervision ondomestic market.

A significant change in the supervisory regimes in a number of EU states, including Finland, took place when the Single Supervisory Mechanism (the "**SSM**") commenced its operations in Europe in November 2014. The SSM is a supervision system of financial markets comprising the ECB and the competent national authorities of the participating EU states. The legal basis for the SSM is Council Regulation ((EU) No. 1024/2013), which sets forth the supervisory powers of the ECB. Within the SSM, the ECB directly supervises significant credit institutions, and has an indirect role in the supervision of less significant credit institutions, which continue to be supervised by their national supervisors in cooperation with the ECB. National supervisors continue to have an important role in preparing and implementing the ECB's decisions. In order to increase the consistency and efficiency of supervisory practices, the European Banking Authority (the "**EBA**") continues to develop a common rulebook applicable to all member states. It will also ensure that regular stress tests are carried out to assess the resilience of European banks. OmaSp is not under the direct supervision of the ECB.

The Bank of Finland

The Bank of Finland is the central bank of Finland. The Bank of Finland is also a part of the Eurosystem, the monetary authority of the euro area, which is responsible for monetary policy and other central bank tasks in the euro area and for administering the use of the euro. The primary objective of both the Eurosystem and the Bank of Finland is price stability, that is, a moderate rise in consumer prices. This means that the Bank of

Finland has tasks relating both to Finland and to the Eurosystem. In addition to monetary policy, the Bank of Finland's core tasks are to manage, on its part, the maintenance of currency supply and the issuance of banknotes, the holding and maintenance of exchange reserves, the confidence, efficiency and development of payment- and other financial systems and the drafting and issuing of necessary statistics.

The European System of Central Banks (the "**ESCB**") consists of the national central banks (the "**NCBs**") participating in the Eurosystem and the NCBs of those EU member states that have not yet introduced the single currency. These member states are, as of the date of this Offering Circular, Bulgaria, Croatia, the Czech Republic, Denmark, Hungary, Poland, Romania, Sweden and the United Kingdom.

The ECB is responsible for ensuring that the tasks of the Eurosystem are carried out either through its own activities or via the NCBs. For their part, the euro area NCBs carry out the tasks that fall to the ESCB or the Eurosystem. The NCBs contribute through, *inter alia*, participation in a range of committees. The NCBs also have national responsibilities outside the Eurosystem, including responsibilities related to financial stability and solvency supervision.

The treaty establishing the European Community accords the Eurosystem absolute independence for executing its duties. The ECB, the Eurosystem NCBs and the members of their decision-making bodies may not seek or take instructions from any outside body.

The primary objective of the Eurosystem is to maintain price stability. It also aims to support the EU's general economic policy, providing that it is not in conflict with the objective relating to the maintenance of price stability.

Solvency, Liquidity and Leverage

The global financial crisis at the end of the first decade of the 21st century revealed regulatory and supervisory shortcomings with regard to, among other things, credit institutions' solvency and liquidity management. Many credit institutions were also weakened by excessive leverage. As a result of these events, and following a review in Finland and elsewhere of the existing regulatory framework, a number of initiatives aimed at tightening the regulatory standards applicable to credit institutions, in particular those deemed to be systemically important for the financial system, were made.

One of the most relevant regulatory initiatives following the crisis was Basel III, which was a comprehensive proposal by the Basel Committee on Banking Supervision for reforms to the regulatory capital and liquidity framework for internationally active banks. The Basel III framework has been transposed into regulations in the EU by way of CRD IV regulation, which consists of the CRD and the Capital Requirements Regulation ((EU) N:o 575/2013, the "**CRR**") (CRD and CRR toghether "**CRD IV**"). CRD IV was adopted in June 2013. The CRR is directly applicable in all EU member states without further national implementation. In contrast, the CRD must be implemented in national law by each member state. Finnish legislation implementing the CRD entered into force in 2014.

The European Commission has published the Commission Proposals to amend the CRR and the CRD in order to implement certain outstanding elements of the regulatory reforms initiated following the financial crisis and to align the European regulatory framework with recent internationally agreed standards. As of the date of this Offering Circular, the exact implementation timing of the regulatory changes set forth in the Commission Proposals has not been confirmed but the amendments are expected to enter into force in 2019 at the earliest, with certain parts being implemented later. Some of the key changes introduced in the Commission Proposals are discussed below.

Finnish Implementation of CRD IV

The CRD IV regulatory entity comprises of both a directly applicable regulation (CRR) as well as the directive (CRD), which requires national implementation. The directly applicable CRR entered into force in Finland on 1 January 2014, and the CRD requirements were implemented in Finland through amendments to the Finnish Act on Credit Institutions, which entered into force on 15 August 2014, and repealed the earlier Act on Credit Institutions. Regulatory capital and liquidity requirements applicable to Finnish credit institutions are accordingly determined in accordance with both the directly applicable CRR and the Finnish Act on Credit Institutions. Furthermore, the FFSA has issued national regulations and guidelines on, *inter alia*, the calculation of capital requirements and large exposures relating to the national application of the CRR. These regulations and guidelines contain, among other things, the FFSA's guidelines on the categorization of various Finnish capital instruments into common equity tier 1 (CET1) capital, additional tier 1 or tier 2 instruments for the purposes of satisfying the own funds requirements imposed by the CRR and the Finnish Act on Credit Institutions.

Pursuant to the CRR, credit instutions' minimum requirement for a common equity tier 1 capital ratiois of at least 4.5 per cent, additional tier 1 capital (AT1) of at least 1.5 per cent an additional tier 2 capital (AT2) of at least 2.0 per cent (each ratio expressed as a percentage of the total risk exposure amount). Therefore the minimum requirement for tier 1 capital (T1) is at least 6.0 per cent in total and a minimum requirement for a total capital ratio of 8.0 per cent. Furthermore, Finnish law imposes additional capital requirements consisting of a capital conservation buffer, a countercyclical buffer as well as, where relevant, additional buffer requirements for G-SIIs and other systemically important institutions. A Finnish credit institution must have an additional capital conservation buffer of 2.5 per cent, consisting of common equity tier 1 (CET1) capital. The FFSA is also authorized to set a countercyclical buffer of zero to 2.5 per cent depending on macro-prudential analysis, although it has not yet imposed such buffer as of the date of this Offering Circular. The countercyclical buffer (if imposed in the future) must also be satisfied with common equity tier 1 (CET1) capital. Furthermore, a systemic risk buffer within the meaning of Article 133 of the CRD has been implemented into Finnish law through amendments to the Finnish Act on Credit Institutions, pursuant to which the FFSA may impose a systemic risk buffer of 1 per cent to 5 per cent on Finnish credit institutions to be applicable from 1 January 2019. A buffer requirement in excess of 3 per cent requires the approval of the European Commission. Through its decision given on 29 June 2018[72], the Board of the FFSA has decided to implement a requirement of a systemic risk buffer, which will enter into force on 1 July 2019, which will vary between 1.0 and 3.0 per cent depending on the credit institution.

As at the date of this Offering Circular, the minimum capital requirement of 10.5, applicable to OmaSp, consist of a core capital (CET1) requirement of 4.5 per cent, additional capital conservation buffer consisting of excess core capital (CET1) of 2.5 per cent, a minimum requirement of additional tier 1 capital (AT1) of 1.5 per cent and a minimum requirement of additional tier 2 capital (AT2) of at least 2.0 per cent. The systemic risk buffer applicable to OmaSp as of 1 July 2019 will be 1.0 per cent, after which OmaSp's minimum capital requirement will increase to 11.5 per cent.

CRD IV

CRD IV includes several capital and liquidity requirements, which are presented above. The scope of the instruments qualified as common equity tier 1 (CET1) capital is also more limited and the predominant form of tier 1 capital must be common shares and retained earnings. Strict requirements are applied to instruments eligible as additional tier 1 and tier 2 capital. All non-common tier 1 instruments as well as all tier 2 instruments are subject to the write-down and conversion powers set forth in the Bank Recovery and Resolution Directive (Directive 2014/59/EU of the European Parliament and of the Council, the "**BRRD**"). In addition, the terms of all non-common tier 1 instruments issued by a bank must have a contractual provision that requires such instruments to either be written down or converted into common equity upon the occurrence of a specified trigger event. Instruments that do not contain the required features to satisfy the tier 1 or tier 2 capital requirements, as the case may be, will be gradually phased out by 2022 or at such earlier time as determined by national competent authorities.

CRD IV also introduces capital buffers to be covered with common equity tier 1 (CET1) capital: the capital conservation buffer, the institution-specific countercyclical capital buffer and the buffers for systemically important institutions. The size of the buffers, other than the capital conservation buffer, is intended to be different depending on the existence of cyclical and structural systemic risks. The buffers may vary over time as well as between institutions. The capital conservation buffer is a permanent addition of 2.5 per cent of an institution's total risk exposure amounts. The countercyclical buffer will vary between 0.0 per cent and 2.5 per cent, but may be increased further under certain circumstances. The systemic risk buffer may be set as high as 5.0 per cent, subject to certain conditions. The buffer for systemically important institutions is to be set at a level between 1.0 per cent and 3.5 per cent (in relation to G-SIIs) and up to 2.0 per cent (in relation to other systemically important institutions). When in breach of the buffer requirements, the institutions will face restrictions on, for example, payment of dividends. However, more severe sanctions, such as withdrawal of the firm's authorisation, may not be applied in these cases.

[72] Decision of the Board of the Financial Supervisory Authority on setting an additional capital requirement on the basis of the structural characteristics of the financial system (systemic risk buffer), 29 June2018.

Further, two new liquidity requirements are introduced as part of CRD IV: the liquidity coverage ratio (the "**LCR**") and the net stable funding ratio (the "**NSFR**"). The LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality assets that can be converted into cash to meet the bank's liquidity needs for a 30-day time horizon under an acute liquidity stress scenario. The NSFR establishes a minimum acceptable amount of stable funding, based on the liquidity characteristics of a credit institution's assets and activities over a medium- to long-term horizon. These standards aim to set the minimum levels of liquidity for internationally active banks. The detailed LCR rules entered into force on 1 October 2015 with a three-year phase-in period as follows: 60 per cent in 2015, 70 per cent in 2016, 80 per cent in 2017 and 100 per cent in 2018. The NSFR was initially subject to an observation period. The Commission Proposals include a binding NSFR requirement and requires institutions to hold sufficient stable funding to meet its funding needs during a one-year period under both normal and stressed conditions. The proposed NSFR amendments align NSFR governance, compliance and supervisory actions with the LCR requirement.

CRD IV also includes a leverage ratio, which is defined as additional tier 1 capital divided by a measure of non-risk-weighted assets. The leverage ratio is currently not a binding requirement but subject to reporting and disclosure requirements. The Commission Proposals include also a binding leverage ratio requirement of 3 per cent that is harmonized with the international BCBS standard. A potential higher requirement for G-SIIs is postponed until a decision is taken by the BCBS. A revised version of the calculation of the leverage ratio that further aligned the Capital Requirements Regulation with the corresponding Basel regime entered into force in January 2015.

In addition to the capital and liquidity requirements, CRD IV contains various other new rules governing, among other things, corporate governance, remuneration and sanctions.

Recovery and Resolution of Credit Institutions and Investment Firms

In December 2014, the EU adopted the BRRD. The majority of the measures set out in the BRRD were to be implemented in national law with effect from 1 January 2015, with the bail-in power to apply from 1 January 2016, at the latest.

The BRRD has been implemented in Finland through the Finnish Resolution Act (1194/2014, as amended) and the Finnish Act on Financial Stability Authority (1195/2014, as amended). The latter regulates the Finnish Financial Stability Authority, which is the national resolution authority in Finland. Both acts entered into force on 1 January 2015.

As the national resolution authority, The Finnish Stability Authority is responsible for resolution planning concerning credit institutions and investment firms and for decision-making relating to the reorganisation of institutions experiencing financial difficulties. The Finnish Stability Authority operates as part of the Single Resolution Mechanism. It contributes to the work of the Single Resolution Board and works in close cooperation with the Single Resolution Board in resolution-related matters.

The Financial Stability Authority is also the authority responsible for the deposit guarantee scheme in Finland. It manages the tasks of the deposit guarantee scheme, collects deposit guarantee contributions and decides on the Deposit Guarantee Fund's payment liability. The Financial Stability Authority manages the Financial Stability Fund, which is external to the State budget and consists of the Resolution Fund and the Deposit Guarantee Fund which are both financed by separate contributions.

The over-arching objective of the BRRD is to allow the authorities to take the actions necessary to maintain financial stability. The powers conferred upon supervisory authorities pursuant to the directive can be generally categorised into preventive powers, early intervention powers and resolution powers. Ultimately, the authorities may take control of a failing bank and, among other things, transfer the bank to a private purchaser or to a publicly controlled entity (a so-called "bridge institution") pending a private sector arrangement. In order to ensure that losses are imposed on the shareholders and the creditors of the bank, the directive also includes extensive powers to write down share capital as well as to write down or convert outstanding debt into equity in the bank. This mechanism is commonly referred to as "bail-in". Most of such failing bank's debt could be subject to bail-in, except for certain specific exceptions such as deposits and secured liabilities. In order to ensure that there is sufficient buffer capacity to cover the losses and/or recapitalise in case of a failure, the directive stipulates that there should be a minimum requirement for own funds and eligible liabilities (the "**MREL**"). In July 2015, the EBA published its final draft technical standard describing the calculation of the MREL requirement that was adopted by the European Commission in May 2016.

The BRRD is complemented with the directly applicable Regulation (EU) No. 806/2014 (“**SRM**”) introducing the Single Resolution Mechanism. The SRM Regulation establishes the single resolution board (the “**SRB**”) having resolution powers over the institutions that are subject to the SRM Regulation, thereby replacing the national authorities. This means that the SRB serves as the national authority for credit institutions under direct surveillance of the ECB under the BRRD. The SRB also prepares and adopts a resolution plan for the entities subject to its powers.

As part of the Single Resolution Mechanism, the single resolution fund (the “**SRF**”) was established. The SRF commenced its operations as of 1 January 2016. The SRF is a pool of funds provided by the banking sector which will be set up to ensure that medium-term funding support is available while a credit institution is being restructured. The SRB can use the SRF only for the purpose of ensuring the efficient application of the resolution tools and exercise of the resolution powers referred to in the Single Resolution Mechanism and in accordance with the resolution objectives and the principles governing the resolution referred to in the Single Resolution Mechanism. The budgets of the EU or the member states cannot be used to cover expenses or losses of the SRF. Banks will have to make annual contributions to the SRF. The Single Resolution Mechanism lays down the basic rules on how to calculate the contributions of individual banks to the SRF. The Finnish Stability Authority is responsible for raising the contributions from Finnish banks and transferring the contributions to the SRF.

The relevant crisis resolution authority for OmaSp is the Finnish Financial Stability Authority. The Financial Stability Authority has confirmed OmaSp’s crisis resolution plan on 19 December 2017. The Financial Stability Authority has not placed so-called MREL-requirements on OmaSp, i.e. a continuous minimum requirement for own capital and deductible debt on an institution-based consolidated level.

Deposit Guarantee Schemes

Deposit Guarantee Scheme in Finland

As part of the reforms required by the BRRD, amendments have been made to Finnish legislation (including the Finnish Act on Financial Stability Authority) to establish a preference in the insolvency hierarchy for certain deposits that are eligible for protection by the Finnish deposit guarantee scheme and the uninsured element of such deposits and, in certain circumstances, deposits made in non-EEA branches of EEA credit institutions. In addition, the Finnish implementation of the EU Deposit Guarantee Scheme Directive (Directive 2014/49/EU) increased the nature and amount of insured deposits to cover corporate deposits (unless the depositor is a public sector body or financial institution) and some temporary high value deposits. All such preferred deposits will rank in the insolvency hierarchy ahead of all other unsecured senior creditors of the bank. Insured deposits are also excluded from the scope of the bail-in tool.

The maximum compensation provided from the Finnish deposit guarantee fund is EUR 100,000 for one customer in one bank. If the customer’s deposits exceed EUR 100,000 in one bank, the excess deposits in that bank are not covered by the deposit guarantee. In calculating the amount of compensation, all deposits of a customer placed with the same bank are aggregated. The liabilities that a customer may have in the same bank have no impact on the level of compensation.

The deposit guarantee covers deposits by private persons, associations and companies. Owners of a joint account are each entitled to the full cover of EUR 100,000. The guarantee does not apply to persons with only the right to use a deposit account. An estate’s deposits are considered a single person’s deposit, covered to EUR 100,000. The deposit guarantee does not cover, for example, funds in accounts used for investment services, as these fall within the scope of the compensation liability of the Investors’ Compensation Fund as set out in the Investment Services Act.

When a deposit bank has run into permanent payment difficulties, the Finnish Resolution Authority must decide within five working days whether the Finnish deposit guarantee fund is liable to compensate. The maximum payment period for the compensation is 20 working days until 31 December 2018, 15 working days until 31 December 2019 and seven working days thereafter.

Currency Regulations

In Finland, there are no foreign exchange controls in effect. However, under the Finnish Emergency Powers Act (Fi: valmiuslaki (1552/2011)) (the “**Finnish Emergency Powers Act**”), which regulates emergency situations, the Finnish Government, the Bank of Finland and the FFSA are granted special powers, for example, to limit the transfer of money outside from the country. Such emergency situations include, among other events, an ongoing or threatening military attack targeting Finland, a catastrophe, contagion or other comparable event affecting the population or the economic foundations of Finland. The Finnish Emergency Powers Act includes special provisions concerning financial markets. The emergency powers also include the possibility for the competent authorities to impose an obligation to repatriate funds and assets held outside of Finland and to require permission from the Bank of Finland for import and export of securities, cash or certificates of claim. Furthermore, in a severely stressed scenario for a Finnish credit institution, the Finnish Stability Authority in collaboration with the FFSA and the Bank of Finland may, pursuant to the Finnish Act on Temporary Interruption of the Operations of a Deposit Bank (Fi: laki talletuspankin toiminnan väliaikaisesta keskeyttämisestä (1509/2001)), impose a so-called interruption regime on a bank, whereby the operations of the bank are effectively frozen for a maximum period of six months. Under the interruption regime, the bank is not permitted to accept deposits or pay off debt other than certain qualifying agreements. The bank may seek permissions from the FFSA and the Finnish Stability Authority to continue certain funding activities, but such permission would likely be denied if the activities would result in a net cash flow out of the bank or its Finnish operations.

SELECTED FINANCIAL INFORMATION

The following tables set out a summary of the consolidated income statement, balance sheet, cash flow statement, and key figures for the financial years ended 31 December 2017, 31 December 2016, and 31 December 2015 as well as for the nine month periods ended 30 September 2018 and 30 September 2017. The information presented below is based on the Company's unaudited figures for the nine month periods ended 30 September 2018 and 30 September 2017 as well as the audited consolidated financial statements for the financial years ended 31 December 2017 and 31 December 2016, and the unaudited consolidated comparative figures for the financial year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"). The Company's audited financial statement for the financial year ended on 31 December 2015 has been prepared in accordance with the Finnish Accounting Act (1336/1997, as amended), the Finnish Accounting Ordinance (1339/1997, as amended), and the guidelines and opinions of the Accounting Board operating under the auspices of the Ministry of Economic Affairs and Employment (together the "**FAS**"). Certain solvency information included in this Offering Circular is derived from the parent company's audited financial statements for financial years ended 31 December 2017, 31 December 2016, and 31 December 2015.

This summary should be read together with the section "*Operational and Financial Review*" and with the Company's audited consolidated financial statements, incorporated to this Offering Circular either as annexes or by reference as well as the 2015 parent company financial statement.

Consolidated Income Statement

	1 January– 30 September		1 January – 31 December		
(EUR thousand)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited)		**(audited)**		**(unaudited)**
Interest income	40,961	34,157	46,579	43,938	39,889
Interest expenses	-5,036	-5,414	-7,262	-7,391	-8,157
Net interest income	**35,925**	**28,744**	**39,317**	**36,547**	**31,733**
Fee and commission income	22,336	18,622	24,814	21,218	17,480
Fee and commission expenses	-2,963	-2,598	-3,569	-3,509	-2,198
Fee and commission income and expenses, net	**19,374**	**16,023**	**21,245**	**17,709**	**15,282**
Net income on financial assets and liabilities[1)]	832	2,905	10,780[2)]	2,401[2)]	4,371
Other operating income	1,675	2,288	2,748	3,682	2,967
Total operating income	**57,806**	**49,959**	**74,091**	**60,339**	**54,352**
Personnel expenses	-11,322	-9,545	-13,137	-14,085	-11,711
Other operating expenses	-20,414	-18,302	-25,470	-19,381	-18,912
Depreciation and impairment losses on tangible and intangible assets	-2,061	-1,368	-2,504	-2,065	-1,715
Total operating expenses	**-33,797**	**-29,215**	**-41,112**	**-35,531**	**-32,338**
Impairment losses on financial assets, net	-3,549	-835	-2,600	-4,197	-3,594
Profit before taxes	**20,460**	**19,910**	**30,379**	**20,611**	**18,420**
Income taxes	-3,856	-3,869	-6,292	-4,567	-3,642
Profit/loss for the accounting period	**16,603**	**16,041**	**24,087**	**16,044**	**14,778**
Oma Säästöpankki Plc's shareholders' shares	16,520	16,076	24,208	16,044	14,778
Number of non-controlling interest	83	-36	-120	-	-
Total	**16,603**	**16,041**	**24,087**	**16,044**	**14,778**

1) Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017

2) Unaudited

Comprehensive Consolidated Income Statement

(EUR thousand)	1 January – 30 September 2018	2017	1 January – 31 December 2017	2016	2015
	(unaudited)		(audited)		(unaudited)
Profit/loss for the accounting period	**16,603**	**16,041**	**24,087**	**16,044**	**14,778**
Other items of comprehensive income before taxes	**-630**	**2,732**	**-4,808**	**3,911**	**-2,061**
Items that will not be reclassified through profit or loss	9	-	-149	-456	36
Gains and losses on redefining benefit pension plans	9	-	-149	-321	36
Interest in associated companies' items of comprehensive income	-	-	-	-135	-
Items that may later be reclassified through profit or loss	-639	2,732	-4,659	4,368	-2,097
Measured at fair value	-639	2,735	-4,655	4,425	-1,373
Cash flow hedge	-	-3	-4	-58	-725
Income taxes	**126**	**-546**	**962**	**-809**	**418**
For items that will not be reclassified as profit or loss	-2	-	30	64	-7
Gains and losses on redefined benefit pension plans	-2	-	30	64	-7
Items that may later be reclassified as profit or loss	128	-546	932	-874	425
Measured at fair value	128	-547	931	-885	280
Cash flow hedge	-	1	1	12	145
Other items of comprehensive income for the accounting period after taxes	**-504**	**2,187**	**-3,846**	**3,102**	**13,135**
Comprehensive income for the accounting period	**16,100**	**18,227**	**20,241**	**19,146**	**13,135**
Interests of the owners of the parent company	16,017	18,263	20,361	19,288	13,135
Number of non-controlling interest	83	-36	-120	-142	-
Total	**16,100**	**18,227**	**20,241**	**19,146**	**13,135**

Consolidated Balance Sheet

(EUR thousand)	1 January – 30 September 2018	2017	31 December 2017	2016	2015
	(unaudited)		(audited)		(unaudited)
ASSETS					
Cash and cash equivalents[1)]	40,025	6,471	280,718	7,728	7,985
Financial assets valuated at fair value through profit or loss	-	332	332	576	1,858
Loans and advances to credit institutions[1)]	59,155	53,582	58,394	61,958	139,482
Loans and advances to the public and public sector entities	2,415,624	1,917,531	2,137,868	1,785,417	1,530,264
Financial derivatives	1,812	2,132	1,676	2,630	5,369
Investment assets	267,236	271,049	194,253	257,369	215,927
Shares of companies consolidated by the equity method	175	-	-	-	-
Intangible assets	5,288	4,858	6,515	4,315	3,433
Tanglible assets	16,915	16,607	17,348	17,396	17,479
Other assets	34,403	17,804	28,337	12,144	9,239
Deferred tax assets[2)]	1,313	1,067	1,240	1,347	1,416
Income tax assets[2)]	-	-	-112	-112	-125
Total assets	**2,841,945**	**2,291,432**	**2,726,567**	**2,150,768**	**1,932,328**

LIABILITIES					
Liabilities to credit institutions	59,629	34,062	35,993	34,257	36,916
Liabilities to the public and public sector entities	1,728,865	1,512,107	1,639,304	1,482,828	1,472,793
Financial derivatives	2,038	-	2,222	-	-
Debt securities issued to the public	734,698	455,072	736,961	353,050	161,503
Subordinated liabilities	25 000	12 800	28,000	17,600	24,488
Provisions and other liabilities	16,772	19,630	22,042	24,623	19,282
Deferred tax liabilities	19,977	19,465	19,119	17,339	14,514
Income tax liabilities	333	602	1,441	-	706
Total liabilities	**2,587,312**	**2,053,738**	**2,485,083**	**1,929,697**	**1,730,202**
EQUITY					
Share capital	24,000	24,000	24,000	24,000	24,000
Reserves	107,688	113,603	110,268	111,417	108,481
Retained earnings	122,230	99,228	106,439	84,741	69,645
Oma Säästöpankki Plc's shareholders' shares	**253,919**	**236,831**	**240,706**	**220,158**	**202,126**
Oma Säästöpankki Plc's shareholders' shares	253,919	236,831	240,706	220,158	202,126
Number of non-controlling interest	715	862	778	913	-
Equity, total	**254,633**	**237,693**	**241,484**	**221,071**	**202,126**
Total liabilities and equity	**2,841,945**	**2,291,432**	**2,726,567**	**2,150,768**	**1,932,328**

1) Oma Savings Bank opened a TARGET2 account in the Bank of Finland in September 2017. The bank's minimum reserve deposit was transferred to the Bank of Finland in October 2017. In the financial statements of 2017, the minimum reserve deposit was recognizedrecognized under "Loans and advances to credit institutions". The figure provided on 31 December 2017 has been adjusted retrospectively in the interim report of 30 September 2018 and transferred to the balance sheet item "Cash and cash equivalents". In the cash flow statement, this item is recognized under "Cash and cash equivalents, other arrangements".

2) During the period 1 January – 30 September 2018 Deferred tax assets also include Income tax assets, which have been recognized separately during earlier financial periods.

Consolidated Cash Flow Statement

	1 January – 30 September		**31 December**		
(EUR thousand)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited)		**(audited)**		**(unaudited)**
Cash flow from operating activities					
Profit/loss for the accounting period	**16,603**	**16,041**	**24,087**	**16,044**	**14,778**
Changes in fair value	-213	-223	69	880	-50
Depreciation and impairment losses on investment properties	9	325	317	472	794
Depreciation and impairment losses on tangible and intangible assets	2,061	1,368	2,504	2,065	1,715
Gains and losses on fixed assets	402	-57	-57	754	-2
Impairment losses	3,549	1,088	2,596	3,610	4,465
Income taxes	3,856	3,869	6,292	4,567	3,642
Adjustments to impairment losses	0	-254	4	559	-872
Other adjustments	-168	-221	-787	-124	-158
Adjustments to the profit/loss of the accounting period	**9,497**	**5,896**	**10,938**	**12,783**	**9,535**
Cash flow from operations before changes in receivables and liabilities	**26,101**	**21,936**	**35,025**	**28,827**	**24,314**
Increase (-) or decrease (+) in business funds					
Debt securities	-69,611	-22,483	-2,882	-47,695	-55,527
Loans and advances to credit institutions	-	-785	-1,176	3,288	61,826
Loans and advances to customers	-282,456	-127,549	-349,626	-252,653	-102,753
Derivatives and hedge accounting	16	-48	-48	162	-365
Investment assets	-4,134	11,264	60,508	2,255	-12,209

Other assets	-5,992	-5,674	-16,208	-2,667	-1,636
Total	**-362,177**	**-145,275**	**-309,432**	**-297,310**	**-110,664**
Increase (+) or decrease (-) in business debts					
Liabilities to credit institutions	23,636	-5,581	1,736	-7,964	24,646
Liabilities to customers	89,779	30,240	154,509	11,904	28,016
Debt securities issued to the public	-2,263	102,022	383,911	191,547	92,883
Subordinated liabilities	-	-	15,200	-	-
Provisions and other liabilities	-5,990	-4,993	-2,227	4,532	1,183
Total	**105,162**	**121,689**	**553,129**	**200,019**	**146,728**
Paid income taxes	-3,960	-1,521	-2,470	-2,848	-1,739
Total cash flow from operating activities	**-234,875**	**-3,171**	**276,252**	**-71,312**	**58,638**
Cash flow from investments					
Investments in tangible and intangible assets	-552	-1,561	-5,317	-4,651	-3,422
Proceeds from sales of tangible and intangible assets	603	767	1,187	3,855	503
Acquisition of associated companies	-175	-	-	-	-
Increases in other investments	-	-	-	5,985	-
Total cash flow from investments	**-124**	**-794**	**-4,130**	**5,189**	**-2,919**
Cash flows from financing activities					
Subordinated liabilities, increases	200	-	-	-	-
Subordinated liabilities, decreases	-3,000	-4,800	-4,800	-6,888	-8,388
Acquisition of non-controlling interests[1]	-45	-76	-76	-	-
Other monetary changes in equity items	24	-	2,577	-105	-
Dividends paid	-2,112	-1,576	-1,576	-1,478	-693
Total cash flows from financing activities	**-4,933**	**-6,452**	**-3,875**	**-8,471**	**-9,081**
Net change in cash and cash equivalents	**-239,932**	**-10,418**	**268,247**	**-74,594**	**46,639**
Cash and cash equivalents at the beginning of the reporting period	**339,111**	**55,409**	**55,409**	**129,902**	**49,951**
Cash and cash equivalents at the end of the reporting period	**99,180**	**44,991**	**323,658**	**55,409**	**129,902**
Cash and cash equivalents transferred with business transfers	-	-	-	-	-33,313
Total	**99,180**	**44,991**	**323,658**	**55,409**	**96,590**
Cash and cash equivalents, other arrangements[2]	**-**	**-**	**15,453**	**-99**	**-**
Cash and cash equivalents are formed by the following items:					
Cash and cash equivalents[2]	40,025	6,471	280,718	7,728	7,985
Receivables from credit institutions repayable on demand	59,155	38,521	58,393	47,681	121,918
Total	**99,180**	**44,991**	**339,111**	**55,409**	**129,902**
Received interest	**32,217**	**27,261**	**39,645**	**43,118**	**33,960**
Paid interest	**-1,882**	**-2,330**	**-5,941**	**-8,045**	**-5,994**
Dividends received	**985**	**929**	**966**	**960**	**592**

1) In the cash flow statement published in the financial statements of 2017, an item of EUR -76,000 was included as “Increases in other investments” under “Cash flow from investments”. In this cash flow statement, the said item has been transferred to “Acquisitions of non-controlling interests” under “Cash flows from financing”.

2) Oma Savings Bank opened a TARGET2 account at the Bank of Finland in September 2017. The bank’s minimum reserve deposit was transferred to the Bank of Finland in October 2017. In the financial statements of 2017, the minimum reserve deposit was recognized under “Loans and advances to credit institutions”. The figure provided on 31 December 2017 has been adjusted retrospectively in the interim report of 30 September 2018 and transferred to the balance sheet item “Cash and cash equivalents”. In the

cash flow statement, this item is recognized under “Cash and cash equivalents, other arrangements”.

Key Figures

The Company monitors several key figures, which it uses to evaluate its business operations. The key figures include key figures based on the IFRS and Alternative Performance Measures. More information regarding the Alternative Performance Measures can be found under *“Certain Matters – Presentation of Financial and Certain Other Information – Alternative Performance Measures”*. In the following table the Company’s key figures are presented from the financial years ended 31 December 2017, 31 December 2016, and 31 December 2015 as well as for the nine month periods ended 30 September 2018 and 30 September 2017.

	1 January – 30 September		**1 January – 31 December**		
(EUR thousand, unless otherwise indicated)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited, unless otherwise indicated)				
Operating income/loss	65,804	57,972	84,921	71,239	64,707
Net interest income	35,925	28,744	39,317[1]	36,547[1]	31,733
% of operating income/loss	54.6%	49.6%	46.3%	51.3%	49.0%
Profit before taxes	20,460	19,910	30,379[1]	20,611[1]	18,420
% of operating income/loss	31.1%	34.3%	35.8%	28.9%	28.5%
Profit/loss for the accounting period	16,603	16,041	24,087[1]	16,044[1]	14,778
Total operating income	57,806	49,959	74,091[1]	60,339[1]	54,352
Total operating expenses	-33,797	-29,215	-41,112[1]	-35,531[1]	-32,338
Cost/income ratio	58.5%	58.5%	55.5%	58.9%	59.5%
Balance sheet total	2,841,945	2,291,432	2,726,567[1]	2,150,768[1]	1,932,328
Equity	254,633	237,693	241,484[1]	221,071[1]	202,126
Own funds (TC)	258,272	232,635	247,678[2,3]	219,766[1,2]	208,840[1,2]
Return on assets (ROA) %	0.8%	1.0%	1.0%	0.8%	0.8%
Return on equity (ROE) %	8.9%	9.3%	10.4%	7.6%	7.8%
Equity ratio	9.0%	10.4%	8.9%	10.3%	10.5%
Solvency ratio (TC) %	17.5%	18.8%[2]	18.9%[2,3]	19.1%[1,2]	20.2%[1,2]
Core capital (CET1)	243,981	229,366[2]	229,912[2,3]	215,001[1,2]	200,610[1,2]
Core capital ratio, (CET1) %	16.6%	18.5%[2]	17.6%[2,3]	18.6%[1,2]	19.4%[1,2]
Tier 1 capital, (T1)	243,981	229,366[2]	229,912[2,3]	215,001[1,2]	200,610[1,2]
Tier 1 capital ratio, (T1) %	16.6%	18.5%[2]	17.6%[2,3]	18.6%[1,2]	19.4%[1,2]
Impairment losses on financial assets	-3,549	-835	-2,600[1]	-4,197[1]	-3,594
Risk-weighted items, total (RWA)	1,473,199	1,237,000[2]	1,309,739[1,2]	1,153,138[1,2]	1,036,219[1,2]
Adjusted proportion of non-performing receivables of the loan portfolio	1.14%[2]	1.16%[2]	0.96%[2]	1.06%[2]	1.10%[2]
Number of employees at the end of the accounting period	290	262	270	229	252
Average number of employees	287	266	256	246	-
Liquidity coverage ratio (LCR)	138.6%[2]	107.9%[2]	280.3%[2]	111.3%[2]	-
Earnings per share (EPS), EUR	32.92	32.74	49.22	32.68	31.49

1) Audited
2) Parent company figure
3) The figure does not correspond with the figures presented in the financial statement of 2017, since the Company has rectified the key figures for core capital and solvency. The shares subscribed for in the 2017 personnel offering are not included in the core capital.

Description of Key Figures

Key Figure		**Description**
Operating income/loss	=	Interest income, Fee and commission income, Net gains from financial assets and liabilities, Other operating income
Profit before taxes excluding net income from financial assets and liabilities	=	Reported profit before taxes – Net income on financial assets and liabilities
Cost/income ratio	=	$\frac{\text{Total operating expenses}}{\text{Total operating income}} \times 100$

Return on equity (ROE) %	=	$\dfrac{\text{Operating profit/loss – Income tax}}{\text{Equity on average (year beginning and end average)}}$	x100
Return on assets (ROA) %	=	$\dfrac{\text{Operating profit/loss – Income tax}}{\text{Balance sheet total (year beginning and end average)}}$	x100
Equity ratio, %	=	$\dfrac{\text{Equity, total}}{\text{Balance sheet total}}$	x100
Solvency ratio (TC) %	=	$\dfrac{\text{Total assets (TC)}}{\text{Risk-weighted items, total (RWA)}}$	x100
Core capital ratio, (CET1) %	=	$\dfrac{\text{Core capital (CET1)}}{\text{Risk-weighted items, total (RWA)}}$	x100
Tier 1 capital ratio, (T1) %	=	$\dfrac{\text{Tier 1 capital, (T1)}}{\text{Risk-weighted items, total (RWA)}}$	x100
Liquidity coverage ratio (LCR)	=	Liquidity buffer sufficiency in relation to net cash and collateral net outflow for 30 days under severe stress	
Earnings per share (EPS), EUR	=	$\dfrac{\text{Profit/loss for the accounting period}}{\text{Number of outstanding shares at the end of the period}}$	
Adjusted proportion of non-performing receivables of the loan portfolio		Non-performing receivables including credits with overdue payments, which have been outstanding for more than 90 days or when, according to the estimations of the bank, it is probable that the debtor will not pay his or her recievable due to financial difficulties. Financial difficulties include the death, bankruptcy, debt adjustment or debt restructuring of the debtor. The sum includes impairments on the recievables. In the key figure, non-performing credits are proportionate to the parent company's entire loan portfolio save for card credit issued by the Company.	

Reconciliation of Certain Alternative Performance Measures

The following table sets forth reconciliation of certain alternative performance measures for the presented periods.

Profit before taxes excluding net income on financial assets and liabilities

	1 January – 30 September		1 January – 31 December		
(EUR 1,000, unless otherwise indicated)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited, unless otherwise indicated)				
Reported profit before taxes	**20,460**	**19,910**	**30,379[2)]**	**20,611[2)]**	**18,420**
Net income on financial assets and liabilities[1)]	832	2,905	10,780	2,401	4,371
Profit before taxes excluding net income on financial assets and liabilities	**19,627**	**17,005**	**19,599**	**18,210**	**14,049**

1) Net income on financial assets and liabilities is the equivalent of the sum of the items “Net income from trading” and “Net gains on investments” in the financial statements of 2015-2017

2) Unaudited

OPERATING AND FINANCIAL REVIEW

The following review concerning the Company's results of operations and financial condition should be read together with "Certain Matters - Presentation of Financial and Certain Other Information", "Capitalisation and Indebtedness", "Selected Financial Information" as well as Audited Consolidated Financial Statements for the financial years ended on 31 December 2017 and 31 December 2016, the audited financial statements of the parent company for the financial period ended on 31 December 2015, and the unaudited interim report of the group for the nine-month period ended on 30 September 2018 together with comparative figures as at and for the nine months ended 30 September 2017, included or incorporated by reference in the Offering Circular. Certain solvency information included in this Offering Circular is derived from the parent company's audited financial statements for financial years ended 31 December 2017, 31 December 2016, and 31 December 2015. Audited Consolidated Financial Statements of the Company for the financial periods ended 31 December 2017 and 31 December 2016 as well as unaudited interim report of the group for the nine-month period ended on 30 September 2018 including comparison data have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated Financial Statements for the financial period ended 31 December 2016 also include unaudited IFRS-based comparison data for the financial period ended 31 December 2015. The Company's audited financial statements for the financial period ended 31 December 2015 have been prepared in accordance with Finnish Accounting Standards ("FAS")

This review contains forward-looking statements, which are inherently subject to risks and uncertainties. The actual results may differ materially from what is presented in such forward-looking statements. Please see "Risk Factors" and "Certain Matters – Forward-Looking Statements".

Overview

OmaSp is a growing Finnish bank and measured by balance sheet total, OmaSp is the biggest savings bank in Finland and it serves over 135,000 customers. Private customers form the biggest customer group of the Company, and their portion of the Company's loan portfolio is approximately 60 per cent. The Company has a comprehensive service offering for both private customers as well as corporate customers and extensive service channels through digital channels and extensive branch network. The Company focuses on retail banking, *i.e.* services such as lending, daily transactions, savings and investments. Additionally, the Company's product and service offering is complemented by products and services provided by the Company's co-operation partners.

Key Factors Affecting the Company's Operating Results

The Company's operating results have and will continue to be affected by a number of internal and external factors, many of which are beyond the Company's control. The future development of the Company's results is difficult to predict, and its past performance may not necessarily be indicative of its future development. Some key factors which have or may have affected the Company's operating results, and which may affect the operations of the Company in the future are discussed below.

General Economic Development and Market Development

In its operations OmaSp focuses on banking in Finland. The Company's key customer groups are private customers as well as small and medium-sized companies. The Company's target clients' abilities to manage their obligations, the demand for the Company's services and the profitability rate of the Company's operations are directly dependent on the general macro-economic situation both in Finland as well as internationally, and on the general development of capital markets. Also local changes in the economic development in areas where the Company has a strong market position can affect the Company's operating results. The Company's management considers that, *inter alia*, the development of GDP, employment and unemployment rate, consumer confidence and the inflation rate have an indirect effect on the financial situation and results of the Company. The positive economic development in recent years on the key market areas of the Company has, in the view of Company's management, had a positive effect on the business of the Company. Negative changes in the economic situation, such as slowing down of GDP growth or its decrease may in turn lead for example to growth of unemployment rate and increase of solvency difficulties or insolvency of the customers, which may in turn have an adverse effect on the ability of the Company's customer to manage their obligations and decrease the demand for financial services and thus negatively affect the Company's business and financial situation. The overall economic development may affect the development of the Company's loan portfolio and interest levels. The changes in interest levels, in turn, affect the net interest income but also the market value of assets and liabilities on the balance sheet.

In particular, the following factors affect and may also in the future affect the growth of the Company's loan portfolio, the level of risks on the loan portfolio as well as deposit rate and loan interest levels:

- The effect of consumers' and companies' future expectations of their consumption and investment decisions and thus the effect on households' and companies' need and willingness to take out a loan;

- The Company's customer's ability to service loans, due to for example changes in the customers' financial situation;

- Credit losses to the Company caused by insolvency of the customers;

- The capital requirements set for the Company are dependent on the Company's credit portfolio, the risk balance of the credit portfolio, estimates and the creditworthiness of its customers. Customers with weaker creditworthiness increase the amount of risk weighted assets and thus the capital requirements of the Company due to the elevated risk level of the Company. Changes in the creditworthiness of the Company's customers may affect the capital requirements of the Company or limit the Company's possibilities to increase lending;

- Changes in monetary politics of central banks as well as other factors influencing credit rates, which affect the net interest income of the Company.

Changes in Legislation, Interpretations by Authorities and in Regulations and Guidelines Binding the Company

The Company operates in a regulated and supervised industry where regulation has changed and increased substantially over the past few years. Changes in regulation that is material to the Company or in regulations and guidelines directed to companies in the industry are beyond the Company's control and may cause the Company to incur significant costs and increase the Company's administrative burden and thus undermine the Company's efficiency and results. Changes in industry regulation, new interpretations by the authorities or changes in regulations binding the Company may require the Company to modify its business strategy, terms and conditions and pricing of products and services, recruit new staff in the risk management and compliance functions in particular, and to adapt its business functions and procedures to comply with the changed regulation. Increasing and possibly stricter regulation may thus have a significant effect on carrying out the Company's business or reduce income and increase costs also in the future. In addition, changes in regulation may affect the range of products and services provided by the Company, the ability to attract future customers or the solvency requirements applicable to the Company, which may have an effect on the results and the financial condition of the Company. As examples of recent projects brought on by increased regulation and which have increased the Company's IT and administrative costs, are MiFiD II, IFRS 9 and European general data protection regulation (GDPR). Decrees by the authorities may also have an effect on OmaSp's customers' willingness to take out loans or limit the amount of loan which a bank can grant to its customer. As an example of this are regulations of FFSA on loan-to-value in mortgages, which bind actors in the banking sector in lending and mutually set obligations to individuals applying for a loan with respect to the portion of own funding.

The Development of Housing and Real Estate Market

The majority of loans granted by the Company have an apartment or other real estate as collateral, and therefore the development of Finland's housing and real estate markets is in a central position with respect to the Company's operations. The reduction of collateral value of the housing and real estate portfolio securing loans may, in the event of insolvency of a customer and possibly following realisation of the collateral, lead to a credit loss for the Company. The development of housing and real estate prices may affect the overall financial situation of consumers and thus consumption, savings and willingness to take out a loan. The recent positive and steady development of housing and real estate markets has in the view of the Company's management had a positive impact on Company's business by, *inter alia*, growth in lending, but the growth may slow down or turn negative in the future. The development of housing and real estate markets has a material effect on the demand for mortgages and thus on the business and results of the Company. Local and nationwide changes in the development of housing and real estate markets have affected and may in the future affect the results of the Company.

Dependency on the Chosen Strategy Suited for the Market Situation and Control over Personnel Expenses

The Company aims to further strengthen its market position in its operating regions and adapt its business to the development of the target market to ensure commercial viability and growth. The Company seeks growth on those sectors of its business where it is possible at a given time, taking into consideration the Company's targets related to the profitability of operations and risk management. The Company pursues to be local and close and thus stand out from competitors with customer experience and service. Additionally, the Company pays special attention to cost-efficiency and comprehensive risk management. The success of OmaSp's business strongly depends on its ability to produce products and services suitable for the market situation in a competitive way and its ability to provide excellent customer service. Thus the success of the Company's business is dependent on choosing a suitable strategy in relation to the development of the operational environment as well as the Company's ability to provide services in a way which ensures the demand for products and services. The Company's choices on its strategy have had and may also in future have an effect on the Company's results.

The Company's success and realization of its growth strategy depend vitally on how well the Company can utilize its light and efficient organization in serving its customers without excessively increasing personnel or other expenses. Personnel expenses of the Company increased from the year 2015 to 2016 but decreased from 2016 to 2017. The changes resulted from internal strategic actions. The Company wants to ensure that the executed strategic actions do not happen at the expense of good customer-oriented operations and customer service provided by the Company. At the same time the Company must ensure that the executed measures don't lead to the Company not taking advantage of the internal resources and organization in an appropriate and effective way. The Company's ability to manage personnel expenses has had and will also in future have an effect on the Company's business and its profits.

Changes in Competitive Situation

In Finland's financial sector there are many large and competitive actors with whom the Company competes for customers. New actors are expected to rise alongside the traditional banking actors, and this creates new competition for customer relationships. The competition on the Company's target market can tighten if the competitors of the Company aim to offer their services even more strongly to the customers or potential customers of the Company. In turn it is possible that the Company can take advantage of its position when a competitor withdraws from a specific operating region of the Company, for example due to closing down a branch. Success in the changing competitive conditions requires, *inter alia*, investments to both personnel and IT systems. The changing competitive situation may also complicate acquiring customers, and for example due to possible price competition affect the prices which the Company can charge from its current and future customers. Primarily the Company aims to compete for customers with its customer-oriented service model, which provides the best possible customer experience for the customers. Even though the goal of the Company isn't to compete with only with price, the possible alluring or cheaper products issued by the competitors may force the Company to react to price competition in order to not lose its market share in some or all of its operating areas. The Company's ability to offer services, which are better or are more widely accepted on the market than those of its competitors may have an effect on the Company's results. Though the Company's management believes that the Company has a strong market position on its chosen market segment as well as sustainable competitive advantages based on, *inter alia,* good customer service and long-term customer relations, there is no certainty that the Company will be able to keep its position or improve it also in the future. The competition in Finland's financial sector has had and may also in future have an effect on the Company's results and financial condition.

Success in Managing Investment Operations and Market Risks

Securities owned by the Company are constantly subject to market risk - i.e. the impact on results caused by price changes of securities - due to changes in interest rates and market prices. The Company aims to manage the risk by diversifying securities acquired for investment purposes and by making selected low-risk investments such as government bonds issued by EU-states, which have low volatility and by minimizing investments in shares. The Company has no significant investments in other currency than euro, and therefore isn't substantially exposed to currency risk.

Formerly, due to allocation changes in investment portfolio and investment strategy, the Company has had substantial one-off profits. When preparing for implementation of IFRS 9 standard, in 2017 the Company sold a large portion of its investments in shares and in equity funds to reduce the impact of the investments in its results. Sales profits in question had a positive effect on the result of the financial period of 2017, and similar one-off profits may not necessarily be expected in the future.

Success or failure in managing market risks and investment operations have had and may also in the future have an effect on the Company's results and financial condition.

Success in Management of Credit Risk

A significant part of Company's operations is formed by retail banking of personal and corporate customers and the Company's ability to evaluate its customers' creditworthiness, solvency and adequacy of collateral is extremely important for the Company's risk management and financial results. The Company's success or failure in managing credit risks has a direct effect on the results of the Company. Historically OmaSp has been able to manage its credit risks efficiently, and the non-performing loans on 30 September 2018 were 1.14 per cent of the parent company's loan portfolio and the net impairment losses of financial assets between 1 January and 30 September 2018 was 0.05 per cent of the Company's loan portfolio. With the implementation of the IFRS 9 standard the Company has adopted a new impairment model in which the expected loss of each loan is estimated monthly. In the view of the Company's management, the expected credit loss will increase as a result of this change and it will also cause more volatility in the income statement for such financial instruments, which are within the scope of the impairment model of IFRS 9 (see also "- IFRS 9 Financial Instruments "). Failure to evaluate credit risks may cause credit losses as customer's ability to service loans declines or the value of collaterals decreases. The management of credit risks has had and may also in the future have an effect on the Company's results.

Fluctuations in Interest Rates and Cost of Funding

The costs of the Company's funding impact the Company's net interest income and, consequently, the Company's profit. As is characteristic for the retail banking business, differing interest rate levels and provisions concerning interests of receivables and debts affect the results and solvency of the Company. In addition to interest level, interest rate risk is caused by *inter alia* different interest rate adjustment and maturity dates between receivables and debts. Due to the Company's large volume of credit portfolio, deposits and other funds, significant changes in interest rates may have a significant effect on the Company's results and solvency. Due to this, the Company strives to manage its interest risk *inter alia* by derivative agreements, and by balancing the interest basis of debts and receivables as much as possible. In lending the Company has also previously used interest floors, which in turn partially limit the effects of interest rate decrease. In the view of the Company's management, the changes in main reference rates, especially in Euribor, are not expected to have a significant negative impact on the Company's results as the Company's funding is principally at fixed interest rates and the most loans granted to the customers contain interest rate floors to prevent the interest rates dropping too low or negative. Despite the current negative Euribor reference rate, the Company charges at least the margin interest for new mortgages granted to the customers. A moderate rise of Euribor might have an effect on the Company's customer's willingness to take out a loan but it would in turn increase the Company's interest income. With interest rate caps the Company's customers can in turn hedge against rising interest rates. Interest derivatives acquired against interest rate risks can cause losses and gains to the Company, which may have an effect on the Company's results.

OmaSp measures the amount of open interest rate risk with interest rate sensitivity, which takes into account the effect of interest rate shocks on net interest income in the coming years. Described below is OmaSp's interest rate sensitivity for 1 per cent interest rate changes as of 31 December 2017.

Analysis on Interest Rate Sensitivity 1% change to interest rate curve (EUR thousand)	**31 December 2017**		**31 December 2016**	
	-1% change	**+1% change**	**-1% change**	**+1% change**
Change 1-12 months..	-1,163	6,113	-3,962	5,191
Change 13-24 months..	-1,906	13,902	-5,412	9,574

The Company has also issued bonds and their issuance has had an effect on the Company's costs of funding. Launch of the mortgage banking created costs for the Company, but in the view of the Company's management, acquisition of funding by issuing covered bonds enables the Company's funding costs to decline in the future.

Measures with respect to fluctuation in interest rates and managing interest risk as well as cost of borrowing have had and may also in future have an effect on the Company's results and financial condition.

Liquidity Management

Due to unpredictability of outgoing and incoming cash flows, the Company is also exposed to liquidity risks, i.e. the possible failure to meet its obligations. An uncontrollable increase in required funding can also be considered a liquidity risk if funding has to be acquired at short notice. The Company manages its liquidity risk, for example, by keeping a sufficient amount of liquid assets to secure liquidity. The Company also pursues to extend the maturity of funding and to maintain large capital base. The constant management of liquidity risk and avoiding its realisation have had and may also in future have an effect on the Company's results and financial condition. In 2017 when the mortgage banking was launched, the Company sought access to become a direct monetary policy counterparty in the Eurosystem through Bank of Finland as well as access to the TARGET2 system used for the transmission of payment orders between EU central banks and commercial banks.

Acquisitions and Other Corporate Transactions

During its operating history OmaSp has made several corporate and asset acquisitions, which are described in more detail under "*Information on the Company and Its Business - Legal Structure and Operating History".* The most recent significant corporate transaction made by the Company is the acquisition of S-Bank Oy's small and medium sized company operations and agricultural and forestry operations to OmaSp in the year 2017. As a consequence, a loan portfolio of approximately EUR 140 million and deposits worth over EUR 90 million were transferred to OmaSp. The Company acquired approximately 48.0 per cent of SAV-Rahoitus Oyj in 2016 and on 30 September 2018 the Company's holding of SAV-Rahoitus Oyj is approximately 50.7 per cent. In 2015 the Company acquired the business operations of Joroisten Osuuspankki and Pyhäselän Paikallisosuuspankki, whereupon Joroisten Oma Osuuskunta and Pyhäselän Oma Osuuskunta joined the owners of OmaSp. The corporate transactions mentioned above and other acquisitions that may occur in future may have an effect on the Company's results and financial condition.

Changes in Distribution Channels

The distribution channels of OmaSp have been significantly renewed during the year 2017. As a part of reorganising the operations of OmaSp, smaller units were merged with other nearby units during the end of the year of 2016 and the summer of 2017. Pursuant to the Company's growth strategy, its presence in growth centers and development of digital services are key factors in the success and expansion of the business. As a part of its business expansion the Company has opened new branches and the opening of new branches may be topical in the future. For the Company's business it is vital that the Company can scale its branch network correctly. A too extensive branch network causes the Company to incur extra costs. However, the Company needs to have a sufficient branch network in order to fulfill its service promise and provide high-quality service. Also digital services are in a key position in implementing the Company's strategy and providing high-quality service. The Company continuously develops its digital services in order to enable its customers to have the most user-friendly and high-quality customer experience in daily transactions. In the view of the Company's Management, the continuous development of the Company's distribution channels has had and will in the future have an effect on the Company's results and financial condition.

Events after the Nine-Month Period Ended 30 September 2018

Apart from the events listed below, there has been no significant changes in the Company's financial or business status since 30 September 2018.

On 18 October 2018, OmaSp and the Nordic Investment Bank (NIB) entered into an agreement concerning a EUR 35 million loan scheme for the financing of small and medium sized enterprises, small midcap enterprises, and environment projects. The loan period of the scheme is seven years. This is the second loan scheme arranged together between OmaSp and NIB. A press release regarding the loan scheme was published on 18 October 2018.

OmaSp has also announced the opening of new branches in Helsinki and Oulu during the end of 2018 as well as a new extended branch in Turku during the beginning of 2019.

Due to externlal requirements, OmaSp overruled overlappings of account number series at the end of October. Project was large a realisation and a big change for OmaSp's customers. As a result of harmonisation of account numbers, OmaSp is able to develop its services even better in the future.

Outlook

The statements set forth in "Outlook" below include forward-looking statements, which are not guarantees of the Company's financial performance. The Company's actual financial position could differ materially from that expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "Certain Matters – Forward-Looking Statements", "Certain Matters – Presentation of Financial and Certain Other Information", "Risk Factors" and "- Key Factors Affecting the Company's Operating Results". The Company cautions prospective investors not to place undue reliance on these forward-looking statements.

According to the Companys's estimates, the profit before taxes excluding net income on financial assets and liabilities will increase in the accounting period of 2018 compared to the previous year. In 2017, net income on financial assets and liabilities were highlighted in Oma Säästöpankki's profit, affecting the result by approximately 10.8 million euros. In 2017, profit before taxes excluding net income on financial assets and liabilities was 19.6 million euros.[73]

Basis for Profit Forecast

The profit forecast is based on assumptions made by the management of the Company, the development of services, loans granted to customers, and deposits received from customers as well as the development of the Company's net interest income, fee and commission income, expenses and operating environment. The most central factors affecting the realisation of the profit forecast, which the Company can influence are the investments made with regard to sales and marketing, the operations model and its efficiency, the Company's personnel, customer acquisition as well as the development and improvement with regards to existing customers. Factors outside the scope of the Company's influence are the general development of the market, the general economic situation, changes in the interest and investment environment, the legislative development, as well as changes in the competitive landscape in the market and other general risks related to the Company's business and industry.

The auditor's Assurance report on the profit forecast is attached as annex D to this Offering Circular.

Factors Affecting the Comparability of the Financial Information

Significant Non-Recurring Items

In preparation for the implementation of the IFRS 9 standard, OmaSp sold most of its equity investments in 2017 in order to reduce the impact of these investments on the Company's operating profit in the future. As a consequence of these sales, the Company received non-recurring investment gains, which resulted in the net income on financial assets and liabilities being higher than during previous years in 2017, i.e. EUR 10.8 million, when in 2015 and 2016 the net income on financial assets and liabilities was EUR 4.4 million and EUR 2.4 million respectively.[74] At the same time the Company's investment portfolio was reallocated and the emphasis on investments in bonds was increased. Therefore, the Company expects future income from the investment portfolio to be lower and less volatile.

In September 2016, the Company commenced a large reorganisation of the entire organisation, in which the duties of the personnel and the job descriptions were changed and 12 smaller branches were merged into bigger branches nearby. The redundancies following the arrangement were accomplished by the termination of fixed-term employment relationships, retirement arrangements, internal transfers and support packages provided by the Company. The non-recurring item comprised of the support packages totaled to approximately EUR 1.5 million in 2016.

[73] Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017.

[74] Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017.

The Company sold its ownership of Visa Europe to Visa Inc. in 2016 as a part of Visa's organisational arrangements. As a consequence of the sale, OmaSp generated an increase of EUR 2.1 million to capital gains. OmaSp received part of the selling price in the form of shares of Visa Inc.

Mergers and Acquisitions

OmaSp acquired S-Pankki Oy's small and medium-sized company operations and agricultural and forestry operations in December 2017. Following the acquisition, a loan portfolio worth approximately EUR 140 million and deposits worth over EUR 90 million were transferred to OmaSp. The Company acquired a share of approximately 48.0 per cent of SAV-Rahoitus Oyj in 2016 and as of 30 September 2018 the Company's holding of SAV-Rahoitus Oyj is approximately 50.7 per cent. Based on the shareholder's agreement, OmaSp has exercised control in SAV-Rahoitus Oyj. As such, SAV-Rahoitus Oyj has been consolidated to the Group as a subsidiary as of 2016. In 2015, the Company purchased the business operations of Joroisten Osuuspankki and Pyhäselän Paikallisosuuspankki, whereupon Joroisten Oma Osuuskunta and Pyhäselän Oma Osuuskunta became owners of OmaSp. These business acquisitions have incurred costs to OmaSp related to IT-integration in the years of 2015-2018.

Main Items of the Income Statement

The following is a summary of the most important items in OmaSp's comprehensive income statement.

Net Interest Income

The interest income of net interest income consists of loans and advances to the public and public sector entities, debt securities and derivative interest income. Other interest income mainly consists of interest for late payments.

The most significant items of interest expense are interest on debt to the public and to public sector entities and on bonds issued to the public.

Fee and Commission Income and Expenses, Net

Commission income mainly consists of lending, card business, payment transactions, funds, insurances, legal services and commissions from brokered products. Other fee and commission income are comprised by fees and commissions from, *inter alia*, safe keeping of securities, from operations abroad and from commission from other services.

Fee and commission expenses principally comprise of expenses from card and payment transactions and from securities. Other fee and commission expenses comprise, *inter alia*, of expenses on securities trading and on other fee and commission fees, which include VAT as well as administrative expenses.

Net Income on Financial Assets and Liabilities

Net income on financial assets and liabilities consist of financial assets and liabilities recognized at fair value through profit or loss, financial assets and liabilities recognized at fair value through other items of comprehensive income, net gains from investment properties, net gains from currency trading and hedge accounting as well as net gains from trading.[75]

Other Operating Income

The most significant items of the other operating income consist of rent income from properties in own use as well as other revenue from banking operations. Other revenue from banking operations includes other commission income from customers.

Personnel Expenses

Personnel expenses include salaries, remunerations, pensions and personnel add-on costs.

[75] Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017

Other Operating Expenses

The most significant items under other operating expenses consist of data administration expenses, marketing expenses, office expenses, expenses from properties in own use and communication expenses.

Depreciation and Impairment Losses on Tangible and Intangible Assets

Depreciation and impairment losses on tangible and intangible assets include, *inter alia*, depreciations and impairment losses on buildings, properties in own use, machinery and equipment as well as intangible assets (such as software development). Impairment losses on goodwill are also taken into account in this context.

Impairment Losses of Financial Instruments

Impairment losses of financial instruments consist of receivables from customers, off-balance sheet items as well as expected credit losses and cancellations of recognized debt securities in accordance with IFRS 9. In addition, the item includes final credit losses and their restitution.

Profit before Taxes

The Group's taxes consist of income taxes recognized during the financial year and the change in deferred taxes during the financial year. Taxes are recognized in profit or loss except when they are directly related to items recognized in equity or other items of the comprehensive income. In these cases, the taxes are recognized under these items. Tax based on taxable income of the period is calculated based on taxable income on the basis of the current tax rate. The tax is adjusted by any tax related to the previous fiscal years.

Profit/Loss for the Accounting Period

The profit/loss for the accounting period is formed by deducting the taxes from profit before taxes.

Profit from financial periods ended on 31 December 2017, 31 December 2016 and 31 December 2015 as well as interim periods ended on 30 September 2018 and 30 September 2017

Overview

The following review summarizes the results of OmaSp's business operations from the nine-month periods ended on 30 September 2018 and 30 September 2017 as well as the financial periods ended on 31 December 2017, 31 December 2016 and 31 December 2015.

The table below presents the most significant items of the consolidated income statement for the periods stated above.

(EUR thousand)	1-9/2018 (IFRS)	1-9/2017 (IFRS)	1 January –31 December (IFRS)		
			2017	2016	2015
	(unaudited)	(unaudited)	(audited)		(unaudited)
Net interest income	35,925	28,744	39,317	36,547	31,733
Fee and commission income and expenses	19,374	16,023	21,245	17,709	15,282
Net income on financial assets and liabilities[1)]	832	2,905	10,780	2,401	4,371
Other operating income	1,675	2,288	2,748	3,682	2,967
Total operating income	57,806	49,959	74,091	60,339	54,352
Personnel expenses	-11,322	-9,545	-13,137	-14,085	-11,711
Other operating expenses	-20,414	-18,302	-25,470	-19,381	-18,912
Depreciation and impairment losses on tangible and intangible assets	-2,061	-1,368	-2,504	-2,065	-1,715
Total operating expenses	-33,797	-29,215	-41,112	-35,531	-32,338
Impairment losses on financial assets, net	-3,549	-835	-2,600	-4,197	-3,594
Profit before taxes	20,460	19,910	30,379	20,611	18,420
Income taxes	-3,856	-3,869	-6,292	-4,567	-3,642

Profit/loss for the accounting period......	16,603	16,041	24,087	16,044	14,778

1) Net income on financial assets and liabilities is the equivalent of the sum of the items "Net income from trading" and "Net gains on investments" in the financial statements of 2015-2017

Net Interest Income

The Group's net interest income was EUR 39,317 thousand in the financial period ended 31 December 2017, EUR 36,547 thousand in the financial period ended 31 December 2016 and EUR 31,733 thousand in the financial period ended 31 December 2015. Net interest income increased by EUR 2,770 thousand, or 7.58 per cent, in the financial period ended 31 December 2017 as compared to the financial period ended 31 December 2016, when the net interest income increased by EUR 4,814 thousand, or 15.17 per cent, compared to the financial period ended 31 December 2015.

The growth of the Group's net interest income over the review period has been affected by the organic growth of lending, the decrease in interest expenses during the review period as well as loans and receivables from customers transferred to the Company due to mergers and acquisitions.

The net interest income for the nine-month period ended 30 September 2018 was EUR 35,925 thousand and EUR EUR 28,744 thousand for the nine-month period ended 30 September 2017. The increase amounted to 24.98 per cent.

Net interest income increased on the reviewed period due to increase in credit granting and incrased interest income. Interest expenses decreased slightly during the period ended 30 September 2018 as compared to the previous corresponding period.

Fee and Commission Income and Expenses, Net

The Group's net commission income and expenses were EUR 21,245 thousand in the financial period ended 31 December 2017, EUR 17,709 thousand in the financial period ended 31 December 2016 and EUR 15,282 thousand in the financial period ended 31 December 2015. Fee and commission income and expenses increased in the financial period ended 31 December 2017 by EUR 3,536 thousand, or 19.97 per cent, as compared to the financial period ended 31 December 2016, when the net commission income increased by EUR 2,427 thousand, or 15.88 per cent as compared to the financial period ended 31 December 2015.

The growth of net commission income over the review period has been affected by the increase of commission received from lending and particularly the growth of fee income from card and payment transactions.

The net commission income for nine month period ended 30 September 2018 was EUR 19,374 thousand and EUR 16,023 thousand for the nine-month period ended 30 September 2017. Fee and commission income increased by EUR 3,351 thousand during the period ended 30 September 2018 as compared to the previous corresponding period. The increase was affected by an increase in lending and fee and commission income from the card business. The net commission expenses remained stable over the review period.

Net Income on Financial Assets and Liabilities

Net income on financial assets and liabilities for the nine-month period ended 30 September 2018 was EUR 832 thousand and EUR 2,905 thousand for the nine-month period ended 30 September 2017. The decrease totalled EUR 2,073 thousand or 71.4 per cent. The decrease is explained by the realisation of equity investments carried out due to allocation changes in the investment strategy during the last part of 2017.

In the previous periods, net income from trading and net gains from investments have been separate items in the income statement.

The Group's net income from trading was EUR -211 thousand in the financial period ended 31 December 2017, EUR 134 thousand in the financial period ended 31 December 2016 and EUR 53 thousand in the financial period ended 31 December 2015. Net income from trading decreased in the financial period ended 31 December 2017 by EUR 345 thousand as compared to the financial period ended 31 December 2016, when net income from trading grew by EUR 81 thousand, or 152.83 per cent, compared to the financial period ended on 31 December 2015.

The changes in net income from trading during the review period have been affected by, *inter alia*, changes in current market values of the debt securities and hedging derivatives in possession of the Company as well as changes in the exchange rates of securities denominated in foreign currencies.

Other Operating Income

Other operating income was EUR 2,748 thousand in the financial period ended 31 December 2017, EUR 3,682 thousand in the financial period ended 31 December 2016 and EUR 2,967 thousand in the financial period ended 31 December 2015. Other operating income decreased in the financial period ended 31 December 2017 by EUR 934 thousand, or 25.37 per cent, as compared to the financial period ended 31 December 2016, when the other operating income increased by EUR 715 thousand, or 24.1 per cent, as compared to the financial period ended 31 December 2015.

Other operating income from 2016 includes the non-recurring item of investment gain derived from the sale of Visa shares, amounting to approximately 2.1 million euros.

Other operating income for the nine month period ended 30 September 2018 were EUR 1,675 thousand and EUR 2,288 thousand for the nine-month period ended 30 September 207.

Personnel Expenses

The Group's personnel expenses were EUR 13,137 thousand in the financial period ended 31 December 2017, EUR 14,085 thousand in the financial period ended 31 December 2016 and EUR 11,711 thousand in the financial period ended 31 December 2015. Personnel expenses decreased in the financial period ended 31 December 2017 by EUR 948 thousand, or 6.73 per cent, as compared to the financial period ended 31 December 2016, when the personnel expenses increased by EUR 2,374 thousand, or 20.27 per cent, as compared to the financial period ended 31 December 2015.

The changes in personnel expenses have been affected by the opening of new branches in new locations, recruitments to new positions and roles in the Company and the 2016 co-operation negotiations throughout the whole organization, which resulted in a one-off payment of EUR 1.5 million in personnel expenses.

Personnel expenses in the nine-month period ended 30 September 2018 increased as compared to the previous corresponding period. In the nine-month period ended 30 September 2018 personnel expenses were EUR 11,322 thousand and in the nine-month period ended 30 September 2017 personnel expenses were EUR 9,545 thousand. The increase amounted to 18.6 per cent. Personnel expenses increased due to the opening of new branches at the end of 2017, personnel transferred from S-Bank as well as the recruitment of personnel to branches that will be opened in 2018.

Other Operating Expenses

The Group's other operating expenses were EUR 25,470 thousand in the financial period ended 31 December 2017, EUR 19,381 thousand in the financial period ended 31 December 2016 and EUR 18,912 thousand in the financial period ended 31 December 2015. The other operating expenses increased in the financial period ended 31 December 2017 by EUR 6,089 thousand, or 31.42 per cent, as compared to the financial period ended 31 December 2016, when the other operating expenses increased by EUR 469 thousand, or 2.48 per cent, as compared to the financial period ended 31 December 2015.

The increase in data management expenses included in the other operating expenses during the review period stems from many projects, such as undertakings due to new regulation, for example the IFRS 9 standard and MiFID II, which have increased other operating expenses. OmaSp launched mortgage bank credit operations in 2017, which had an effect on IT and project expenses during the review period. Other operating expenses also include marketing expenses, which have increased during the review period due to brand renewal efforts.

Other operating expenses for the nine-month period ended 30 September 2018 were EUR 20,414 thousand and EUR 18,302 thousand for the nine-month period ended 30 September 2017. The increase was EUR 2,112 thousand or 11.5 per cent. The increase is explained by increased marketing and IT development expenses.

Depreciation and Impairment Losses of Tangible and Intangible Assets

The Group's depreciation and impairment losses on tangible and intangible assets were EUR 2,504 thousand in the financial period ended 31 December 2017, EUR 2,065 thousand in the financial period ended 31 December 2016 and EUR 1,175 thousand in the financial period ended 31 December 2015. Depreciation and impairment losses on tangible and intangible assets increased in the financial period ended 31 December 2017 by EUR 439 thousand, or 21.26 per cent, as compared to the financial period ended 31 December 2016, when depreciation and impairment losses on tangible and intangible assets increased by EUR 350 thousand, or 20.41 per cent, as compared to the financial period ended 31 December 2015.

In the nine-month period ended 30 September 2018, depreciation and impairment losses on tangible and intangible assets were EUR 2,061 thousand. Increase was EUR 693 thousand or 50.7 per cent as compared to the period ended 30 September 2017, when depreciation and impairment losses on tangible and intangible assets were EUR 1,368 thousand.

The fluctuations during the review period have been affected by the initiation of depreciation of the renovations in business premises during the review period as well as the increase in depreciation of intangible assets.

Impairment Losses on Financial Assets, Net

The Group's net impairment losses on loans and other receivables were EUR 2,600 thousand in the financial period ended 31 December 2017, EUR 4,197 thousand in the financial period ended 31 December 2016 and EUR 3,594 thousand in the financial period ended 31 December 2015. Net impairment losses on financial assets decreased in the financial period ended 31 December 2017 by EUR 1,597 thousand, or 38.05 per cent, as compared to the financial period ended 31 December 2016, when the net impairment losses on financial assets increased by EUR 603 thousand, or 16.78 per cent, as compared to the financial period ended 31 December 2015.

Changes in net impairment losses on financial assets have been affected by the change in the method of calculation due to the implementation of IFRS 9 standard on 1 January 2018. The impairment procedure has changed from the beginning of 2018 to the calculation of expected credit loss. The expected credit losses in the opening balance sheet of January 1, 2018 were EUR 10,956 thousand. The change in expected credit loss for the financial period ended on 30 September 2018 was EUR 2,101 thousand. Expected balance sheet credit losses at 30 September 2018 were EUR 13,057 thousand.

Impairment losses on financial assets from the nine-month period ended 30 September 2017 were EUR -3,549 thousand.

Profit before Taxes

The Group's profit before taxes was EUR 30,379 thousand in the financial period ended 31 December 2017, EUR 20,611 thousand in the financial period ended 31 December 2016 and EUR 18,420 thousand in the financial period ended 31 December 2015. Profit before taxes increased in the financial period ended 31 December 2017 by EUR 9,768 thousand, or 47.39 per cent, as compared to the financial period ended 31 December 2016, when profit before taxes increased by EUR 2,191 thousand, or 11.89 per cent, as compared to the financial period ended 31 December 2015.

Profit before taxes for the nine-month period ended 30 September 2018 was EUR 20,460 thousand and EUR 19,910 thousand for the nine-month period ended 30 September 2017. The increase was 2.8 per cent.

Income Tax

The Group's income tax was EUR 6,292 thousand in the financial period ended 31 December 2017, EUR 4,567 thousand in the financial period ended 31 December 2016 and EUR 3,642 thousand in the financial period ended 31 December 2015. Income tax increased in the financial period ended 31 December 2017 by EUR 1,725 thousand, or 37.77 per cent, as compared to the financial period ended 31 December 2016, when income tax increased by EUR 925 thousand, or 25.40 per cent, as compared to the financial period ended 31 December 2015.

Income tax in the nine-month periods ended 30 September 2018 and 30 September 2017 remained nearly the same; In the nine-month period ended 30 September 2018 income tax amounted to EUR 3,856 thousand and in the nine-month period ended 30 September 2017 EUR 3,869 thousand.

Profit/Loss for the Accounting Period

The Group's profit/loss for the accounting period was EUR 24,087 thousand in the financial period ended 31 December 2017, EUR 16,044 thousand in the financial period ended 31 December 2016 and EUR 14,788 thousand in the financial period ended 31 December 2015. Profit for the accounting period increased in the financial period ended 31 December 2017 by EUR 8,043 thousand, or 50.13 per cent, as compared to the financial period ended 31 December 2016, when profit for the accounting period increased by EUR 1,266 thousand, or 8.57 per cent, as compared to the financial period ended 31 December 2015.

Profit/loss for the accounting period during the review period has been affected by an increase in business operations and customer volume. Profitability has improved as a result of a cost-effective organization and operations, concentration focus on solvent customer segments appreciating good service as well as low level of credit losses. Major factors contributing to the low level of credit losses has been a precise credit granting policy and a focus on customer with adequate solvency. The profit/loss for the different relevant accounting periods has also been affected by non-recurring items, which have been described in more detail under "*Factors Affecting the Comparability of the Financial Information*" above.

Profit/loss for the accounting period for the nine-month period ended 30 September 2018 was EUR 16,603 thousand and EUR 16,041 thousand for the nine-month period ended 30 September 2017. The increase was 3.5 per cent.

Liquidity, Solvency and Sources of Capital

Overview

The Group's equity was EUR 254.6 million on 30 September 2018. Calculated with tier 1 capital the solvency of the Group on 30 September 2018 was 16.6 per cent. At the end of 2017 the Group's equity was EUR 241.5 million and calculated with tier 1 capital the parent company's solvency was 17.6 per cent. The reporting level of the solvency calculations changed starting from the first quarter of 2018. Before the change in reporting levels the company had reported solvency only with regard to the parent company's, Oma Savings Bank Plc.

Most of OmaSp's funding is for less than one year and mainly consist of deposits made by the Company's customers and certificates of deposit issued by the Company. Long term liability items are primarily composed of bonds issued by the Company as well as financing received from the European Investment Bank and from the Nordic Investment Bank (NIB) as well as other debt financing. OmaSp has issued a senior three-year bond of EUR 125 million in the spring of 2017. In the autumn of 2017, OmaSp set up in connection with the commencement of the mortgage bank credit operations a covered bond program worth EUR 1.5 billion under which it has issued a five-year covered bond worth EUR 350 million, which matures in 2022. As a part of its funding the bank also has debenture loans. The most recent debenture loan was issued in 2017.

OmaSp's liquidity reserve consists of account assets, instruments in the investment portfolio as well as of bonds, which generally fulfill the LCR criteria. OmaSp allocates its account assets between its TARGET2 account in the Bank of Finland and its payment account in the Central Bank of Savings Banks in order to fulfill both the authorities' liquidity requirements (LCR) as well as the required assets for managing payment transactions. OmaSp publishes the content of its investment portfolio by asset category four times a year.

OmaSp's funding needs for 2019 mainly consist of growing the loan portfolio, funding of the unsecured bond maturing in the spring as well as certificates of deposit, which will be due for payment. OmaSp strives to fulfill its funding needs for the coming year by issuing certificates of deposit and by being active in the bond markets.

As of 27 July 2017, OmaSp holds a long-term issuer credit rating of BBB+ confirmed by Standard & Poor's and an A-2 rating for short-term issue with stable prospects. OmaSp's covered bond program and covered bonds issued under it have a credit rating of AAA.

The net proceeds that the Company is expected to receive from the Offering are approximated at EUR 31.6 million (calculated by using the mid-point of the Preliminary Price Range and assuming that all the New Shares are subscribed for),

Solvency and Solvency Management

OmaSp has introduced a solvency management process, the objective of which is to secure the Company's risk-bearing capacity relative to all substantial operational risks. To reach this objective, the Company comprehensively identifies and evaluates relevant operational risks and matches its risk-bearing capacity to the combined extent of risks to the Company. To safeguard its solvency, the Company sets risk-based equity objectives and creates an equity plan to reach these objectives. The objective of the solvency management process is also to maintain and develop high-quality risk management operations.

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

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

In its solvency calculations, the Company applies the standard method for credit risks and the basic method for operative risks. In the standard method, exposures are divided into exposure classes and the minimum limits for credit spreading are determined in the retail receivables class. The capital requirement relating to the market risk is calculated with the basic method on the foreign exchange position.

The Company's reporting level regarding solvency calculations changed in the first quarter of 2018 to group level. Before that, the figures have been reported at the parent company's level. The parent company Oma Savings Bank Plc constitutes an integral part of the Group and, as such, the parent company's figures are substantially compareable to the Group's figures. Before 31 March 2018 the consolidation limit of subsidiary and associated companies was not exceeded in solvency reporting for the companies owned by OmaSp. A subsidiary or an associated company must be consolidated as a part of the solvency reporting if the total amount of the company's balance sheet exceeds EUR 10 million or the total amount on the balance sheet exceeds 10 per cent of the parent company's capital.

The Company publishes 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 and six-month review. The figures of the solvency calculations as of 31 December 2017 do not entirely correspond with the figures presented in the corresponding confirmed financial statement, since the Company has rectified the key figures for core capital and solvency with respect to the shares subscribed for in the personnel offering in order to meet the requirements of the solvency regulation. Shares subscribed for in a personnel offering are not to be included in the core capital pursuant to Article 28 Section 1 of the Capital Requirements Regulation (CRR). The solvency key figures have been rectified as follows with respect to the shares subscribed for in the 2017 personnel offering:

- Parent company's core capital before deductions 31 December 2017 EUR 240.3 million (previously EUR 242.9 million)
- Parent company's core capital (CET1) 31 December 2017 EUR 229.9 million (previously EUR 232.5 million)
- Parent company's core capital (CET1) relative to risk-weighted items 31 December 2017 17.6 per cent (previously 17.8 per cent)

- Parent company's tier 1 capital (T1) relative to risk-weighted items 31 December 2017 17.6 per cent (previously 17.8 per cent)
- Parent company's own funds, total (TC) relative to risk-weighted items 31 December 2017 18.9 per cent (previously 19.1 per cent).
- Parent company's leverage ration 31 December 2017 8.3 per cent (previously 8.4 per cent)

In 2017, 2016 and 2015, the Company's capital structure was strong consisting mainly of core capital (CET1). OmaSp's own funds (TC) totaled EUR 247.7 million on 31 December 2017, EUR 219.8 million on 31 December 2016 and EUR 208.8 million on 31 December 2015. Tier 1 capital (T1) was EUR 229.9 million on 31 December 2017, EUR 215.0 million on 31 December 2016 and EUR 200.6 million on 31 December 2015. Tier 1 capital (T1) was mainly comprised of core capital (CET1). Total capital (TC) increased in 2017, 2016 and 2015 as a result of profits for the periods. Tier 2 capital (T2) consisted of debenture loans and was EUR 17.8 million on 31 December 2017, EUR 4.8 million on 31 December 2016 and EUR 8.2 million on 31 December 2015. The increase of Tier 2 capital (T2) from 2016 to 2017 is mainly explained by the debenture loan of EUR 15 million at nominal value issued by OmaSp. Risk-weighted items (RWA) were EUR 1,309.7 million on 31 December 2017, EUR 1,153.1 million on 31 December 2016 and EUR 1,036.2 million on 31 December 2015. The most significant factor impacting the increase of risk-weighted items (RWA) in 2017, 2016 and 2015 was the increase in loans. The Company's solvency ratio (TC) was 18.9 per cent on 31 December 2017, 19.1 per cent on 31 December 2016 and 20.2 per cent on 31 Decmber 2015. Tier 1 capital ratio (T1) and core capital ratio were both 17.6 per cent on 31 December 2017, 18.6 per cent on 31 December 2016 and 19.4 per cent on 31 December 2015.[76]

The Company's capital structure remained strong in the period ended 30 September 2018. The figures of the solvency calculation as at 30 September 2018 are the Group's figures while the figures for the previous periods reflect the parent company's figures. The Company's own funds (TC) were in total EUR 258.3 million on 30 September 2018, increased by EUR 10.6 million as compared to the reference time of EUR 247.7 million on 31 December 2017.Tier 1 capital (T1) was EUR 244.0 million on 30 September 2018 and EUR 229.9 million on 31 December 2017. Altogether, tier 1 capital (T1) comprised of core capital (CET1). Tier 2 capital (T2) was EUR 14.3 million on 30 September 2018 and EUR 17.8 million on 31 December 2017 consisting of debenture loans. The increase in own funds was mainly due to group's positive financial performance. The Company's solvency ratio (TC) remained still on a good level and was 17.5 per cent in the period ended 30 September 2018. The Company's solvency ratio (TC) was 18.9 per cent on 31 December 2017. Tier 1 ratio (T1) and core capital ratio (CET1) were both 16.6 per cent on 30 September 2018 and 17.6 per cent on 31 December 2017. The most significant factor to the change of ratios was an increase in risk-weighted items (RWA) as a result of increase of the loan portfolio. Risk-weighted item (RWA) were EUR 1,473.2 million on 30 September 2018, increased by 12.5 per cent as compared to EUR 1,309.7 million on 31 December 2017.

Main items of the Company's solvency calculations and the minimum equity ratio are described below.

	1 January – 30 September (Group)	**1 January –30 Septembe r (Parent Company)**	**1 January –30 December (Parent Company)**		
Assets (EUR thousand)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited)		**(audited, if not otherwise indicated)**		
Core capital before deductions	251,318	238,581	240,296[1)2)]	219,821	203,567
Deductions from core capital..................	-7,336	-9,215	-10,383[1)2)]	-4,820	-2,957
Core capital (CET1) total........................	243,981	229,366	229,912[1)2)]	215,001	200,610
Additional Tier 1 capital before deductions..	-	-	-	-	-
Deductions from additional Tier 1 capital	-	-	-	-	-
Additional Tier 1 capital (AT1), total	-	-	-	-	-
Tier 1 capital (T1 = CET1 + AT1), total ...	243,981	229,366	229,912[1)2)]	215,001	200,610
Tier 2 capital before deductions.............	14,291	3,269	17,766	4,765	8,230

[76] The solvency figures between 2015 and 2017 are derived from the parent company's figures (FAS).

Deductions from Tier 2 capital	-	-	-	-	-
Tier 2 capital (T2), total	14,291	3,269	17,766	4,765	8,230
Own funds (TC = T1 + T2), total.............	258,272	232,635	247,678[1)2)]	219,766	208,840
Risk-weighted items, total	1,473,199	1,237,000	1,309,739	1,153,138	1,036,219
of which the share of credit risk............	1,358,198	1,122,518	1,193,120[1)]	1,039,867[1)]	930,278[1)]
of which the adjustment risk of liability (CVA)	4,115	3,668	7,104[1)]	3,756[1)]	5,823[1)]
of which the share of market risk (exchange rate risk)	-	21,182	-	19,883[1)]	20,892[1)]
of which the share of operational risk...	110,887	89,632	109,516[1)]	89,632[1)]	79,227[1)]
Core capital (CET1) relative to risk-weighted items (%).................................	16.56 %	18.54%	17.55%[1)2)]	18.64%	19.36%
Tier 1 capital (T1) relative to risk-weighted items (%).................................	16.56%	18.54%	17.55%[1)2)]	18.64%	19.36%
Own funds, total (TC) relative to risk-weighted items (%).................................	17.53%	18.81%	18.91%[1)2)]	19.06%	20.15%

1) Unaudited
2) The figure does not correspond with the figures presented in the financial statement of 2017, since the Company has rectified the key figures for core capital and solvency. The shares subscribed for in the 2017 personnel offering are not included in the core capital.

Leverage ratio	**1 January – 30 September (Group)**	**1 January – 30 September (Parent Company)**	**1 January –30 December (Parent Company)**		
(EUR thousand)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited)		**(audited, unless otherwise notified)**		
Tier 1 capital	243,981	229,366	229,912[1)2)]	215,001	200,610[(1]
Total amount of exposures.......................	2,903,332	2,334,012	2,776,384	2,183,637	2,062,329[(1]
Leverage ratio (%)...................................	8.40%	9.83%	8.28%[1)2)]	9.9%	9.73%[(1]

1) Unaudited
2) The figure does not correspond with the figures presented in the financial statement of 2017, since the Company has rectified the key figures for core capital and solvency. The shares subscribed for in the 2017 personnel offering are not included in the core capital.

Consolidated Cash Flow Statement

The following table presents the consolidated cash flow statement from the stated time period in a comprised form.

	1-9/2018 (IFRS)	**1-9/2017 (IFRS)**	**1 January –30 December (IFRS)**		
(EUR thousand)			**2017**	**2016**	**2015**
	(unaudited)		**(audited)**		**(unaudited)**
Cash flow, total	-234,875	-3,171	276,252	-71,312	58,638
Total cash flow from investments..........	-124	-794	-4,130	5,189	-2,919
Total cash flows from financing activities	-4,933	-6,452	-3,875	-8,471	-9,081
Net change in cash and cash equivalents	-239,932	-10,418	268,247	-74,594	46,639

Net Cash Flow from Operating Activities

Net cash flow from operating activities in the nine-month period ended on 30 September 2018 was EUR -234,875 thousand, and it decreased by EUR 231,704 thousand as compared to the net cash flow from operating activities of EUR -3,171 thousand in the nine-month period ended 30 September 2017. The change was principally due to an increase in the Company's loan portfolio[77], which effect amounted to EUR -154,907 thousand as well as an increase in debt securities, which effect amounted to EUR -47,128 thousand. The loan portfolio increase was a result of a loan portfolio transfer as a consequense of corporate restructuring as well as the Company's organic growth.

77 The loan portfolio includes the balance sheet item "Liabilities to the public and public sector entities".

Net cash flow from the financial period ended 31 December 2017 was EUR 276,252 thousand and it increased by EUR 347,564 thousand as compared to net cash flow from operating activities from the financial period ended 31 December 2016, which was EUR -71,312 thousand. The increase mainly resulted from a covered bond worth EUR 250 million issued by the Company. Additionally, the Company's liabilities to the public and public sector entities increased approximately EUR 90 million due to, *inter alia*, acquired business operations.

Net cash flow from the financial period ended 31 December 2016 was EUR -71,312 thousand, and it decreased by EUR 129,950 thousand as compared to the net cash flow from the financial period ended 31 December 2015, which was EUR 58,638 thousand. The decrease resulted from the increase in Group's lending and the decrease in loans and advances to credit institutions. The Company's net loan issuance increased by EUR 255.1 million from 2015, from which EUR 83.7 million was due to transfer of mortgage credits from the balance sheet of Aktia Hypoteekkipankki to the Company's balance sheet. The Company also raised EUR 110 million in financing with a bond from the international market.

Net Cash Flow from Investments

Net cash flow from investments on the nine-month period ended on 30 September 2018 was EUR -124 thousand, and it increased by EUR 670 thousand as compared to the net cash flow from investments of EUR -794 thousand in the nine-month period ended 30 September 2017. The change principally resulted from a decrease of EUR 1,009 thousand in amount of tangible and intangible investments as compared to the previous year. The increase was balanced by a decrease of profits from transferences of tangible and intangible assets as well as an increase of other investments, which total effect amounted to EUR 339 thousand

Net cash flow from investments from the financial period ended 31 December 2017 was EUR -4,130 thousand, and it decreased by EUR 9,319 thousand as compared to the net cash flow from investments from the financial period ended 31 December 2016, which was EUR 5,189 thousand. The change resulted mainly from the sale of Aktia Hypoteekkipankki's shares and the sale of Visa Europe's shares to Visa Inc. in 2016.

Net cash flow from investments from the financial period ended 31 December 2016 was EUR 5,189 thousand, and it increased by EUR 8,108 thousand as compared to net cash flow from investments from the financial period ended 31 December 2015, which was EUR -2,919 thousand. The increase resulted mainly from the sale of Aktia Hypoteekkipankki's shares and the sale of Visa Europe's shares to Visa Inc. in 2016.

Net Cash Flow from Financing Activities

Net Cash flow from financing activities in the nine-month period ended 30 September 2018 were EUR -4,933 thousand and increased by EUR 1,519 thousand as compared to net cash flow from financing activities of EUR -6,452 thousand in the nine-month period ended 30 September 2017. The change was mainly due to eurodenominated decreases in repayments of debenture loans and a newly issued bond. The difference from the last year was balanced by an increased distribution of dividend, which increased by EUR 536 thousand being EUR 2,112 thousand in the nine-month period ended 30 September 2018.

Net cash flow from the financing activities in the financial period ended 31 December 2017 was EUR -3,875 thousand and increased by EUR 4,596 thousand as compared to net cash flow from financing activities of EUR -8,471 thousand in the financial period ended 31 December 2016. Change was mostly due to decrease in the amount of debenture loan repayments as well as increases in other equity items in money.

Net cash flow from financing activities in the financial period ended 31 December 2016 was EUR -8,471 thousand and increased by EUR 610 thousand as compared to net cash flow from financing activities of EUR -9,081 thousand in the financial period ended 31 December 2015. The increase was mainly due the fact that the Group's subordinated liabilities decreased by EUR 1,500 thousand less than in 2015.

Net Change in Cash and Cash Equivalents

Net change in cash and cash equivalent in the nine-month period ended 30 September 2018 was EUR -239,932 thousand and decreased by EUR 229,514 thousand as compared to net change in cash and cash equivalents of EUR -10,418 thousand in the nine-month period ended 30 September 2017. The change was mainly due to a decrease in net cash flow from operating activities, of which the effect on net change in cash and cash equivalents was EUR -231,704 thousand.

Net change in cash and cash equivalents in the financial period ended 31 December 2017 was EUR 268,247 thousand and increased by EUR 342,841 thousand as compared to net change in cash and cash equivalents of EUR -74,594 thousand in the financial period ended 31 December 2016. The change mainly resulted from an increase in cash flow from business operations, which was mainly impacted by the covered bond of EUR 250 million issued by the Company. In addition, the Company's liabilities to the public and public sector entities increased by around EUR 90 million as a result of, *inter alia*, acquired business operation.

Net change in cash and cash equivalent in the financial period ended 31 December 2016 was EUR -74,594 thousand and decreased by EUR 121,233 thousand as compared to net change in cash and cash equivalents of EUR 46,639 thousand in the financial period ended 31 December 2015. The change was mainly due to change in cash flow from business operations, which was result of an increase in the Group's lending as well as a decrease in the Company's advances from domestic credit institutions. The Company's net lending increased by EUR 255.1 million from 2015, of which EUR 83.7 million stemmed from transfer of mortgage credits from Aktia Hypoteekkipankki's balance sheet to the Company's balance sheet. In addition, the Company collected EUR 110 million in funding by means of a bond.

Balance Sheet Information

	30 September (IFRS)	**30 September (IFRS)**		**31 December (IFRS)**	
(EUR thousand)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited)	**(unaudited)**	**(audited)**	**(audited)**	**(unaudited)**
ASSETS					
Cash and cash equivalents	40,025	6,471	280,718	7,728	7,985
Financial assets valuated at fair value through profit or loss	-	332	332	576	1,858
Loans and advances to credit institutions[1)]	59,155	53,582	58,394	61,958	139,482
Loans and advances to the public and public sector entities	2,415,624	1,917,531	2,137,868	1,785,417	1,530,264
Financial derivatives	1,812	2,132	1,676	2,630	5,369
Investment assets	267,236	271,049	194,253	257,369	215,927
Shares of companies consolidated by the equity method	175	-	-	-	-
Intangible assets	5,288	4,858	6,515	4,315	3,433
Tangible assets	16,915	16,607	17,348	17,396	17,479
Other assets	34,403	17,804	28,337	12,144	9,239
Deferred tax assets	1,438	1,180	1,240	1,347	1,416
Income tax assets	-125	-112	-112	-112	-125
Total assets	2,841,945	2,291,432	2,726,567	2,150,768	1,932,328
LIABILITIES					
Liabilities to credit institutions	59,629	34,062	35,993	34,257	36,916
Liabilities to the public and public sector entities	1,728,865	1,512,107	1,639,304	1,482,828	1,472,793
Financial derivatives	2,038	-	2,222	-	-
Debt securities issued to the public	734,698	455,072	736,961	353,050	161,503
Subordinated liabilities	25,000	12, 800	28,000	17,600	24,488
Provisions and other liabilities	16,772	19,630	22,042	24,623	19,282
Deferred tax liabilities	19,977	19,465	19,119	17,339	147,514
Income tax liabilities	333	602	1,441	-	706
Total liabilities	2,587,312	2,053,738	2,485,083	1,929,697	1,730,202
Equity					
Share capital	24,000	24,000	24,000	24,000	24,000
Reserves	107,688	113,603	110,268	111,417	108,481
Retained earnings	122,230	99,228	106,439	84,741	69,645
Number of non-controlling interest	715	862	778	913	-
Equity, total	254,633	237,693	241,484	221,071	202,126
Total liabilities and equity	2,841,945	2,291,432	2,726,567	2,150,768	1,932,328

1) Oma Savings Bank opened a TARGET2 account in the Bank of Finland in September 2017. The Company's minimum reserve deposit was transferred to the Bank of Finland in October 2017. In the financial statements of 2017, the minimum reserve deposit was recognized under "Loans and advances to credit institutions". The figure provided on 31 December 2017 has been adjusted retrospectively in the interim report of 30 September 2018 and transferred to the balance sheet item "Cash and cash equivalents". In the cash flow statement, this item is recognized under "Cash and cash equivalents, other arrangements".

Assets

Cash and Cash Equivalents

Cash and cash equivalents are mainly comprised of cash and TARGET2 account's assets in Bank of Finland.

As at 30 September 2018, the minimum reserve deposit in the Bank of Finland, included under this item in previous periods, has been transferred to the item "Cash and cash equivalents". As of 30 September 2018 the total amount of the item was EUR 17,527 thousand. Oma Savings Bank opened a TARGET2 account in the Bank of Finland in September of 2017. The Company's minimum reserve deposit was transferred to the Bank of Finland in October of 2017. In the financial statements of 2017, the minimum reserve deposit was recognized under "Loans and advances to credit institutions". The figure provided on 31 December 2017 has been adjusted retrospectively in the interim report of 30 September 2018 and transferred to the balance sheet item "Cash and cash equivalents". In the cash flow statement, this item is recognized under "Cash and cash equivalents, other arrangements".The minimum reserve deposit on 31 December 2017 was EUR 15,453 thousand. OmaSp must ensure that the minimum reserve obligation is fulfilled on average during the maintenance period. The minimum reserve deposit in the TARGET2 account is at the Company's disposal, if the minimum reserve obligation is fulfilled during or before the end of the maintenance period.

On 30 September 2018 cash and cash equivalents were EUR 40,025 thousand and decreased by EUR 240,693 thousand as compared to EUR 280,718 thousand on 31 December 2017. The decrease was due to the fact that as at 31 December 2017, assets received from the bond issued in December were deposited into the TARGET2 account.

Cash and cash equivalents on 31 December 2017 amounted to EUR 280,718 thousand and increased by EUR 272,990 thousand as compared to EUR 7,728 thousand on 31 December 2016. The increase is mainly explained by the covered bond issued in December 2017, through which the assets received were deposited into the TARGET2 account in the Bank of Finland.

On 31 December 2016 cash and cash equivalents were EUR 7,728 thousand and EUR 7,985 thousand on 31 December 2015.

Loans and Advances to Credit Institutions and to Customers

This item includes loans valuated at amortized cost and loans and advances to credit institutions, the public and public sector entities. Loans and advances to credit institutions comprise of deposits payable on demand and minimum reserve deposits. Loans and advances to the public and public sector entities comprise mostly of loans, used book credits and card credits.

As of 30 September 2018 onwards, the minimum reserve deposit in the Bank of Finland is no longer included under this item and has been transferred under the item "Cash and cash equivalents". The total amount of this item as at 30 September 2018 is EUR 17,527 thousand (EUR 15,453 thousand on 31 December 2017). The figure on 31 December 2017 has been retrospectively adjusted in the interim report of 30 September 2018 and transferred to balance sheet item "Cash and cash equivalents").

Loans and advances to credit institutions and to the public and public sector entities were EUR 2,474,779 thousand on 30 September 2018 and increased by EUR 278,517 thousand as compared to EUR 2,196,262 thousand on 31 December 2017. Increase was mainly due to loans to small enterprises as well as mortgages and consumer credits of private persons.

In connection with the implementation of IFRS 9, there were no reclassifications or significant revaluations concerning this item.

Loans and advances to credit institutions and to the public and public sector entities totaled EUR 2,196,262 thousand on 31 December 2017 and increased by EUR 348,887 thousand as compared to EUR 1,847,375 thousand on 31 December 2016. The increase was mostly explained, in addition due to organic growth, by the acquisition of S-Pankki's small and medium sized enterprises as well as agriculture and forestry businesses and the transfer of Aktia Hypoteekkipankki's mortgage credits to the Group's balance sheet.

Loans and advances to credit institutions and to the public and public sector entities were EUR 1,847,375 thousand on 31 December 2016 and increased by EUR 177,629 thousand as compared to EUR 1,669,746 thousand on 31 December 2015. Almost half of the increase in lending was due to the transfer of mortgage credits from Aktia Hypoteekkipankki's balance sheet to the Group's balance sheet.

Financial Assets Recognized at Fair Value through Profit or Loss

Prior to IFRS 9 implementation on 1 January 2018, this item included structured bonds and investments including embedded derivatives as well as derivative receivables. The use of this item has expanded along with the IFRS 9 implementation.

Along with the implementation of the new standard, financial assets recognized at fair value through profit or loss comprise of debt instruments, equity instruments as well as hedging derivatives.

Those debt instruments that do not meet cash flow criteria under IFRS 9 or which main aim would be to be actively traded are recognized at fair value through profit or loss.

Hedging derivatives comprise of hedging interest derivatives hedging fair value of hedge accounting and other hedging derivatives' share and share index derivatives as well as CVA and DVA adjustments of previously mentioned items.

Financial assets recognized at fair value through profit or loss were EUR 37,788 thousand on 30 September 2018.

In connection with IFRS 9 implementation EUR 38,455 thousand was reclassified under this item from financial assets available for sale. The reclassified item included equity instruments and such debt instruments that do not meet cash flow criteria under IFRS 9 standard.

Financial assets recognized at fair value through profit or loss were EUR 332 thousand on 31 December 2017 and decreased by EUR 244 thousand as compared to EUR 576 thousand on 31 December 2016. The decrease was a result of the maturing of debt instruments and derivatives.

Financial assets recognized at fair value through profit or loss were EUR 576 thousand on 31 December 2016 and decreased by EUR 1,282 thousand as compared to EUR 1,858 thousand on 31 December 2015. The decrease was a result of the maturing of debt instruments and derivatives.

Financial Assets Recognized at Fair Value through Other Items of Comprehensive Income, New Item as of 1 January 2018

Fair value through other items of comprehensive income include debt investments, when cash flows under agreement comprise only of reimbursements of capital and interest flows and the Company has classified them under a business model, under which the objective is to, on one hand, to keep financial assets to collect agreed cash flows but also, to possibly sell financial assets before their due date.

This item was implemented in connection with the IFRS 9 implementation. EUR 145,572 thousand was reclassified under the item from "Financial assets available for sale" and EUR 1,989 thousand from "Financial assets held to maturity". In connection with reclassification, revaluations from previously unrecognized valuation gains from the fair value reserve were targeted to the item in the total amount of EUR 562 thousand. On 1 January 2018, the book value of the item was EUR 148,123 thousand.

Financial assets recognized at fair value through other items of comprehensive income were EUR 222,337 thousand on 30 September 2018.

Investments Held to Maturity, until 31 December 2017

Financial assets held to maturity comprise of debt securities, shares and interests.

As a result of IFRS 9 implementation, the items “Financial assets available for sale” and “Financial assets held to maturity” expired. On 31 December 2017, in accordance with the accounting balance, a total of EUR 186,016 thousand were reclassified to be recognized at fair value through other items of comprehensive income (EUR 147,561 thousand) and at fair value through profit and loss (EUR 38,455 thousand). Revaluations were not carried out in connection with the implementation of the IFRS 9 -standard.

Financial assets held to maturity and available for sale amounted to EUR 186,016 thousand on 31 December 2017 and decreased by EUR 62,026 thousand as compared to EUR 248,042 thousand on 31 December 2016. The decrease was due to a decrease in amounts of shares and interest, resulting from allocation changes in the investment portfolio and investment strategy.

Financial assets held to maturity and available for sale were EUR 248,042 thousand on 31 December 2016 and increased by EUR 43,411 thousand as compared to EUR 204,631 thousand on 31 December 2015. The increase was due to an increase of amounts of investments targeted to debt securities.

Investment Properties and Other than Financial Assets

Investment properties are properties owned for investment purposes by the Company. Other than financial assets comprise of shares and interests in partner companies, intangible assets, tangible assets, other assets, accruals and advances paid and imputed tax claims.

Investment properties and other than financial assets were EUR 65,289 thousand on 30 September 2018.

Investment properties and other than financial assets were EUR 61,563 thousand on 31 December 2017 and increased by EUR 17,145 thousand as compared to EUR 44,418 thousand on 31 December 2016. The increase was mostly due to receivables of open sales of shares on 31 December 2017.

Investment properties and other than financial assets were EUR 44,418 thousand on 31 December 2016 and increased by EUR 1,679 thousand as compared to EUR 42,739 thousand on 31 December 2015. The most significant reasons for the increase were an increase in uncompleted intangible assets and an increase in accruals as well as a decrease in the amount of investment properties.

Liabilities

<u>Other Financial Liabilities Recognized at Amortized Cost</u>

Other financial liabilities recognized at amortized costs comprise of liabilities to credit institutions, liabilities to the public and public sector entities, issued bonds as well as subordinated liabilities. The most significant amount of these liabilities comprise of deposits from the public and the public sector entities as well as bonds issued by the bank and certificates of deposit.

Other financial liabilities recognized at amortized cost were EUR 2,548,192 thousand on 30 September 2018 and increased by EUR 107,934 thousand as compared to EUR 2,440,258 thousand on 31 December 2017.

Other financial liabilities recognized at amortized cost were EUR 2,440,258 thousand on 31 December 2017 and increased by EUR 555,345 thousand as compared to EUR 1,884,913 thousand on 31 December 2016. The increase was mainly due to deposits transferred to OmaSp through acquisition of S Company’s small and medium sized enterprises as well as agriculture and forestry businesses, organic growth of the deposit portfolio and bonds issued by OmaSp and certificates of deposit.

Other financial liabilities recognized at amortized cost were EUR 1,884,913 thousand on 31 December 2016 and increased by EUR 193,904 thousand as compared to EUR 1,691,009 thousand on 31 December 2015. The increase was mainly due to a bond issued by the bank and certificates of deposit.

<u>Financial Liabilities Recognized At Fair Value through Profit or Loss</u>

Financial liabilities recognized at fair value through profit or loss comprise of derivative liabilities related to hedge accounting and other liabilities reserved for trade. These are primarily liabilities caused by the valuation of interest derivatives hedging fair value.

Hedging derivatives recognized at fair value through profit or loss were EUR 2,038 thousand on 30 September 2018 and decreased by EUR 184 thousand as compared to EUR 2,222 thousand on 30 September 2017.

Hedging derivatives recognized at fair value through profit or loss were EUR 2,222 thousand on 31 December 2017 while hedging derivatives recognized at fair value through profit or loss did not exist on 31 December 2016. The increase resulted from the negative fair value as at the inspection time of a derivative hedging covered bond issued in December of 2017.

On 31 December 2015, there were no financial liabilities recognized at fair value through profit or loss.

Other than Financial Liabilities

Other than financial liabilities comprise of tax liabilities, reservations and other liabilities. The most significant items under other than financial liabilities are liabilities on payment transfers, interest payables, advanced interest payments received and other accruals.

Other than financial liabilities were EUR 37,082 thousand on 30 September 2018 and they decreased by EUR 5,521 thousand as compared to the financial statement for the financial period ended 31 December 2017, when other financial liabilities amounted to EUR 42,603 thousand.

Other than financial liabilities amounted to EUR 42,603 thousand in the financial statement for the financial period ended 31 December 2017 and decreased by EUR 2,181 thousand as compared to EUR 44,784 thousand on 31 December 2016.

Other than financial liabilities were EUR 44,784 thousand on 31 December 2016 and increased by EUR 5,591 thousand as compared to EUR 39,193 thousand on 31 December 2015.

Bonds

The book value of total amount of bonds issued by the Company as at 30 September 2018 was EUR 582,749 thousand. As at 30 September 2018, the bonds comprised of the 3-year bond of EUR 110 million, which is due in May of 2019, the 3-year bond of EUR 125 million, which is due in April 2020, as well as the 5-year covered bond of EUR 350 million, which is due in December 2022. In addition, the Company has issued a debenture loan of EUR 15 million, which is due in 2023 and a debenture loan of EUR 10 million, which is due in 2019.

Loans between Group Companies

OmaSp has granted a loan to Koy Lappeenrannan Säästökeskus, the purpose of which has been a fundamental improvement of the real estate.

The total amount of credits granted to SAV-Rahoitus Oyj as at 30 September 2018 is EUR 13,588 thousand , and the amount of unused credit limits in turn, is EUR 1,412 thousand. The purpose of use of these assets has been to grow SAV-Rahoitus' business, i.e. primarily increasing the financing of pre-owned vehicles between private persons. Loans granted to subsidiaries by OmaSp have been eliminated from figures in the consolidated financial statements.

Off-Balance Sheet Commitments

	30 September (IFRS)	30 September (IFRS)	31 December (IFRS)		
(EUR thousand)	**2018**	**2017**	**2017**	**2016**	**2015**
	(unaudited)	**(unaudited)**	**(audited)**		**(unaudited)**
Guarantees and pledges..............	19,659	12,640	14,972	13,059	15,996
Other commitments given to a third party	415	521	471	624	875
Undrawn credit facilities	201,188	156,974	188,634	116,822	112,832
The Group's off-balance sheet commitments, total	**221,261**	**170,135**	**204,077**	**130,505**	**129,703**

Off-balance sheet commitments include 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 are, among others, guarantees and equivalent guarantee engagements. Commitments are represented in the amount the guarantee or guarantee engagement covers at the moment of financial reporting. Irrevocable commitments given to customer are, among others, binding credit commitments, granted undrawn commitments as well as un-used credit limits. Commitments are represented in the amount the Company could be obliged to pay at the moment of financial reporting.

Other Contingent Liabilities

The Company does not have other significant contingent liabilities. Existing contingent liabilities include, *inter alia*, granted guarantees, granted but undrawn credits granted to customers, securities deposited on behalf of customers as well as lease liabilities. The Company has given securities of a customary amount and quality related to its business to, *inter alia*, market places relating to share and derivatives trade, Bank of Finland for liquidity limit as well as otherwise relating to currency trade and securities loans the Company pursues in its business. The amount and financial risk of liabilities is not significant. Additional information on other contingent liabilities is available in the Company's financial statements.

Description of Financial Risk Management

OmaSp focuses its business on retail banking, and especially on services regarding daily transactions, saving, investments and lending. The Company's product and service offering is complemented by the products and services provided by the Company's cooperation partners. Risk and solvency management processes are regulated by the Act on Credit Institutions, directly applicable EU legislation as well as the standards, regulations and instructions provided by the FFSA. The aim of solvency management is to secure the bank's risk-bearing capacity and ensure the long term continuity of the Company's operation. The Company's strategy defines the risk-bearing capacity and risk appetite and other risk management policies in relation to business objectives.

Company's Board of Directors estimates that the most significant risks for the Company are credit risks, market risks including interest rate and price risks, financing risks, property risks and strategic and operational risks. Other risks relevant to financial management are described in the Appendix K1 of the Company's financial statements.

Credit and Counterparty Risks

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

Loans are mainly granted with security collaterals. Forms of collateral are carefully valued to a fair value and their fair values are regularly monitored by utilizing statistics and thorough industry knowledge. The Company's Board of Directors has confirmed instructions on the valuation of different types of collateral and their collateral value, against which loans can be granted. The business strategy and loan issuance instructions approved by the Board of Directors determine the maximum amounts for risk concentrations and guide the direction of loan issuance by the customer sector, industry and credit ratings. In addition, the Company has started mortgage bank operations at the end of 2017, which is why the Company monitors the development of the amount of eligible credit to secure funding through covered bonds. The Company's key customer groups include private customers, small and medium sized enterprises.

The majority of the Company's lending is granted as loans to the Company's customers. At the end of 2017, the Company's loan portfolio[78] totaled EUR 2,138 million (EUR 1,785 million), increasing by EUR 353 million (19.8 per cent) compared to the end of 2016. Almost half of the increase comprised of S-Pankki's loan portfolio acquired through corporate acquisition, where the share of agricultural loans was significant. Private customers' share of total loans decreased during 2017. Private customers' share of total loans on the balance

[78] The loan portfolio includes the balance sheet item "Loans and advances to the public and public sector entities".

sheet was 60 per cent (67 per cent), corporate customers' share was 21 per cent (19 per cent), housing cooperatives' share was 8 per cent (7 per cent), and the share of agricultural entrepreneurs and others was 11 per cent (7 per cent). The majority, 63 per cent (70 per cent), of the Company's loans were granted as home collateral loans.[79] At the end of September 2018, the Company's loan portfolio was EUR 2,416 million in total. Approximately 58 per cent of the loan portfolio comprised of private customer loans and approximately 42 per cent of loans to corporate customers, housing cooperatives, and agricultural entrepreneurs.[80]

Credit risks are continuously monitored by keeping an eye on repayment delays and non-performing loans. Key account managers continuously monitor payment behavior and customers' actions to keep track of the amounts of customer-specific liabilities and forms of collateral. The board receives an annual report on the 15 largest customer entities and a monthly report on the total amount of non-performing loans. The reports contain, for example, the amount and development of risks by customer entity, industry and credit rating. The Company does not have any customer entities whose liabilities exceed the limit set by the Credit Institution Act, i.e. 10 per cent of the Company's own funds (so-called high customer risks).

Based on completed reports, the risks associated with the Company's loans are low in terms of the annual income level and risk-bearing capacity of the Company. Non-performing loans and payment delays are continuously monitored. The parent company's non-performing receivables and related impairments accounted for approximately EUR 27.4 million, i.e. approximately 1.14 per cent of the loan portfolio[81] on 30 September 2018. At the end of the year 2017, matured receivables (30–90 days) totaled EUR 14.8 million (EUR 16.7 million at the end of 2016) and EUR 12.9 million on 30 September 2018. The figures as at 30 September 2018 do not include loans fulfilling the cross-default condition and certain flexible loan servicing loans, which pursuant to the stipulations of EBA should be regarded as non-performing. Concequently, the figures are lower than the respective figures from the corresponding periods. Further, the figures do not include card credits.

Under certain circumstances, when a debtor faces financial difficulties the customer can be granted concession from the original loan terms in the form of deferred amortization or loan rearrangement to ensure the customer's liquidity and avoid potential credit losses. Granting forbearance requires the customer's financial difficulties to be short-term and temporary. The Company's forbearance receivables on 30 September 2018 totaled EUR 69.9 million (EUR 89.2 million on 30 September 2017).

Market Risks

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

Interest Rate Risk

OmaSp's business operations consist of retail banking, in which interest risk plays an integral role. Interest risks arise out of the financial account, which consists of lending and borrowing, market-based funding as well as the investment and liquidity portfolio. Interest rate risks mean the effects of any interest rate changes on the Company's profit and solvency. The reasons for interest rate risks are the differing bases of interest on receivables and debts as well as the different interest adjustment dates or maturity dates. The Company's Board of Directors has granted the management the authority to use hedging derivatives.

In order to minimize the interest rate risk, the bank utilises hedging derivative contracts. The Company's interest rate risk is regularly reported to the Board of Directors that has provided the maximum amounts for interest rate risks in its confirmed instructions. The Company uses balance sheet analysis to measure the interest rate risk. It measures how a change of one and two percentage points in the forward interest affects the forecast of the net interest income during the next 1–60 months. The forecast is calculated at the time of reporting for the next five years with the forward rate available in the market. The amount of the open interest

[79] Loan portfolio split with the parent company's figures.

[80] Loan portfolio split with the parent company's figures.

[81] The loan portfolio includes the balance sheet item "Liabilities to the public and public sector entities".

rate risk is measured by interest rate sensitivity, which takes into account the previously mentioned effect of interest rate shocks on net interest income in the coming years. In addition , the Company monitors the development of interest risk through several different scenarios that are used to simulate changes in the Company's deposits or loan base. The Company's interest rate risk decreased during the first nine months of 2018 from 2017 levels.

Liquidity Risk

Liquidity risk refers to the Company's ability to meet its obligations and commitments. Liquidity risks may arise from the uncontrollability or unpredictability of incoming and outgoing cash flows. An uncontrollable rise in funding costs can also be considered as a liquidity risk. Liquidity risk can be further divided into a short-term liquidity risk and long-term funding risk. Funding risks are risks related to the availability and price offunding emerging from the difference between the maturities of receivables and debts. Funding risks arise also when receivables and debts are too greatly concentrated on individual counterparts. Funding risks are evaluated by maturity categories based on the remainder of the receivables and debts in each funding category.

Liquidity risk is managed, *inter alia*, by keeping a sufficient amount of liquid funds to guarantee liquidity. Funding risks are monitored by providing the Board of Directors with reports on the Company's financial position and liquidity. OmaSp acquires the funding it needs through deposits from its operating area and through other appropriate means such as collateralized and uncollateralized bond issues and certificates of deposit. As per the terms and conditions on deposit accounts, a significant portion of funding is spot-based. The Company's goal is to extend the maturity of its funding and maintain a wide funding base.

9.1 per cent (10.2 per cent) of the loans on the Company's balance sheet on 31 December 2017 have credit periods exceeding 20 years. The Company's financial standing remained stable in 2018.The Company maintains a good level of liquidity by investing its liquid funds mainly in marketable financial instruments. On 30 September 2018, the bank's liquidity coverage ratio (LCR) was 138.6 per cent (280.3 per cent on 31 December 2017).

Property Risk

Property risk means risks related to impairment, revenue or damage to the property assets. Property investments are not a part of the Company's core business. Properties owned by the Company are mainly insured for their full values. The Company's investment properties have been evaluated and valued in the financial statements with the purchase price allocation method. The value of the investment property is low compared to the Company's balance and the Company's equities. Further, there are no such impairment pressures towards the property assets that would have a material impact on Company's profit and liquidity in the next few years.

The equity tied to properties in the Company's own use and to property companies' shares was EUR 15 million on 30 September 2018.

Operational Risks

Operational risks are losses that can be caused by internal deficiencies in systems, processes and the staff's actions, or external factors that impact operations. Efforts are made to minimize the occurrence of operational risks via continuous training of staff and an extensive code of conduct as well as procedures of internal controls, for example by separating preparation, decision-making, implementation and control functions whenever possible. The Company has acquired specific insurance in preparation for potential operational risks in its banking operations and any potential losses caused by such risks.

The widely used general terms and conditions reduce the occurrence of legal risks. Continuity planning is in place to prepare for any risks related to malfunctions in information systems. Different security software are utilized to manage IT systems and applications, devices, and the data network which may be vulnerable to unauthorized use, computer viruses, and other adverse factors. Each year, the Company carries out a comprehensive risk assessment, which covers the Company's various operations and the operational and strategic risks related to them, and assesses the probability and potential impact of such risks. Operational risks are monitored by gathering information about financial losses and any abuse suffered by the Company. Management utilizes reports on compliance generated by internal controls as well as information on any changes in the operational environment.

Transactions with Related Parties

Related parties refer to key personnel in leading positions at OmaSp 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 OmaSp. Key personnel include Board members, the CEO, the 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 of interest.

The following table shows information about OmaSp's transactions with related parties from financial periods ended 31 December 2017, 31 December 2016 and 31 December 2015 as well as from nine-month period ended 30 September 2018. All transactions included in the table were carried out on a market-based basis.

	2017		2016		2015	
(EUR thousand)	Key personnel and their family members	Other related parties	Key personnel and their family members	Other related parties	Key personnel and their family members	Other related parties
Loans	3,781	9,410	2,157	1,850	2,308	1,509
Deposits	1,010	6,991	1,449	6,174	1,938	10,013
Guarantees	100	100	115	100	75	150
Received interests	18	252	15	10	19	8
Paid interests	1	6	1	-	-	11
Service fees	3	15	2	5	4	5

	1-9/2018		1-9/2017	
(EUR thousand)	Key personnel and their family members	Other related parties	Key personnel and their family members	Other related parties
Loans	4,859	15,996	2,837	7,644
Deposits	1,157	3,562	1,159	7,016
Guarantees	100	100	100	100
Received interests	26	330	14	180
Paid interests	1	0	2	3
Service fees	3	12	2	12

The remuneration and incentive schemes of the Company's management have been described under "*Corporate Governance, Management and Auditors - Compensation of the Management and Incentive and Pension Schemes"*. The stipulation's regarding the CEO's benefits during the period of notice have been described under "*Corporate Governance, Management and Auditors – Board of Directors and Management Team*".

Accounting Policies for the Consolidated Financial Statements

OmaSp's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), as approved in the European Union, and the SIC and IFRS interpretations. When the notes to the financial statements were prepared, the Finnish accounting and entity legislation as well as supplementary requirements of competent authorities' orders were also taken into account.

In the following OmaSp's key accounting policies in accordance with IFRS-standards are outlined. Preparing financial statements in compliance with IFRS-standards requires the Company's management to make certain estimates and assumptions that impact the reported numbers. These assumptions have an impact on asset and liability items of the balance sheet as well as the revenue and cost items expressed in the profit/loss accounts. These estimates are based on previous experiences, market information and other reasonable assumptions. It is possible that the results deviate from the estimates due to different assumptions and circumstances. The Company Management has to use discretion when complying with accounting policies and to estimate regarding impairment of financial assets, income taxes and reserves. The following description covers the accounting policies that, pursuant to the Company's Management, are the most important in describing OmaSp's financial performance and financial position. An extensive description of the accounting policies can be found in OmaSp's financial statements.

Entry Principles

Interest Income and Expenses

Interest income and expenses are amortised using the effective rate method for the duration of the contract. Interest income and expenses are recognized on the income statement under ”Net interest income”. When impairment losses have been recognized on an agreement included in financial assets, the original effective rate is used to calculate interest income and the interest is calculated on the loan balance less impairment.

Fees and Commission Income and Expenses

Fees and commission income and expenses are primarily recognized in accordance with the accrual basis when the service or procedure is performed. For fees and commissions spanning several years, the portion related to the accounting period is entered as income. Fees which are considered as fixed components of a financial instrument's effective interest is recognized as adjustments of the effective intrest. Fees of the financial instruments are recognized at fair value through profit or loss are entered as income in connection with the initial recognizing of the instrument.

Net Gains from Financial Assets and Liabilities

The following are recognized in net gains from financial assets and libilities: gains and losses from sales, valuation gains and losses, dividend income from financial assets and liabilities recognized at fair value through the income statements, financial assets and liabilities recognized at fair value through other items of comperehnsive income and net income from investment properties. Dividend income has been recognized when an entitlement to dividend exists. Additionally, net income from currency exchanges as well as net income from fair value hedge accounting are recognized under the same item.

Tangible Assets and Investment Properties

Based on the purpose of use, the Company's properties are divided into properties in own use and investment properties. The purpose of investment properties is to produce rental income or increases in capital value. If a property is both in own and investment use, the assets are presented separately only if they can be sold separately. In these cases, the division is based on the ratio of square feet in different uses. If these parts could be sold separately, they are processed separately in bookkeeping by the purpose of use. If the parts cannot be sold separately, the property is treated as an investment property only if merely a small portion of the property is in own or personnel's use. The review is based on the ratio of the square feet of the premises that are used for different purposes. If the parts cannot be sold separately, the premises are classified as per the purpose of use of the larger area in use.

Fixed assets are recognized on the balance sheet under ”Tangible assets” and investment properties are recognized under ”Investment assets”. On the income statement, income related to properties in own use is recognized under ”Other operating income” and the related expenses are recognized under ”Other operating expenses”. Depreciation and impairment losses from all fixed assets are recognized under ”Depreciation and impairment losses from tangible and intangible assets”. Net income from investment properties, including all entered depreciations and impairment, are included in ”Net income from financial assets and liabilities”. Gains or losses arising from disposal or retirement are recognized as a difference between received income and balance sheet value. Fixed assets well as investment properties are valuated at acquisition cost less depreciation and impairment. Depreciations are based on estimates on the assets' financial operating time. Depreciations are not performed for land. Asset-related expenses that arise after the initial acquisition are capitalised at the asset's bookkeeping value only if it is likely that the asset helps to accumulate bigger financial benefit than initially estimated or if its financial operating time is extended.

The estimated financial operating time are primarily as follows:

Buildings	10–40 years

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

Intangible Assets

The most significant intangible assets in the consolidated financial statements are the information systems used in the banking operations and customer relationships related to deposits that were transferred to the Company when the business operations of Joroisten Osuuspankki and Pyhäselän Paikallisosuuspankki were combined to Oma Savings Bank Plc's balance sheet as of 1 October 2015.

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

Intangible assets are recognized on the balance sheet under ”Intangible assets” and any depreciation is recognized on the income statement under ”Depreciation and impairment losses on tangible and intangible assets”. The acquisition cost of intangible assets is recognized as depreciation in accordance with the of the financial retention period of the assets. Depreciations of intangible assets are commenced at the moment when the asset is ready for use. The financial operating time of intangible assets is reviewed annually.

The estimated financial useful lives are as follows:

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

Goodwill arising from the combination of business operations is recognized in the amount by which the combined amount of transferred compensation, non-controlling interest in the acquired item and the previously owned share exceed the fair value of the acquired net assets. No depreciation is recognized in goodwill, but it is tested in case of impairment annually and whenever there is any indication that the value may have decreased. For this purpose, goodwill is allocated on units producing cash flow Goodwill is valuated in the initial acquisition value less impairment.

Provisions

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

Income Taxes

Result-based taxes of the accounting period for Group comapnies, adjustments to taxes for previous accounting periods and changes in deferred taxes are recognized in the consolidated income statement. Taxes are recognized on the income statement except for items that are directly related to equity or other items recognized in the comprehensive income statement. In these cases, the tax is also recognized under these items. Income taxes are recognized based on the estimated taxable income for the year. Deferred taxes are calculated on the taxable temporary and deductible differences between bookkeeping and taxation. Deferred tax assets are recognized up to the amount for which there is likely to be future taxable income, against which the temporary difference can be applied. Deferred tax assets based on unused losses verified in taxation are recognized if the accumulation of taxable income is likely and the asset can be utilized.

Accounting Principles for the Financial Statements Requiring Management's Discretion and Factors of Uncertainty Related to Estimates

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

Impairment of Financial Assets

As of 1 January 2018, the Company manages impairment of financial assets in accordance with IFRS 9. In accordance with new impairment model, a loss allowance regarding impairment must be recorded based on the expected credit losses taking future outlooks into account, and not only based on actual credit losses, as provided under IAS 39. This concerns financial assets valuated at an amortised cost, debt instruments valuated at fair value through other comprehensive income, credit commitments and certain guarantees. Expected credit loss is calculated for the entire effective period of the financial asset in cases 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.

For expected credit loss, the Company recognizes a loss allowance regarding the loss from asset item belonging to financial assets, which has been valuated at amortised cost or at fair value through other comprehensive income. As a bank, these are investments in bonds and loans and advances to credit institutions, the public and public sector entities. However, in accordance with IFRS 9, impairment is not recognized for equity investements.

On each reporting date, the Company valuates loss allowance regarding loss of financial assets at the amount which corresponds to expected credit losses for the entire effective period. Apart from that, in the following cases, loss allowance regarding loss is valuated at the amount, which corresponds with expected credit losses within 12 months:

- Investments in bonds, which have a low credit risk on the date of reporting. The Company estimates bond's credit risk to be low when its external credit rating is at least on an "investment-grade" level.

The new model for the impairment of financial assets under IFRS 9 requires decisions, estimates and assumptions from the management especially in the following matters:

- selection and definition of calculation model,
- estimation of wether the credit risk related to the financial instrument has been significantly increased since its initial recognition, and
- adding outlooks regarding financial conditions in the future to expected credit losses.

The effects of the implementation of IFRS 9 Financial Instruments has been described in more detail in the notes K37 of the Company's consolidated financial statement for the financial year ended 31 December 2017.

Evaluation of Fair Value

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

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

Assessment of Controlling Authority and Significant Influence on Investment Items

The management discretion and assessments are also needed in the definition of controlling authority in terms of companies that belong to the Group and in which the Company owns under 50 per cent of voting rights or over 20 per cent of shares or interests with full voting rights. In these cases, the issues under consideration are the actual controlling authority or significant influence and whether there are factors that decrease or increase the Company's actual controlling authority. OmaSp owns 50.7 per cent of SAV-Rahoitus Oyj's shares. The Company has deemed to be the controlling authority of the company on the basis of a shareholder agreement after which SAV-Rahoitus Oyj has been included in the consolidated financial statements as a subsidiary. OmaSp owns 21.9 per cent of the shares of Nooa Säästöpankki. However, OmaSp is not considered to have significant influence in this company because OmaSp does not have representation in the company's Board of Directors and OmaSp cannot significantly influence the company in any other way either. Thus, the shares of Nooa Säästöpankki are not included in the Group but it are recognized at fair value through profits or losses (prior 1 January 2018 "Financial assets available for sale" category).

Implementation of IFRS 9 Financial Instruments on 1 January 2018

As of 1 January 2018 OmaSp has adopted the new IFRS 9 Financial instrument standard, which concerns the classification and valuation of financial assets and liabilities, the removal of financial assets from the balance sheet, the updating of hedge accounting principles, and the introduction of a new depreciation model for financial assets. OmaSp takes advantage of exemption to let the 2017 reference data be unadjusted permitted by the standard, which is why adjustments to book values of financial assets due to implementation of IFRS 9 are primarily directly recorded to accrued profit funds on 1 January 2018. The adoption of IFRS 9 would decrease OmaSp's equity by EUR 880 thousand. The effects of the transition to IFRS 9 in the opening balance sheet have been further described under note K15 of the Group's interim report for the period 1 January to 30 September 2018 included in this Offering Circular.

New Standards and Interpretations to be Introduced Later

IFRS 15 Revenue from Contracts with Customers

On 1 January 2018 OmaSp has implemented new IFRS 15 Revenue from Contracts with Customers standard. IFRS 15 creates a comprehensive framework to determine whether sales income, how much and when, can be entered. As per IFRS 15, an entity must recognize sales income as a monetary amount that reflects the compensation that the entity expects to be entitled to in terms of the goods and services in question. OmaSp has not identified any significant variable compensations or significant entitlements that should be treated as separate performance obligations. Implementation of the standard has not had impact on the amount of entered income of the Group or their registration time.

New Standards and Interpretations to be Implemented Later

IFRS 16 Leases

New IFRS 16 Leases standard will be applicable on 1 January 2019 and it replaces the IAS 17 standard. In accordance with IFRS 16, the current classification in terms of lessees under operational leasing or financial leasing will be replaced with a model where all assets and liabilities included in leasing contracts exceeding 12 months are recognized on the balance sheet as a right to use the asset and as a related lease liability. According to current estimate, the new standard will bring changes to recording of the properties leased by and from the Company, which will cause changes in balance sheet. The Group is still evaluating the further impacts of the standard.

CORPORATE GOVERNANCE, MANAGEMENT AND AUDITORS

Overview of the Company's Governance

In accordance with the Companies Act and the Company's Articles of Association, the Company's governance and control is divided between the shareholders, the Board of Directors and the CEO.

The shareholders participate in the governance and management of the Company through the decisions taken at the general meetings. General meetings are usually convened by the Board of Directors. It is further provided in the Companies Act that a general meeting must be held if the Company's auditor or shareholders with a total of one tenth of all Shares so demand in writing in order for a given matter to be dealt with.

The office address for the Company's Board of Directors and CEO is Pohjoisranta 4 A 25 00170 Helsinki.

Shareholder's Nomination Board

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

The Company's five largest shareholders each have the right to appoint one representative to the Nomination Board. Should a shareholder not wish to use his or her appointment right, the right will be transferred to the next largest shareholder, who otherwise would not have the right to appoint a representative. The largest shareholders are defined in the Company's shareholders' register based on their share of ownership on 1 June preceding the general meeting. The extraordinary general meeting of shareholders decided, in connection with the establishment of a Shareholder's Nomination Board, that the five largest shareholders are asked to appoint first members of the Shareholder's Nomination Board by 30 November 2018.

The Nomination Board should give their recommendations regarding the members of the Board of Directors and their respective compensations to the Board of Directors by the end of January preceding the annual general meeting. In the case of an extraordinary general meeting, the Nomination Board should accordingly give their respective recommendations well in advance before the general meeting, taking into account applicable regulations.

The Chairman of the Board of Directors acts as the convener and attends the meetings of the Nomination Board as a specialist. The Nomination Board conducts its tasks in accordance with the rules of procedure adopted by the general meeting.

Board of Directors and Management Team

Board of Directors

The Board of Directors has the overall responsibility for the Company's management and for ensuring that the activities are properly organised. The Board of Directors has adopted written rules of procedure in which it determines the matters falling within its duties. The Board of Directors adopts the principles concerning the Company's strategy, organisation, accounting, and finances control. The Board of Directors also appoints the Company's CEO. The CEO is responsible for implementing the Company's strategy and for the day to day administration of the Company in accordance with the instructions and specifications of the Board of Directors.

The Board of Directors of the Company must have a minimum of five (5) and a maximum of eight (8) ordinary members and a maximum of two (2) deputy members. The Board members are elected for a term expiring at the close of the Annual General Meeting following the election. The Board of Directors elects a Chairman from among its members to serve for the duration of the term of the Board and one (1) to two (2) Vice Chairmen.

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

The Board of Directors has 7 members as at the date of this Offering Circular. The members of the Board of Directors as at the date of this Offering Circular are listed in the following:

Name	**Year of Birth**	**Position**	**Board Member Since**
Jarmo Partanen	1956	Chairman	2014
Jyrki Mäkynen	1964	Vice Chairman	2009
Aila Hemminki	1966	Board Member	2017
Aki Jaskari	1961	Board Member	2014
Timo Kokkala	1960	Board Member	2014
Heli Korpinen	1965	Board Member	2014
Jarmo Salmi	1963	Board Member	2014

Jarmo Partanen has been the Chairman of OmaSp's Board of Directors since 2014. Mr Partanen was the CEO and Chairman of the Board of Directors of Etelä-Karjalan Säästöpankki between 2004 and 2014, the CEO of Someron Säästöpankki between 2003 and 2004, the chief operating officer of Dynexco Oy between 2001 and 2003, the CEO of Energiameklarit Oy between 1998 and 2001, the CEO of Mäntsälän Osuuspankki between 1986 and 1998, regional marketing manager at Osuuspankkien Keskusliitto between 1985 and 1986, and a doctoral candidate / economist at Osuuspankkien Keskuspankki between 1984 and 1985. Additionally, Mr Partanen has been a member of the Board of Etelä-Karjalan Säästöpankkisäätiö since 2015. Previously, Mr Partanen has been the Chairman of the Board of South Karelia Chamber of Commerce between 2015 and 2017, the Chairman of the Board of Directors of Sp-Koti Oy between 2011 and 2014, member of the Banking Executive Committee of Finance Finland between 2015 and 2017, member of the Delegation of the Finland Chamber of Commerce between 2007 and 2017, as well as a member of the Board of Directors of Oy Samlink Ab between 2008 and 2014 and a deputy Board member of Savings Banks' Union Coop between 2005 and 2014. Mr Partanen holds a Master of Arts and an eMBA.

Jyrki Mäkynen has been the Vice Chairman of OmaSp's Board of Directors since 2014 and was the Chairman of the Board of Directors between 2009 and 2014. Mr Mäkynen has been an entrepreneur at Oy HM Profiili Ab since 1992; he was the sales director of the company between 1992 and 2002 and has been the CEO since 2003. Mr Mäkynen was regional office manager at Martela Oy between 1989 and 1991 and regional export manager in 1992. In addition, Mr Mäkynen has been the Chairman of the Board of the Federation of Finnish Enterprises since 2014, Etelä-Pohjanmaan Korkeakoulusäätiö since 2010, as well as a member of the Board of Fennia since 2017, Seinäjoki Joint Municipal Authority for Education Sedu since 2017, Entrepreneur Day Foundation since 2014, UEAPME Aisbl since 2014, Seinäjoki University of Applied Sciences since 2013, and a member of the Seinäjoki City Council since 2004. He was previously the Chairman of the Board of the Regional Organization for Enterprises in South Ostrobothnia between 2008 and 2014 and Frami Oy between 2009 and 2013, as well as the Vice Chairman of the Board of the Federation of Finnish Enterprises between 2010 and 2014, West Energy Oy between 2009 and 2013, and a member of the Board of Seinäjoki University of Applied Sciences between 2009 and 2013. Mr Mäkynen holds a Master of Science in Economics.

Aila Hemminki has been a member of OmaSp's Board of Directors since 2017. Ms Hemminki is the founder and entrepreneur of Hevihill Ky since 2008 and founder and retailer of Vauvatarvike Huvikumpu Ky between 1990 and 2008. In addition, Ms Hemminki has been a deputy member of the Board of Hemimotors Oy since 1999 and a member of the Board of Kuortaneen Säästöpankkisäätiöbetween 2009 and 2017. Ms Hemminki holds a Master of Economic Sciences.

Aki Jaskari has been a member of OmaSp's Board of Directors since 2014. Mr Jaskari has been the CEO of Nerkoon Höyläämö Oy since 1985. In addition, Mr Jaskari has been a member of the Advisory Board of Leppäkosken Sähkö Oy since 2001 and a member of the Regional Advisory Board of Pohjola Insurance between 2001 and 2015. Mr Jaskari holds a Master of Economic Sciences.

Timo Kokkala has been a member of OmaSp's Board of Directors since 2014. Mr Kokkala has been a farm operator since 1989. In addition, Mr Kokkala has been the Chairman of the Board of Directors of Hauhon Säästöpankki between 1998 and 2008 and Kantasäästöpankki Oy between 2009 and 2014, member of the

Board of Kantapankin Kiinteistövälitys Oy between 2009 and 2018 and a member of the Supervisory Board of Savings Banks' Union Coop between 2012 and 2014. Mr Kokkala holds a Master of Science in Agriculture and Forestry.

Heli Korpinen has been a member of OmaSp's Board of Directors since 2014. Ms Korpinen has been a senior lecturer at Saimaa University of Applied Sciences since 2016. Her previous positions at the institute include a degree programme manager between 2012 and 2015 and a lecturer between 2009 and 2011. Ms Korpinen has also been a lecturer at South Karelia Joint Municipal Authority for Education, South Karelia University of Applied Sciences between 2007 and 2008, before which she was manager of the ICT Center between 2006 and 2007, a project manager between 1999 and 2006, and a lecturer between 1996 and 1999. In addition, Ms Korpinen has been a member of the Board of Kampusravintolat Oy since 2015. Ms Korpinen holds a Master of Social Sciences.

Jarmo Salmi has been a member of OmaSp's Board of Directors since 2014. Mr Salmi has been the managing partner of Asianajotoimisto Jarmo Salmi Oy since 2014 and an attorney-at-law and a general partner of Asianajotoimisto Lasse Salmi Ky between 1991 and 2014. In addition, Mr Salmi has been the Vice Chairman of the Board of Directors of Kiinteistö Oy Kosken-Keskus since 2014 and a member of the Board of the Finnish Bar Association between 2012 and 2015. Mr Salmi holds a Master of Laws.

Management Team

The Group's Management Team consists of the CEO and other members appointed by the Board of Directors. The following persons are the members of the Management Team as at the date of this Offering Circular:

Name	**Year of Birth**	**Position**	**Member of the Management Team Since**
Pasi Sydänlammi	1974	CEO	2009
Pasi Turtio	1974	Deputy CEO, Customer Operations Director	2008
Helena Juutilainen	1958	Head of Legal	2017
Sarianna Liiri	1981	Chief Administrative Officer	2015
Kari-Mikael Markkanen	1973	Chief Information Officer	2014
Minna Sillanpää	1970	Chief Communications Officer	2017

Pasi Sydänlammi has been the CEO of OmaSp since 2009. Mr Sydänlammi has served as a representative of Töysän Säästöpankkisäätiö since 2009. Previously, he was the CEO of Töysän Säästöpankki, OmaSp's predecessor, between 2007 and 2009. Mr Sydänlammi was the CEO of Lappajärven Osuuspankki between 2005 and 2007, bank manager of Lammin Osuuspankki between 2004 and 2005, Business Development Manager at Savings Banks' Union Coop between 2002 and 2003, management consultant and project manager at Talent Partner Group between 2001 and 2002 and auditor at KPMG Oy Ab between 2000 and 2001. In addition, Mr Sydänlammi has been the Chairman of the Board of the Finnish Volleyball Association since 2014, member of the Board of SAV-Rahoitus Oyj since 2016, Seinäjoen Jalkapallokerho Oy SJK since 2016, Kuortane Olympic Training Center since 2016, Oy Samlink Ab since 2015, and member of the Supervisory Board of Etera Mutual Pension Insurance Company in 2017. In addition, Mr Sydänlammi has been the Chairman of the Board of Directors of Nooa Säästöpankki Oy between 2012 and 2013 and a member of the Board of Paikallispankkien PP-Laskenta Oy between 2014 and 2015 and of Savings Banks' Union Coop between 2010 and 2013. Mr Sydänlammi holds a Master of Administrative Sciences and an MBA. Mr Sydänlammi has additionally completed the Executive Education Advanced Management program at Harvard Business School in 2017.

Pasi Turtio has been OmaSp's Deputy CEO since 2009 and Customer Operations Director since 2018. Mr Turtio has served as the managing director of Kuortaneen Säästöpankkisäätiö since 2018, before which he served as a representative for Kuortaneen Säästöpankkisäätiö between 2017-2018. Mr Turtio has been a regional director at OmaSp between 2014 and 2017, bank manager of OmaSp between 2008 and 2014, bank manager of Lammin Osuuspankki between 2005 and 2008, branch manager of Lammin Osuuspankki between 2001 and 2005, and Chief Procurement Officer of Liha Heinonen Oy between 1998 and 2001. Mr Turtio is an agrologist.

Helena Juutilainen has been the Head of Legal of OmaSp since 2017. Ms Juutilainen was previously a legal counsel at Kuntien Tiera Oy between 2010 and 2017 and a legal counsel at Oy Samlink Ab between 1998 and 2010. In addition, Ms Juutilainen has been a member of the Board of Vapaalan Hammaslääkäriasema Oy since 1995 and a deputy member of the Board of Didac Oy since 2007. Ms Juutilainen holds a Master of Laws and the honorary title *varatuomari (*Master of Laws, trained on the bench).

Sarianna Liiri has been OmaSp's Chief Financial and Administrative Officer since 2018, prior to which she was the administrative officer between 2015 and 2018 and development manager between 2014 and 2015. Ms Liiri was the account manager of Etelä-Karjalan Säästöpankkibetween 2006 and 2014 and has been a member of the Board of South Karelia's Chamber of Commerce since 2018. Ms Liiri holds a Master of Economic Sciences.

Kari-Mikael Markkanen has been the Chief Information Officer of OmaSp since 2014. Mr Markkanen was a director at Tiera Oy between 2010 and 2014, development director at Finnish Innovation Fund Sitra Oy between 2008 and 2011, and department manager at Oy Samlink Ab between 2001 and 2008. In addition, Mr Markkanen has been a member of the Board of SAV-Rahoitus Oy since 2017, Paikallispankkien PP -laskenta Oy since 2014, and a member of the Board of Taltioni cooperative between 2012 and 2016. Mr Markkanen holds a Master of Science in Technology and an eEMBA.

Minna Sillanpää has been the Chief Communications Officer of OmaSp since 2017. Ms Sillanpää was the CEO of the Regional Organization of Enterprises in South Ostrobothnia between 2009 and 2017, CEO of E-P:n Yrittäjien Palvelu Oy between 2009 and 2017, deputy director of South Ostrobothnia Chamber of Commerce between 2007 and 2009, Division Manager at Berner Oy between 2000 and 2007, and Export Manager / Division Manager at Berner Oy between 1996 and 2000. In addition, Ms Sillanpää has held various positions in Ilkka-Yhtymä Oyj: member of the Nomination Committee since 2016, Vice Chairman of the Supervisory Board since 2016, and a member of the Supervisory Board since 2011. She was also a member of the advisory committee for small and medium-sized enterprises of the Regional Council of South Ostrobothnia between 2007 and 2017, member of the regional advisory committee, South Ostrobothnia, of Fennia Oyj between 2010 and 2017, member of the regional advisory committee, Ostrobothnia, of Elisa Oyj between 2010 and 2017, regional Chairman in the Ministry of Economic Affairs and Employment's Työelämä 2020 project between 2013 and 2017, member of Into Seinäjoki Oy's marketing group Komia between 2008 and 2016 and member of Into Seinäjoki Oy's Komia's management team between 2009 and 2016, Chairman of the advisory committee of Finnish Institute of Occupational Health (Western Finland) between 2010 and 2015, member of the regional advisory committee of Nordea Oyj between 2012 and 2014, and member of the regional advisory committee of Finnvera Oyj between 2011 and 2013. Ms Sillanpää holds degrees of Industrie- und Aussenhandelsassistent and Gross- und Aussenhandelskaufmann and a college degree in foreign trade.

CEO

The Company's CEO is appointed by the Board of Directors. The Company's CEO since 2009 has been Pasi Sydänlammi. The CEO manages and develops the Company's business and is in charge of the day to day administration of the Company in accordance with the instructions of the Board of Directors. The CEO presents matters and reports to the Board of Directors. The CEO carries out the day-to-day administration in accordance with the instructions of the Board of Directors and is responsible for the appropriate arrangement of the control of the Company's accounts and finances.

The CEO's contract is valid for a non-fixed term and is subject to a reciprocal three months' notice. Upon the Company's termination or cancellation of the agreement, the CEO is, in addition to the payment of any notice period, entitled to a termination payment equivalent to 24 months' salary. The compensation is also due for payment in the event of termination of the duties of the CEO due to a bank fusion, demerger, acquisition or other such cause.

Corporate Governance

In its decision-making and governance, the Company complies with the Companies Act, Act on Credit Institutions, Savings Bank Act, the Company's Articles of Association and the Board of Directors' Rules of Procedure, Helsinki Stock Exchange's Rules of the Exchange, securities market legislation, as well as other regulations applicable to the Company. The Company also complies with the Finnish Corporate Governance Code issued by the Finnish Securities Market Association entered into force on 1 January 2016, which is applied to companies listed on the official list of Helsinki Stock Exchange.

Information on the Board and Management Team Members and the CEO

As at the date of this Offering Circular, none of the members of the Company's Board of Directors or the Management Team or the CEO have, in accordance with Annex I, item 14.1 of the European Commission regulation (EC) No 809/2004, during the five years preceding the publication of the Offering Circular:

- had any convictions in relation to fraudulent offences,
- been in a managerial position, such as a member of an administrative, management or supervisory body or belonged to the senior management of a company or been a partner with unlimited liability in a limited partnership at the time of its bankruptcy, receivership or liquidation (excluding such voluntary liquidation processes commenced to dissolve the company in Finland in accordance with the Companies Act), or
- been the subject of official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Conflicts of Interest

Provisions regarding the management's conflicts of interest in Finnish companies are laid down in the Companies Act. In accordance with Chapter 6, section 4 of the Companies Act a member of the Board of Directors shall be disqualified from the consideration of a matter pertaining to a contract between the member and the company. A member shall likewise be disqualified from the consideration of a matter pertaining to a contract between the company and a third party, if the member is to derive an essential benefit in the matter and that benefit may be contrary to the interests of the company. The provisions in this section on a contract apply correspondingly to other transactions and court proceedings and other use of voice. These provisions are applied also to the CEO.

The Credit Institutions Act provides general requirements for the management and control systems of credit institutions. In the operations and management of credit institutions, the sasks must be separated so that possible conflicts of interest, which could endanger the effective and cautios management of the credit institution, are avoided.

Related party transactions are described under "*Operating and Financial Review – Transactions with Related Parties*".

To the best knowledge of the Company, the members of the Company's Board of Directors or Management Team or the CEO do not have, in addition to the above, any conflicts of interest between their duties in the Company and their private interests or other duties.

There are no family relations between the members of the Board of Directors and the Management team.

As at the date of this Offering Circular, all members of the Company's Board of Directors are independent from the Company, and all members of the Board of Directors except Jarmo Partanen are independent from the Company's major shareholders. Jarmo Partanen is independent from the Company, but not from the Company's major shareholders, as he has served as the CEO and Chairman of the Board of Directors for the Etelä-Karjalan Säästöpankki and is currently serving as a member of the Board for the Etelä-Karjalan Säästöpankkisäätiö.

Management Ownership

The following table sets forth the number of Shares owned by the Company's members of the Board of Directors and Management Team and the CEO as at 30 September 2018:

Name	Position	Shares	% of All Shares	% of All Votes[1)]
Pasi Sydänlammi	CEO	62,750	0.25	0.25
Pasi Turtio	Deputy CEO, Customer Operations Director	41,850	0.17	0.17

Sarianna Liiri	Chief Administrative Officer	20,900	0.08	0.08
Kari-Mikael Markkanen	Chief Information Officer	20,900	0.08	0.08
Minna Sillanpää	Chief Communications Officer	10,750	0.04	0.04
Helena Juutilainen	Head of Legal	10,000	0.04	0.04
Total		167,150	0.66	0.67

1) The Company has one series of shares and each share entitles its holder to one vote at the general meeting. As at the date of this Offering Circular, the Company owns 11,700 of the Company's own shares, which do not entitle to any voting rights at the general meeting as long as the Company owns them.

Compensation of the Management and Incentive and Pension Schemes

Board of Directors

In accordance with the Companies Act, the shareholders decide on the compensation for the members of the Company's Board of Directors in the annual general meeting. As a part of issues to be resolved, the general meeting on 14 April 2018 resolved, that the compensation for the Company's Chairman of the Board of Directors is EUR 24,053 per month. The annual compensation for the Company's Vice Chairman of the Board of Directors is EUR 8,000 and EUR 6,000 for the other members of the Board of Directors. An attendance fee of EUR 1,000 per meeting is paid to the elected official members of the Board of Directors. Compensation for travel expenses is payable in the manner and in the amount approved by the Tax Administration.

The following table sets forth the annual remunerations and attendance fees for Board meetings from the financial periods indicated:

	For the year ended 31 December		
(EUR thousands)	**2017**	**2016**	**2015**
		(audited)	
Jarmo Partanen	303	290	267
Aila Hemminki	10	-	-
Aki Jaskari	16	17	18
Timo Kokkala	16	17	18
Heli Korpinen	15	16	15
Jyrki Mäkynen	17	19	17
Jarmo Salmi	16	16	18
Ari Yli-Kaatiala[1)]	6	17	18
Total	399	392	371

1) Member of the Board of Directors until 22 April 2017.

No essential changes have been made to the remunerations of the members of the Board of Directors after 31 December 2017.

The Company has not given any guarantees or other contingent liabilities on behalf of the members of the Board of Directors.

CEO and Management Team

The Board of Directors decides on the salary, remuneration and other benefits of the CEO and other members of the Management Team. The remuneration of the CEO and other members of the Management Team consists of a monthly salary and bonuses.

The Company pays an annual bonus salary to the CEO if the development of business operations and results are at an adequate level in relation to the targets set by the Board of Directors. When deciding on the CEO's bonus salary, available information regarding performance-related wage components from *inter alia* the Hay-classification system are considered in order to make sure that the CEO's remuneration also in this respect would be competitive in relation to the achieved results. The Company's Board of Directors decide on the bonuses for the members of the Management Team if the results of the members of the Management Team are on an adequate level in relation to the targets.

The salary, remuneration and other benefits paid to the Company's CEO in 2017 amounted to EUR 354.3 thousand (EUR 354.3 thousand in 2016 and EUR 307.9 thousand in 2015). The total amount of the CEO's pension schemes and other related costs were EUR 103.6 thousand in 2017(EUR 103.8 thousand in 2016 and EUR 90.0 thousand in 2015), which, in addition to the CEO's statutory pension insurance, included a voluntary pension insurance acquired by the Company amounting to a total annual cost of EUR 40.0 thousand (EUR 40.0 thousand in 2016 and EUR 34.7 thousand in 2015). In accordance with the terms of the voluntary pension insurance, a pension will be paid to the insured upon his or her application, when the insured person is between 60 years and 1 month and 70 years old. The amount of the pension is calculated based on the calculation bases and the accrued personal insurance savings as determined by the price list and terms of the insurance policy. In the event of the death or permanent incapacity of work of the insured, the beneficiary will, in accordance with the terms of the insurance policy, receive a one-off benefit, which is 100 per cent of the personal insurance savings of the insured.

The following table sets forth the employee benefits of the members of the Management Team (excluding the CEO) for the financial periods indicated:

	1 January – 31 December		
(EUR 1,000)	**2017**	**2016**	**2015**
		(audited)	
Salaries, remunerations and benefits........................	553	411	363
Pension expenses...	113	87	79
Total	666	499	441

No material changes have been made to the remunerations of the CEO and the members of the Management Team after 31 December 2017.

Reward Schemes

The Company complies with the requirements concerning remuneration policies as provided in Chapter 8 of the Act on Credit Institutions. The Board of Directors of the Company has approved the general principles of the reward schemes applied in the Company and supervises compliance with the reward scheme and evaluates its functionality.

One of OmaSp's reward schemes is its personnel fund. The personnel fund is a fund owned and managed by the Company's personnel, which purpose is to manage the profit bonus items and other assets referred to in the Finnish Act on Personnel Funds. The purpose of the personnel fund is to reward the entire personnel for achieving their targets as well as to improve the Company's productivity and competitiveness as well as to promote the cooperation between the employer and the employees and the financial participation of the personnel. The Company's Board of Directors annually decides on the distributable profit bonus items as well as on the targets to be achieved. All personnel, who have worked at OmaSp for 6 months will take part of the personnel fund, apart from the CEO and other members of the management team. The rules of the personnel fund determine how the personnel fund will distribute profit bonus to its members. The personnel fund is governed by th Finnish Act on Personnel Funds.

Auditors

In accordance with the Articles of Association, the Company must have at least one (1) but not more than two (2) auditors. The auditors must be auditors or audit firms authorised by the Finnish Central Chamber of Commerce. If only one auditor is appointed and this auditor is not authorised by the Finnish Central Chamber of Commerce, the Company must also elect a deputy auditor. The auditors are elected until further notice. OmaSp's primary auditor is Juha-Pekka Mylén from Certified Public Audit firm KPMG Oy Ab and as deputy auditor Certified Public Audit firm KPMG Oy Ab. KPMG Oy Ab's business identity code is 1805485-9 and address Töölönlahdenkatu 3 A, FI-00100 Helsinki, Finland.

THE SHARES AND SHARE CAPITAL OF THE COMPANY

General on the Shares and Share Capital of the Company

On the date of this Offering Circular, the Company's share capital was EUR 24,000,000.00. At the date of this Offering Circular, the Company has issued 25,096,700 fully paid Shares. Each Share entitles the holder to one vote at the Company's general meeting of the shareholders. The Shares have no nominal value. The Company has one series of shares. The Shares were entered into the Finnish book-entry system as of 15 August 2018 (ISIN code FI4000306733). The Company holds 11,700 of the Company's own Shares.

The Company will apply for the listing of the Shares on the official list of the Helsinki Stock Exchange. Trading of the Shares on the Helsinki Stock Exchange is expected to commence on the Pre-list of the Helsinki Stock Exchange on or about 30 November 2018 and on the official list of the Helsinki Stock Exchange on or about 4 December 2018 under the trading code OMASP.

At the date of this Offering Circular, the Company's Articles of Association include a redemption clause, which, following the decision made at the Company's extraordinary general meeting on 9 November 2018, is to be removed conditional upon that the shares first issued in the Offering are filed for registration. The removal of said clause will be registered in the Trade Register only in execution of the Offering together with the notification of registration of the New Shares or immediately before it. If the New Shares issued in connection with the Offering, if executed, are notified to be registered in more than one instalment, the removal of the redemption clause will be notified to be registered in connection with this kind of first registration notification of New Shares or immediately before it.

Changes in the Number of Shares and the Share Capital

The following table sets forth a summary of the changes in the Company's share capital and number of shares from 1 January 2015 to the date of this Offering Circular.

Time	Arrangement	Number of issued shares as part of the arrangement	Number of shares after the arrangement	Share capital after the arrangement (EUR)	Registered
11 April 2015	Share issue[1]	13,783	475,783	23,000,000.00	30 September 2015
11 April 2015	Share issue [2]	15,177	490,960	24,000,000.00	30 September 2015
12 October 2017	Share issue [3]	10,784	501,744	24,000,000.00	15 January 2018
22 February 2018	Share issue [4]	190	501,934	24,000,000.00	14 June 2018
9 November 2018	Free share issue[5]	24,594,766	25,096,700	24,000,000.00	13 November 2018

1) The Company's annual general meeting of the shareholders resolved on 11 April 2015 to execute a directed share issue to Joroisten Osuuspankki in connection with the arrangement where Joroisten Osuuspankki transferred its banking business to the Company.
2) The Company's annual general meeting of the shareholders resolved on 11 April 2015 to execute a directed share issue to Pyhäselän Paikallisosuuspankki in connection with the arrangement where Pyhäselän Paikallisosuuspankki transferred its banking business to the Company.
3) The Company's Board of Directors resolved on 12 October 2017 to execute a directed share issue to the management of the Company and certain employees in order to commit them to the Company. The price per share in the issue was EUR 239.
4) The Company's Board of Directors resolved on 22 February 2018 to execute a directed share issue to key personnel of the Company in order to commit such key personnel to the Company. The price per share in the issue was EUR 264.
5) The Company's extraordinary general meeting of the shareholders resolved on 9 November 2018 to execute a share split, i.e. to increase the number of shares in the Company by means of a free share issue, in which 49 new shares were issued for each existing share.

The Shareholders of the Company

According to the Company's register of shareholders, maintained by Euroclear Finland, on 14 November 2018 the Company had 145 shareholders. The ten largest shareholders of the Company on 14 November 2018 are presented in the table below.

Shareholder	Number of Shares	Proportion of shares %	Proportion of votes %[1)]
Etelä-Karjalan Säästöpankkisäätiö	11,100,000	44.23	44.25
Parkanon Säästöpankkisäätiö	3,400,000	13.55	13.55
Töysän Säästöpankkisäätiö..........................	3,000,000	11.95	11.96
Kuortaneen Säästöpankkisäätiö	2,000,000	7.97	7.97
Hauhon Säästöpankkisäätiö	1,680,000	6.69	6.70
Rengon Säästöpankkisäätiö	1,120,000	4.46	4.46
Suodenniemen Säästöpankkisäätiö.............	800,000	3.19	3.19
Pyhäselän Oma osuuskunta.........................	758,850	3.02	3.03
Joroisten Oma osuuskunta	689,150	2.75	2.75
Pasi Sydänlammi	62,750	0.25	0.25
Other shareholders.......................................	485,950	1.94	1.89
Total	25,096,700	100.00	100.00

1) The Company has one series of shares and each share entitles its holder to one vote at the general meeting. As at the date of this Offering Circular, the Company owns 11,700 of the Company's own shares, which do not entitle to any voting rights at the general meeting as long as the Company owns them.

As at the date of this Offering Circular the Company owns 11,700 of the Company's own shares.

As at the date of this Offering Circular the Company and certain shareholders in the Company are parties to a shareholder agreement. The shareholder agreement contains conventional stipulations regarding the administration of the Company, the transfer of shares and other provisions regarding the rights and obligations of the parties to the shareholder agreement. The shareholder agreement will be terminated if the Listing is executed.

Other than as set out above, the Company is not aware of any shareholder exercising control over the Company or of any other events or arrangements subsequent to the Offering that could affect the exercise of control over the Company in the future.

Authorisations Granted to the Board of Directors

On 14 April 2018, OmaSp's annual general meeting of the shareholders authorised OmaSp's Board of Directors to decide on the acquisitions of the Company's own shares.

Based on the authorisation, a maximum amount of 15,000 own shares can be acquired by a minimum acquisition price of their respective original subscription price and to a maximum acquisition price of 1.0 x the price per share (P/B) as verified in the last adopted financial statements. The acquisition will be directed towards such Company personnel, who have subscribed the Company's shares in in the personnel offering and in accordance with the subscription terms committed themselves to offer such shares to the Company if they leave OmaSp or if OmaSp terminates or cancel their respective contract of employment. The authorisation is effective until 14 October 2019.

The general meeting of the shareholders has also on 14 April 2018 authorised the Board of Directors to pledge a maximum amount of 15,000 of the Company's own shares. Shares which might be subject to pledging are shares subscribed for by OmaSp's personnelin the personnel offering, which are used as collateral for loans such personnel have raised from the Company. The authorisation is effective until 14 October 2019.

The extraordinary general meeting of the shareholders held on 9 November 2018 authorised the Board of Directors to decide on the issuance of new shares. Based on the authorisation, a maximum amount of 5,000,000 new shares may be issued in one or several instalments. The authorisation contains a right to deviate from the pre-emptive subscription right of the shareholders, conditional upon that there is a weighty financial reason for the Company for such deviation. The Board of Directors has the authority to decide on the terms and conditions for the share issue, including the basis for determination of the subscription price and the final subscription price as well as the acceptance of the share subscriptions, the allocation of the issued new shares, and the final amount of issued new shares. In connection with the Offering being made in connection with the Listing, the Board of Directors is also authorised to decide on the issue of new shares to members of the Board of Directors provided that this takes place on the same terms and conditions as the share issue to other subscribers of shares in the same offering. Furthermore, the authorisation also includes the right do decide on whether the subscription price is to be registered into the invested unrestricted equity fund in full or in part or as an increase of the share capital. The authorisation is in force until the end of the Company's next annual general meeting of the shareholders, but nevertheless no longer than 30 June 2019.

Shareholders' Rights

Shareholders' Pre-emptive Subscription Right

Under the Finnish Companies Act, existing shareholders of Finnish companies have a pre-emptive right to subscribe for shares in the company in proportion to their shareholding, unless otherwise resolved by the general meeting of shareholders in regards to the offering. Under the Finnish Companies Act, a resolution to deviate from the shareholders' pre-emptive subscription right is valid only if approved by at least two-thirds of all votes cast and all shares represented at the general meeting of shareholders. The shareholders' pre-emptive subscription right may be deviated from if such deviation is justified by weighty financial reasons from the perspective of the company. A directed offering may also be carried out as a share issue without consideration if there are particularly weighty financial reasons from the perspective of the company and the shareholders.

Certain shareholders resident in or with a registered address in a country other than Finland may not be able to exercise any pre-emptive subscription right in respect of their shareholding, unless the Shares and connected subscription rights are registered according to the specific country's securities legislation or an exemption from registration or other similar requirements is applicable.

General Meeting of Shareholders

In accordance with the Finnish Companies Act, shareholders exercise their decision-making powers in matters concerning the Company at the general meeting of shareholders. The annual general meeting of shareholders is held annually, on a date decided by the Board of Directors, within six months from the closing date of the accounting period.

The annual general meeting of shareholders decides on, among others, adoption of the financial statements, distribution of dividends and election of members of the Board of Directors and auditors and their respective remuneration. The annual general meeting of shareholders also decides on discharge from liability of the Board of Directors and the CEO.

In addition to the annual general meeting of shareholders, extraordinary general meetings of shareholders may also be held, if required. Subject to the matter to be resolved, the qualified majority provisions set out in the Finnish Companies Act will be applied. Pursuant to the Finnish Companies Act, decisions that require a qualified majority must be approved by two-thirds of the votes cast and shares represented at the general meeting of shareholders. A qualified majority is needed for, inter alia, amending the Articles of Association, redeeming and acquiring the Company's own shares, as well as for deciding on mergers and demergers. There are no specific quorum requirements for general meeting of shareholders in the Finnish Companies Act or the Company's Articles of Association.

Shareholders have the right to have a matter falling within the competence of general meeting of shareholders dealt with by the general meeting of shareholders pursuant to the Finnish Companies Act if they so demand from the Board of Directors in writing well in advance so that the matter can be included in the notice. If either a shareholder or shareholders controlling at least ten per cent of the Shares or the Company's auditor requests certain matter to be considered at a general meeting of shareholders, the Board of Directors must immediately convene a general meeting of shareholders.

According to the Finnish Companies Act and the Company's articles of association, the notice to the Company's general meeting of shareholders shall be delivered to the shareholders no earlier than three months and no later than three weeks prior to the meeting. The notice shall, however, be delivered at least nine (9) days prior to the record date for the general meeting of shareholders as referred to in the Finnish Companies Act. Under the Company's Articles of Association, the notice shall be delivered to the shareholders by publishing the notice on the website of the Company and, if the Board of Directors so decides, at least in one national newspaper as determined by the Board of Directors and/or in writing to the shareholders. In order to exercise their speaking and voting rights at a general meeting of shareholders, a shareholder must register with the Company in accordance with the provisions indicated in the notice and no later than the date specified in the notice of meeting, which may not be earlier than ten (10) days prior to the general meeting of shareholders.

Shareholders, who have been entered in the Company's shareholders' register maintained by Euroclear Finland no later than eight business days before the general meeting of shareholders (record date of the general meeting of shareholders) and who have registered for the general meeting of shareholders no later than on the date stated in the notice of the meeting, or nominee-registered shareholders who have temporarily been entered in the Company's shareholders' register for taking part in the general meeting of shareholders have the right to participate in the general meeting of shareholders. The notice concerning a temporary registration must be made no later than on the date stated in the notice of the meeting, which must be a date subsequent to the record date of the general meeting of shareholders. Nominee-registered shareholders are deemed to have registered for the general meeting of shareholders if they have been entered temporarily into the register of shareholders. Shareholders may attend the general meeting of shareholders in person or through an authorised representative.

Shareholders may have several representatives who represent them on the basis of the Shares held in different securities accounts. If a shareholder takes part in the general meeting of shareholders through several representatives, the Shares on the basis of which each representative represents the shareholder must be announced when registering for the meeting. Representatives must present a proxy or other credible evidence of their authorisation. In addition, each shareholder and authorised representative may employ an assistant at the general meeting of shareholders.

Voting Rights

A shareholder may attend and vote at a general meeting of shareholders in person or through an authorised representative. If holders of nominee-registered shares wish to take part in the general meeting of shareholders and exercise their voting rights, they must temporarily register the Shares under their own name in the Company's shareholders' register maintained by Euroclear Finland. The notice concerning a temporary registration must be made no later than on the date stated in the notice of the meeting, which must be a date subsequent to the record date of the general meeting of shareholders. There are no quorum requirements for general meetings of shareholders in the Finnish Companies Act or the Company's Articles of Association.

Resolutions made at general meetings of shareholders generally require a simple majority of the votes. However, certain resolutions, such as amenments to the Articles of Association, issuing shares in deviation of the existing shareholders' pre-emptive subscription right and, in certain cases, making decisions on mergers or dissolutions, require a majority of at least two-thirds of the votes cast and of the shares represented at the general meeting of shareholders. In addition, certain resolutions, such as a mandatory redemption of the shares by the company in deviation from the shareholdings of the shareholders, require consent of all shareholders.

Dividends and Other Distribution of Funds

In accordance with the practice prevailing in Finland, dividends on shares in a Finnish company are generally paid once a year and the dividend can only be paid after the general meeting of shareholders has adopted the company's financial statements and resolved on the amount of dividends to be paid in accordance with the dividend distribution proposal of the Board of Directors. According to the Finnish Companies Act, the distribution of dividends may, however, also be based on the adopted financial statements prepared for that purpose during the financial year. The general meeting of shareholders may also authorise the Board of Directors to resolve on the distribution of dividends. The authorisation will be valid at the most until the beginning of the next annual general meeting of shareholders. A resolution on the distribution of dividends or granting of authorisation to the Board of Directors requires a majority decision at the general meeting of shareholders.

The amount of dividends resolved on by the general meeting of shareholders cannot exceed the amount proposed by the Board of Directors. According to the Finnish Companies Act, shareholders who hold at least ten per cent of the company's shares may, regardless of the proposal for the distribution of dividend at the annual general meeting of shareholders, demand that, within the limits of distributable profit, at least half of the previous financial year's profit be distributed as dividends, from which any undistributed amount pursuant to the Articles of Association must be deducted. However, shareholders may at the most demand that eight per cent of the company's equity be distributed as dividends.

According to the Finnish Companies Act, the shareholders' equity is divided into restricted and unrestricted equity. The division has significance when determining the amount of distributable funds. Restricted equity consists of the share capital, revaluation surplus, fair value reserve and revaluation reserves. The share premium fund and the reserve fund are also included in restricted equity. Other equity reserves are included in unrestricted equity. The amount of dividends may not exceed the distributable funds in the latest adopted financial statements of the company less the funds that may not be distributed pursuant to any applicable provisions in the Articles of Association. Losses from the previous financial years and dividends distributed earlier in the current financial year reduce the amount of distributable funds. Significant changes in the company's financial position after the preparation of the previous financial statements must be taken into account upon resolving on the distribution of dividends. The amount of dividends that may be distributed is at all times subject to the company remaining liquid after the distribution of dividends. Consequently, no dividends may be distributed if, when resolving on the distribution it is known or should be known that the company is insolvent or the distribution would result in insolvency of the company.

Dividends and other distributions are paid to shareholders, or any parties named by the shareholders, included in the shareholders' register on the record date of the payment of dividends. The shareholders' register is maintained by Euroclear Finland through the relevant book-entry account operator. Under the Finnish book-entry securities system, dividends are paid by account transfers to the accounts of the shareholders appearing in the register. All of the Shares carry equal rights to dividends and other distribution (including the distribution of the Company's assets in the event of dissolution).

Treasury Shares

Under the Finnish Companies Act, a company may acquire its own shares. Resolutions on the acquisition of a company's own shares must be adopted at the general meeting of shareholders. A general meeting of shareholders may also authorise the Board of Directors for a fixed period of time, which cannot exceed 18 months from the decision of the general meeting of shareholders, to resolve on the purchase of the company's own shares using unrestricted equity. A general meeting of shareholders may resolve on the directed acquisition of the company's own shares, in which case the shares are not purchased from shareholders in proportion to their shareholdings. A directed acquisition is subject to weighty financial reasons on the part of the company. A public limited company may not, either directly or through its subsidiaries, hold more than ten per cent of its own shares. Treasury shares do not entitle the company to dividends or other rights attached to the shares. The Company holds 11,700 of the Company's own shares, which have come into the possession of the Company when the shares offered in the 2017 personnel offering have been returned to the Company.

Transfer of Shares

Upon a sale of shares through the Finnish book-entry securities system, the relevant shares are transferred from the seller's book-entry account to the buyer's book-entry account as an account transfer. The sale is registered as an advance transaction until settlement and payment, after which the buyer is automatically registered in the Company's shareholders' register. In case the shares are nominee-registered, the sale of the shares does not require any entries into the book-entry securities system, unless the nominee account holder is changed pursuant to the sale.

Redemption Right and Obligation and Mandatory Tender Offer

Under the Finnish Companies Act, a shareholder who holds shares representing more than 90 per cent of all shares and votes of the company is entitled to redeem the remaining shares in the company from other shareholders at the fair price. The Finnish Companies Act provides detailed provisions for the calculation of the said shares and votes. In addition, a shareholder whose shares may be redeemed in accordance with the above mentioned manner, is entitled to request the majority shareholder to redeem the shares held in the company by the said shareholder. If a shareholding constitutes the right and obligation for redemption, the company must immediately enter this in the Trade Register. The Redemption Committee of the Finland Chamber of Commerce appoints a requisite number of arbitrators to resolve disputes related to the redemption and the redemption price. The redemption price will be determined on the basis of the fair market price preceding the initiation of the arbitration proceedings.

In accordance with the Securities Markets Act, a shareholder whose holding in a company exceeds three-tenths or one-half of the total voting rights attached to the shares of the company, after the commencement of a public quotation of such shares must make a public tender offer for all the remaining shares and securities with an entitlement to its shares issued by the company at fair value. See "*Finnish Securities Markets – General on the Finnish Securities Markets*" for more information.

Foreign Exchange Control

Foreigners may acquire shares in a Finnish limited liability company without separate exchange control consent. Foreigners may also receive dividends without separate Finnish exchange control consent, but the company distributing dividend is liable to withhold withholding tax from the assets being transferred from Finland, unless otherwise specified in an applicable tax treaty. Foreigners that have acquired shares in a Finnish limited liability company may receive shares pursuant to a bonus issue or participate in a new subscription without separate exchange control consent. Foreign shareholders may sell their shares in a Finnish company in Finland, and the proceeds of such sales may be transferred out of Finland in any convertible currency. Finland does not have valid exchange control regulations that would restrict the sale of shares in a Finnish company to another foreigner.

FINNISH SECURITIES MARKETS

The following summary is a general description of the Finnish securities markets and it is based on the laws in effect in Finland on the date of this Offering Circular. The summary is not exhaustive.

General on the Finnish Securities Markets

The securities market in Finland is supervised by the FFSA. The principal statute governing the Finnish securities market is the Securities Markets Act, which contains regulations with respect to company and shareholder disclosure obligations, prospectuses and public tender offers, among other things. The FFSA and the Helsinki Stock Exchange have issued more detailed regulations pursuant to the Securities Markets Act. Furthermore, the Market Abuse Regulation regulates, *inter alia*, insider dealing, unlawful disclosure of inside information, market manipulation and procedures relating to disclosure of inside information. The FFSA monitors compliance with these regulations.

The Securities Markets Act specifies minimum disclosure requirements for Finnish companies applying for listing on the Helsinki Stock Exchange, or making a public offering of securities in Finland. The information provided must be sufficient to enable a potential investor to make a sound evaluation of the securities being offered and the issuing company as well as of matters that may have a material effect on the value of the securities. In addition, Finnish listed companies have a continuing obligation to publish financial information on the company and to disclose any matters likely to have a significant effect on the prices of their securities. Pursuant to the Market Abuse Regulation, the issuer of a publicly traded security has the obligation to inform the public as soon as possible of inside information which directly concerns that issuer. An issuer may delay disclosure to the public of inside information provided that all of the conditions set forth in the Market Abuse Regulation are met. The disclosed information has to provide an investor with adequate information for making an informed assessment of the security and its issuer.

A shareholder is required, without undue delay, to notify a Finnish listed company and the FFSA when its voting interest in, or its percentage ownership of, the total number of shares in such Finnish listed company reaches, exceeds or falls below five per cent, ten per cent, 15 per cent, 20 per cent, 25 per cent, 30 per cent, 50 per cent, 66.67 per cent (2/3) or 90 per cent, calculated in accordance with the Securities Markets Act, or when it has on the basis of a financial instrument the right to receive an amount of shares that reaches, exceeds or falls below any such threshold. Financial instrument also refers to financial instruments the value of which is determined on the basis of the company's share and which have a similar economic effect as a financial instrument that entitles its holder to receive the company's shares. A flagging notification must be made regardless of whether the underlying asset of the financial instrument will be settled physically or in cash. If a Finnish listed company receives information indicating that a voting interest or ownership interest has reached, exceeded or fallen below any of these thresholds, it must disclose such information without undue delay on its website and deliver it to the main media, the FFSA and the Helsinki Stock Exchange. If a shareholder has violated its obligation to notify on voting interest or ownership, the FFSA may, due to a weighty reason, prohibit the shareholder from using its right to vote or to be presented in the general meeting for the shares to which the violation relates.

Pursuant to the Securities Markets Act, a shareholder whose holding in a listed company increases, after the commencement of a public quotation of such shares, above 30 per cent or above 50 per cent of the total voting rights attached to the shares in the company, calculated in accordance with the Securities Markets Act, must make a public tender offer to purchase the remaining shares and other securities entitling holders to shares in such company for fair value. If the securities that caused the above-mentioned limits to be reached have been purchased pursuant to a public tender offer that has been made for all shares in the target company and other securities entitling holders to shares in such company, or have been otherwise acquired during the tender offer period of such public tender offer, the obligation to make a tender offer is not triggered. If a company has two or more shareholders whose holdings of voting rights exceed the above-mentioned limit, only the shareholder with the most voting rights is required to make a tender offer. If a shareholder exceeds the abovementioned limit due solely to acts of the target company or another shareholder, such shareholder is not required to make a tender offer before acquiring or subscribing for more shares in the target company or otherwise increasing its holding of voting rights in the target company. If the above-mentioned limit is exceeded due to the shareholders acting in concert when making a voluntary tender offer, the obligation to make a tender offer is not triggered if acting in concert is limited only to such tender offer. There is no obligation to make a tender offer if a shareholder or another party who is acting in concert with such shareholder gives up its voting rights in excess of the above-mentioned limit within one month after such limit was exceeded provided that the shareholder publishes its intention to give up its viting rights and voting rights are not used during such time.

Under the Finnish Companies Act, a shareholder with shares representing more than 90 per cent of all shares and voting rights attached to all shares in a company has the right to redeem other shareholders' shares in such company at fair value. In addition, any minority shareholder that possesses shares that may, pursuant to the Finnish Companies Act, be redeemed by a majority shareholder is entitled to require such majority shareholder to redeem its shares. Detailed rules apply for the calculation of the above proportions of shares and votes.

Under the Securities Markets Act, a Finnish listed company must directly or indirectly belong to an independent body, established in Finland, that broadly represents the business sector which has, in order to promote compliance with good securities markets practice, issued a recommendation which relates to the actions of the management of the target company regarding a public takeover bid and the contractual structures relating to the maintenance of control (the "**Helsinki Takeover Code**"). According to the Securities Markets Act, a listed company must provide an explanation in case it is not committed to comply with the Helsinki Takeover Code.

Net short positions in shares tradable on the Helsinki Stock Exchange must be disclosed to the FFSA in accordance with regulation of the European Parliament and of the Council on short selling and certain aspects of credit default swaps ((EU) 236/2012). The obligation to disclose net short positions applies to all investors and market participants. A net short position regarding shares admitted to trading on a regulated market must be disclosed when the position reaches, exceeds or falls below 0.2 per cent of the issued share capital of the target company. A new notification must be disclosed for each 0.1 per cent exceeding the above threshold. The FFSA publishes the notified net short positions on its website, if the net short position reaches, exceeds or falls below 0.5 per cent of the issued share capital of the target company.

The Finnish Penal Code (39/1889, as amended) criminalizes the misuse of inside information, the unlawful disclosure of inside information, market manipulation and the breach of disclosure requirements. Pursuant to the Market Abuse Regulation, the Securities Markets Act and the Finnish Act on the Financial Supervisory Authority (878/2008, as amended), the FFSA has the right to impose administrative sanctions to the extent the offence does not fall within the scope of the Finnish Penal Code. The FFSA can, for example, issue a public warning or impose administrative fines or penalty payments for the breach of the provisions with regard to disclosure requirements, public tender offer, insider lists or market abuse. The disciplinary committee of the Helsinki Stock Exchange may give a warning or reprimand or impose a disciplinary fine or order the company to be removed from the stock exchange list.

Trading and Settlement on the Helsinki Stock Exchange

Share trading on the Helsinki Stock Exchange occurs through automatic order matching. In carrying out share trades, the Helsinki Stock Exchange uses the INET trading platform, which is an order-based system in which buying and selling orders are matched as trades when the price and the volume information as well as other conditions tally. In the INET trading platform, the trading day consists of the following main trading phases: pre-trading, continuous trading and post-trading.

For shares, pre-trading, during which orders may be entered, changed or deleted based on the prices established during the previous trading day, commences at 9:00 a.m. and ends at 9:45 a.m. Trading with calls and continuous trading takes place from 9:45 a.m. to 6:30 p.m. Opening call commences at 9:45 a.m. and ends at 10:00 a.m. Orders entered during the pre-trading session and existing orders with several days' validity are automatically transferred into the opening call. Continuous trading commences immediately after the opening call ends at 10:00 a.m. when the first share is assigned its opening price and then becomes subject to continuous trading. After approximately ten minutes, the opening prices for all shares have been established and trading continues at prices based on market demand and supply until 6:25 p.m., when the closing call is initiated. The closing call ends at approximately 6:30 p.m., when the closing prices are determined. During post-trading between 6:30 p.m. and 7:00 p.m., the only trades that may be entered are contract trades for shares in after-hours trading. The shares will be registered at the prices established during the trading day.

Trades are primarily cleared by determining them in the system of the central counterparty (for example European Central Counterparty N.V.) and by executing them in the system of Euroclear Finland on the second (2nd) banking day after the trade date (T+2) unless otherwise agreed by the parties.

Trading in securities on the Helsinki Stock Exchange and clearing of trades in Euroclear Finland takes place in euros, with the minimum tick size for trading quotations depending on the tick size table of share and being a minimum of EUR 0.0001. The price information is produced and published only in euros.

The Helsinki Stock Exchange is a part of Nasdaq group. Nasdaq group also owns and maintains the stock exchanges in, among others, Stockholm, Copenhagen, Riga, Reykjavik, Vilnius and Tallinn. Nasdaq Nordic consists of four local stock exchanges, which are located in Copenhagen, Helsinki, Reykjavik and Stockholm. The four exchanges are separate legal entities in different jurisdictions; therefore, each exchange has its own rules and regulations. The companies listed on these four exchanges are presented on one common list – the Nordic List – with harmonized listing requirements.

The Finnish Book-Entry System

General

Any issuer established in the EU that issues or has issued transferable securities which are admitted to trading or traded on trading venues, shall arrange for such securities to be registered in book-entry form. The issuer has the right to choose the Central Securities Depository in which its securities are recorded. At the date of this Offering Circular, Euroclear Finland acts as the Central Securities Depository in Finland. Euroclear Finland maintains a book-entry securities register for both equity and debt securities. The registered address of Euroclear Finland is Urho Kekkosen katu 5C, FI-00100 Helsinki.

Euroclear Finland maintains a company-specific register of shareholders for each company participating in the book-entry securities system. The account operators, which may include, among others, credit institutions and investment firms are entitled to make entries in the book-entry register and administer the book-entry accounts.

Registration

All shareholders in companies participating in the book-entry securities system must open a book-entry account with an account operator or agree with a custodial account holder to maintain book-entry securities on a custodial nominee account. A Finnish shareholder is not entitled to hold his/her shares on a nominee-registered book-entry account in the Finnish book-entry system. Non-Finnish shareholders may deposit book-entries in a custodial nominee account, where the shares are registered in the name of a custodial account holder in the company's shareholders' register. A custodial nominee account must contain information on the custodial account holder instead of the beneficial owner and indicate that the account is a custodial nominee account. Book entry securities managed on behalf of one or more customers can be registered in a custodian nominee account. In addition, the shares owned by a foreigner, foreign entity or trust may be registered in a nominee-registered owner account, in which case the book-entry account is opened in its name, but the custodial account holder is entered in the company's shareholders' register.

All transfers of securities linked with the book-entry securities system are executed as computerized book-entry transfers. The account operator regularly submits to the holder of the respective book entry account, at least four times a year, a notification indicating book entries made to the account after the previous notification. The book-entry account holders also receive an annual statement of their holdings at the end of each calendar year.

Each book-entry account is required to contain certain information with respect to the account holder and other holders of rights to the book-entries entered into the account as well as information on the account operator administering the book-entry account. The required information includes also the type and number of book-entries registered as well as the rights and restrictions pertaining to the account and to the book-entries registered in the account. Euroclear Finland and the account operators are required to observe confidentiality. However, according to the Finnish Companies Act, a company must keep the shareholder register available to anyone at the company's head office or, when the shares of the company are entered into the book-entry securities system, at the office of the Central Securities Depository in Finland. The FFSA is also entitled to certain information also on the holders of shares registered in a custodial nominee account upon request.

Each account operator is liable for any errors and omissions in the book-entry register it administers, and for any unauthorised disclosure of information. If an account holder has suffered a loss as a result of a faulty registration or an amendment to or the removal of rights related to registered securities and the account operator is not able to compensate such loss, such account holder is entitled to receive compensation from the statutory registration fund. The capital of the registration fund must be at least 0.0048 per cent of the average of the total market value of the book-entries kept in the book-entry securities system during the last five years, however no less than EUR 20 million. The compensation to be paid to an injured party is equal to the amount of damages suffered subject to a limit of EUR 25,000 per account operator. The liability of the registration fund to pay damages in relation to each incident is limited to EUR 10 million.

Custody of the Shares and Nominees

A non-Finnish shareholder may appoint an account operator (or certain other Finnish or non-Finnish organizations approved by Euroclear Finland) to act on its behalf as a custodial nominee account holder. By virtue of nominee-registered shares, no other rights belonging to the owner in relation to the issuer as an owner of the book-entry can be used, than the right to withdraw funds, amend or change book-entry and participate in a share issue or other book-entry issue. A beneficial owner wishing to attend general meetings of shareholders must seek a temporary registration in the shareholders' register. The notification regarding the temporary registration must be done on the date mentioned in the relevant notice of the general meeting, which date is after the record date of the general meeting. Temporary registration in the shareholders' register requires that the owner of the nominee-registered shares has, based on shares, the right to be registered in the company's shareholders' register on the record date. A holder of nominee-registered shares temporarily registered in the shareholders' register shall be deemed to have enrolled to the meeting.

Upon request by the FFSA or the relevant company, a custodial nominee account holder is required to disclose the name of the beneficial owner of the shares registered in such custodial nominee's name, provided the beneficial owner is known, as well as the number of shares owned by such beneficial owner. If the name of the beneficial owner is not known, the custodial nominee account holder is required to disclose said information in respect of the representative acting on behalf of the beneficial owner and to submit a written declaration to the effect that the beneficial owner of the shares is not a Finnish natural person or a Finnish legal entity.

Compensation Fund for Investors and Deposit Guarantee Fund

The Finnish Act on Investment Services (747/2012, as amended) sets forth a compensation fund for investors. Under this act, investors are divided into professional and non-professional investors. The fund does not compensate any losses by professional investors. The definition of professional investor includes business enterprises and public entities, which are deemed to understand the securities markets and their associated risks. An investor may also provide notice in writing that, on the basis of his/her professional skills and experience in the securities markets, he/she is a professional investor; however, natural persons are in general presumed to be non-professional investors.

Investment firms and credit institutions must belong to the compensation fund. The membership requirement does not apply to an investment firm who solely transmits orders, provides investment advisory services or organises multilateral trading as investment service and who does not have client funds in its custody or under its management. The compensation fund safeguards payment of clear, indisputable and due claims of the investors when an investment firm or credit institution has been declared bankrupt, is undergoing a restructuring process or is otherwise, for a reason other than temporary insolvency, not capable of paying claims of the investors within a determined period of time. The compensation fund only compensates claims of non-professional investors. For valid claims, the compensation fund will pay 90 per cent of the investor's claim against each investment firm or credit institution, up to a maximum of EUR 20,000. The compensation fund does not provide compensation for losses due to decreases in stock value or bad investment decisions, whereby the investors remain responsible for the consequences of their investment decisions. According to the Act on the Financial Stability Authority (1195/2014, as amended), depositary banks must belong to a deposit guarantee fund, which is intended to safeguard payments of receivables in the depositary bank's account or receivables in the forwarding of payments that have not yet been entered into an account if the depositary bank becomes insolvent and the insolvency is not temporary. The customers of a depositary bank can be compensated by the deposit guarantee fund up to a maximum of EUR 100,000. An investor's funds can be safeguarded either by the deposit guarantee fund or the compensation fund; however, an investor's funds cannot be safeguarded by both funds at the same time.

TAXATION IN FINLAND

The following summary is based on tax laws of Finland, Finnish case law and Finnish tax practice as in effect and applied on the date of this Offering Circular. Any changes in tax laws and their interpretation may affect taxation and they may also have a retroactive effect. The summary is not exhaustive and does not take into account or deal with the tax laws of any country other than Finland. Prospective investors considering subscribing for Offer Shares are advised to consult a tax advisor in order to obtain information about Finnish or foreign tax consequences resulting from the Listing as well as the subscription, ownership and disposition of the Offer Shares. Prospective investors should consult a tax advisor with respect to the Finnish or foreign tax consequences applicable to their particular circumstances.

Background

The following is a description of the material income tax and transfer tax consequences based on Finnish tax legislation that may be relevant with respect to the Offering. The description below is applicable to both Finnish resident and non-resident natural persons and limited liability companies for the purposes of Finnish domestic tax legislation relating to dividend distributions on Offer Shares and capital gains arising from the sale of Offer Shares.

The following description does not take into account or discuss the taxation of the Company, nor does it take into account or discuss tax laws of any other country than Finland. It does not address tax considerations applicable to such shareholders that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, non-business carrying entities, income tax exempt entities or general or limited partnerships. Furthermore, this description does not address Finnish inheritance or gift tax consequences.

This description is based on the following legislation in effect at the date of this Offering Circular:

- The Finnish Income Tax Act (1535/1992, as amended, the "**Finnish Income Tax Act**");
- The Finnish Business Income Tax Act (360/1968, as amended, the "**Finnish Business Income Tax Act**");
- The Act on the Taxation of Income of a Person Subject to Limited Tax Liability (627/1978, as amended);
- The Finnish Transfer Tax Act (931/1996, as amended); and
- The Finnish Act on Tax Assessment (1558/1995, as amended, the "**Finnish Tax Assessment Act**").

In addition, relevant case law as well as decisions and statements made by the tax authorities in effect and available as at the date of this Offering Circular have been taken into account.

The following description is subject to change due to changes in legislation, case law or decisions and statements made by the tax authorities. The changes could apply retroactively and could, therefore, affect the tax consequences described below.

General on Taxation

The tax liability position of taxpayer defines the scope of Finland's taxing power. Residents and non-residents of Finland are treated differently for tax purposes. The worldwide income of persons resident in Finland is subject to taxation in Finland. Non-residents are taxed on income from Finnish sources only. Additionally, Finland imposes taxes on non-residents for income connected with their permanent establishments situated in Finland. However, tax treaties binding Finland may limit the applicability of Finnish tax legislation and also the right of Finland to tax Finnish source income received by a non-resident.

Generally, a natural person is deemed to be a resident in Finland if such person remains in Finland for a continuous period of more than six months or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure unless it is proven that no substantial ties to Finland existed during the relevant tax year.

Earned income is taxed at progressive rates. The capital income tax rate applicable to capital income is 30 per cent. However, should the amount of capital income received by a resident natural person exceed EUR 30,000 in a calendar year, the capital income tax rate is 34 per cent on the amount that exceeds EUR 30,000. Corporate entities established under the laws of Finland are regarded as residents in Finland and are, therefore, subject to corporate income tax on their worldwide income. In addition, non-residents are subject to Finnish corporate income tax on their income connected with their permanent establishments situated in Finland. At the date of this Offering Circular, the corporate income tax rate is 20 per cent.

The taxable income of a Finnish corporation is determined separately for business activities, for other activities, and for agricultural activities income sources (the latter of which is not addressed in this summary). This summary does not address the distinction between assets and income being attributable to either business activities or other activities income sources. The incomes for both business activities and for other activities are taxed in accordance with the corporation income tax rate. On 26 October 2018, the Ministry of Finance in Finland published a draft on government proposal regarding the removal of corporate entities' income source division. According to the government's proposal draft, taxable income of corporate entities would be calculated under the Finnish business income tax act, with the exception of income from agricultural activities. As a general, corporate entities wouldn't have taxable income source of other activities under the Finnish income tax act. The final government proposal may differ from the draft proposal.

The following description is a summary of certain Finnish tax consequences relating to the purchase, ownership and disposition of Shares by Finnish resident and non-resident shareholders.

Taxation of Finnish Resident Employees Participating in the Personnel Offering

Pursuant to the Finnish Income Tax Act, an employer can offer its new shares to an employee with a discount of up to 10 per cent without triggering taxable benefit. The discount is defined as the difference between the fair market value of the shares (as defined in the Finnish Income Tax Act) and the subscription price of the new shares. In Finnish tax practice, an offering price in an initial public offering has typically been accepted as the fair market value for the shares, and hence a 10 per cent discount calculated based on the offering price should generally not exceed the maximum tax exempt discount by Finnish tax laws. To qualify for the above tax-exemption, the shares offered by an employer must be new shares issued and the shares shall be offered to the majority of the personnel.

Any potential discount in excess of the maximum 10 per cent on the subscription price (or any discount on the purchase price of existing shares) may be deemed to be taxable as earned income, which is treated as salary for tax withholding purposes. The income is taxable as earned income for the year in which as employee was granted the excess discount.

A discount in a personnel offering is generally exempt from social security and pension insurance contributions. An employees' health care premium is, however, payable on the possible taxable part of the benefit, and, to the extent that the tax exemption does not apply to the discount due to the fact that the shares are not offered to the majority of the personnel, the full social security contributions are usually payable.

See "*Taxation of Dividends and Distribution of Funds from Unrestricted Equity Capital – Resident Natural Persons*" and "*Taxation of Capital Gains – Resident Natural Persons*" for further information on the taxation of dividends of Finnish resident personnel participating in the Personnel Offering and capital gains upon sale of the shares subscribed for in the Personnel Offering. It should be noted, however, that the 10 per cent tax-exempt part of the subscription discount is not included in the acquisition cost of the shares.

As discusses under "*Finnish Transfer Tax*" below, no Finnish transfer tax is payable in connection with the issuance and subscription of new shares.

Taxation of Dividends and Distribution of Funds from Unrestricted Equity Capital

Distribution of funds from unrestricted equity capital by a publicly listed company as defined in the Finnish Income Tax Act ("**Listed Company**") is taxed as dividends. Therefore, the following applies also to the distribution of funds from unrestricted equity capital of the Company.

Resident Natural Persons

If shares owned by a natural person are not included in the business income source of such person, 85 per cent of dividends paid by a Listed Company to such shareholder is considered capital income of the recipient, which is taxable at the rate of 30 per cent (34 per cent on the amount that exceeds EUR 30,000 in a calendar year), while the remaining 15 per cent is tax exempt. 85 per cent of dividends paid by a Listed Company to a natural person whose underlying shares belong to the business income source of such shareholder is taxable partly as earned income, which is taxed at a progressive rate, and partly as capital income, which is taxed at a rate of 30 per cent (at a rate of 34 per cent to the extent the total amount of capital income exceeds EUR 30,000 in a calendar year), and the remaining 15 per cent is tax exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. At the date of this Offering Circular, the amount of the advance tax withholding is 25.5 per cent of the amount of dividend paid. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received. Resident natural persons have to review their pre-filled income tax return form to confirm that the amount of dividend income reported is correct. In case the amount of dividend income or withheld tax reported in the pre-filled income tax return form is incorrect, the resident natural persons must correct these amounts to their tax returns and provide the corrected tax returns to the Finnish tax authorities.

Dividends Received by Finnish Limited Liability Companies

Taxation of dividends distributed by a Listed Company depends, among other things, on whether the Finnish company receiving the dividend is a Listed Company or not.

Dividends received by a Listed Company from another Listed Company are generally tax exempt. However, in cases where the underlying shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax exempt. Only banking, insurance and pension institutions may have investment assets.

Dividends received by a non-listed Finnish company from a Listed Company are taxable income subject to 20 per cent corporate income tax rate. However, in cases where the non-listed company directly owns 10 per cent or more of the share capital of the Listed Company distributing the dividend, the dividend received on such shares is tax exempt, provided that the underlying shares are not included in the investment assets of the shareholder.

Non-Residents

As a general rule, non-residents of Finland are subject to Finnish withholding tax on dividends paid by a Finnish company. The withholding tax is withheld by the company distributing the dividend at the time of dividend payment and no other taxes on the dividend are payable in Finland. The withholding tax rate is 20 per cent for non-resident corporate entities as income receivers and 30 per cent for all other non-residents as income receivers, unless otherwise set forth in an applicable tax treaty.

Finland has entered into double taxation treaties with several countries pursuant to which the withholding tax rate is reduced on dividends paid to persons entitled to the benefits under such treaties. For example, in the case of the treaties with the following countries, Finnish withholding tax rate regarding dividends of portfolio shares is generally reduced from the statutory rate to the following percentages: Austria: 10 per cent; Belgium: 15 per cent; Canada: 15 per cent; Denmark: 15 per cent; France: 0 per cent; Germany: 15 per cent; Ireland: 0 per cent; Italy: 15 per cent; Japan: 15 per cent; the Netherlands: 15 per cent; Norway: 15 per cent; Spain: 15 per cent; Sweden: 15 per cent; Switzerland: 10 per cent; the United Kingdom: 0 per cent; and the United States: 15 per cent (0 per cent for certain pension funds). This list is not exhaustive. A further reduction in the withholding tax rate is usually available to corporate shareholders for distributions on qualifying holdings (usually direct ownership of at least 10 or 25 per cent of the share capital or votes of the distributing company). The reduced withholding rate benefit in an applicable tax treaty will be available if the person beneficially entitled to the dividend has provided a valid tax card or necessary details of its nationality and identity to the company paying the dividend.

Where shares in a Finnish company are held through a nominee account, a Finnish company pays dividends to the nominee account managed by the custodian, who then delivers the dividend payment to the beneficial owners. If shares are held through a nominee account and the person entitled to receive dividends on such shares is a non-resident in Finland for Finnish tax purposes and a resident in a tax treaty country, the withholding tax rate on the dividend is the tax rate set forth in the relevant tax treaty. However, the withholding tax rate must be always at least 15 per cent and it is required that the payer has carefully confirmed applicability of the tax treaty to the person beneficially entitled to the dividend. Dividend recipient can before distribution of dividend express report of its residence and other requirements of the application of tax treaty, in which case dividend recipient can get dividend payable to custodial nominee share with a lower withholding tax per cent in accordance with tax treaty. This means that with respect to dividends on shares held through a nominee account, tax is withheld at the rate set in the applicable tax treaty, higher than 15 per cent or 15 per cent absent thorough clarification of the identity of the person beneficially entitled to the dividend. Such procedure, however, requires that the foreign custodian intermediary is registered in the Finnish tax authority's register and that it is resident in a country that has concluded a double taxation treaty with Finland. Also, the foreign custodian intermediary must have an agreement with the Finnish account operator regarding the custody of the shares. In such agreement, the foreign custodian intermediary must, among other things, commit to report the dividend receiver's residential country to the account operator and to provide additional information to the tax authorities, if needed. If these provisions are not fulfilled, the 30 per cent withholding tax will be withheld on the nominee account's dividends.

Regulation concerning taxation of dividends on shares held through a custodial nominee account and conditions under which tax treaty provisions may be applied to such dividends, have been proposed to be amended, but the details and timetable of the amendment could be specified during 2018.

Certain Qualifying Non-Resident Corporate Entities Residing in EU Member States

Under Finnish tax laws, no withholding tax is levied on dividends paid to foreign corporate entities that reside, and are subject to corporate tax, in an EU member state as specified in Article 2 of the Parent Subsidiary Directive (2011/96/EU), and that directly hold at least 10 per cent of the capital in the distributing Finnish company.

Certain Non-Resident Corporate Entities Residing Within the EEA

Dividends paid to certain non-resident corporate entities residing within the EEA are either fully tax exempt or taxed at a reduced withholding tax rate, depending on how the dividend would be taxed if paid to a corresponding Finnish corporate entity.

In Finland, no withholding tax is levied on dividends paid by a Finnish company to a non-resident company provided that (i) the company receiving the dividend is resident in a country within the EEA; (ii) Council Directive 2011/16/EU on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (as amended, "**the Mutual Assistance Directive**"), or an agreement regarding executive assistance and exchange of information in tax matters within the EEA, is applicable to the home country of the recipient of the dividend; (iii) the company receiving the dividend corresponds to a Finnish corporate entity as defined in Section 33d, Subsection 4, of the Finnish Income Tax Act or in Section 6a of the Finnish Business Income Tax Act; (iv) the dividend would be fully tax exempt if paid to such corresponding Finnish company or entity (see "*– Finnish Limited Liability Companies*" above); and (v) the company receiving the dividend provides evidence (in the form of a certificate issued by the residence state's tax authorities) that the paid withholding tax could not de facto be fully credited in the residence state of the dividend recipient pursuant to the applicable double taxation treaty.

In cases where the dividend received by a foreign company fulfilling requirement set forth in point (iii) above and residing within a country fulfilling the requirements set forth in points (i) and (ii) above would be only partially tax exempt if paid to a corresponding Finnish entity (see "*– Finnish Limited Liability Companies*" above), the Finnish withholding tax is levied (see "*– Non-Residents*" above), but the withholding tax rate in respect of such dividends is reduced to 15 per cent (instead of 20 per cent). Therefore, exclusive of entities defined in the Parent Subsidiary Directive that qualify for a tax exemption through the direct ownership of at least 10 per cent of the capital in the distributing Finnish company (see "*– Certain Qualifying Non-Resident Corporate Entities Residing in EU Member States*" above), the 15 per cent withholding tax rate is applicable to dividends paid to non-resident companies fulfilling the requirement set forth in point (iii) above and residing within a country fulfilling the requirements set forth in points (i) and (ii) above if the underlying shares in the Finnish company distributing the dividend belong to the investment assets of the recipient company, or if the recipient is not a Listed Company. Depending on the applicable double taxation treaty, the applicable withholding tax rate can also be less than 15 per cent (see "*– Non-Residents*" above).

Certain Non-Resident Natural Persons Residing Within the EEA

Instead of being subject to withholding tax as described under "*– Non-residents*" above, dividends paid to non-resident natural persons can be, upon request by such non-resident natural person, taxed pursuant to the Finnish Tax Assessment Act (i.e., taxed similarly to dividends paid to residents of Finland (see "*– Resident Natural Persons*" above) provided, however, that (i) the person receiving the dividend is resident in a country within the EEA; (ii) the Mutual Assistance Directive, or an agreement regarding executive assistance and exchange of information in tax matters within the EEA, is applicable to the home country of the recipient of the dividend; and (iii) the recipient of the dividend provides evidence (in the form of a certificate issued by the residence state's tax authorities) that any paid withholding tax could not de facto be fully credited in the residence state pursuant to an applicable double taxation treaty.

Taxation of Capital Gains

Resident Natural Persons

A capital gain or loss arising from the sale of shares that do not belong to the business income source of the shareholder is taxable in Finland as a capital gain or deductible as a capital loss for resident natural persons. At the date of this Offering Circular, capital gains are taxed as capital income at a rate of 30 per cent (at a rate of 34 per cent to the extent the total amount of capital income exceeds EUR 30,000 in a calendar year). If the shares belong to the business income source of the seller, any gain arising from the sale is deemed to be business income of the seller, which will be divided according to the Finnish Income Tax Act to be taxed as earned income at a progressive tax rate and capital income at a rate of 30 per cent (at a rate of 34 per cent to the extent the total amount of capital income exceeds EUR 30,000 in a calendar year).

Capital loss arising from the sale of shares that do not belong to the business income source of the shareholder in the year 2016 and thereafter, is primarily deductible from the resident natural person's capital gains and secondarily from net capital income before other deductible items are deducted from capital income of the same year and during the following five tax years. Capital losses are not taken into account when calculating the capital income deficit for the tax year, and they do not increase the amount of the deficit credit that is deductible from the taxes under the deficit crediting system. The deductibility of losses related to securities included in the seller's business income source is determined as described under "– *Finnish Limited Liability Companies*" below.

Notwithstanding the above, capital gains arising from the sale of assets that do not belong to the business income source of the shareholder are exempt from tax provided that the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of capital gains of any assets that are tax exempt pursuant to Finnish tax laws). Correspondingly, capital losses are not tax deductible if the acquisition cost of such assets sold during the tax year does not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws) and also the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000.

Any capital gain or loss is calculated by deducting the undepreciated portion of the acquisition cost and sales related expenses from the sales price. Alternatively, a natural person holding shares that are not included in the business income source of the shareholder may, instead of deducting the actual acquisition costs, choose to apply a so called presumptive acquisition cost, which is equal to 20 per cent of the sales price, or in the case of shares which have been held for at least ten years, 40 per cent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any selling expenses are deemed to be included therein and cannot be deducted separately from the sales price.

Resident natural persons have to report information relating to the sale of the Shares on their income tax return of the tax year concerned.

Finnish Limited Liability Companies

The following applies only to Finnish limited liability companies that are taxed on the basis of the Finnish Business Income Tax Act. As a general rule, a capital gain arising from the sale of shares is taxable income of a limited liability company.

Shares may be fixed assets, current assets, investment assets or financial assets of a limited liability company. The taxation of a disposal of shares and loss of value varies according to the asset type for which the shares qualify. Shares may also qualify as non-business income source assets of a limited liability company. The Finnish Income Tax Act's provisions are applied to capital gains that have arisen from the sale of assets from the non-business income source.

The sales price of any sale of shares is generally included as income in the business income source of a Finnish company. Correspondingly, the acquisition cost of shares is deductible from business income upon disposal of the shares. However, an exemption for capital gains on share disposals is available for Finnish companies, provided that certain requirements defined in Finnish Business Income Tax Act are met. Under this so called participation exemption, capital gains arising from the sale of shares that belongs to business income source and that are part of the fixed assets of a selling company that is not engaged in private equity activities are not considered as taxable business income and, correspondingly, capital losses incurred on the sale of such shares are not tax deductible provided, among other things, that (i) the selling company has directly and continuously for at least one year owned at least 10 per cent of the share capital in the company whose shares are sold and such ownership of the sold shares has ended at the most one year before the sale and the shares sold belong to those shares; (ii) the company whose shares have been sold is not a real estate or residential housing company or a limited liability company whose activities, on a factual basis, mainly consist of ownership or possession of real estate; and (iii) the company whose shares are sold is resident in Finland or is a company located in another EU member state, as further specified in Article 2 of the Parent Subsidiary Directive (2011/96/EU, as amended), or is resident in a country with which Finland has entered into a double taxation treaty that is applicable to dividends.

Tax deductible capital losses pertaining to the sale of shares (other shares than shares sold under the participation exemption) that are part of the fixed assets of the selling company can only be deducted from capital gains arising from the sale of fixed assets shares in the same fiscal year and the subsequent five years. Capital losses pertaining to the sale of shares that are not part of fixed assets are tax deductible from taxable income in the same fiscal year and the subsequent ten years in accordance with the general rules concerning losses carried forward.

Non-Residents

Non-residents who are not generally liable for tax in Finland are usually not subject to Finnish taxes on capital gains realized on the sale of shares in a Listed Company, unless the non-resident taxpayer is deemed to have a permanent establishment in Finland for income tax purposes as referred to in the Income Tax Act and an applicable tax treaty and the shares are considered to be assets of that permanent establishment. Non-residents may also be subject to Finnish taxes on capital gains realized on the sale of shares in a Listed Company if more than 50 per cent of the assets of the Listed Company consist of Finnish real estate, unless applicable tax treaty limits the taxing right of Finland on capital gains.

Finnish Transfer Tax

There is no transfer tax payable in Finland in connection with the issuance and subscription of new shares.

No transfer tax is payable in Finland on transfers of shares admitted to trading on a public and regularly functioning marketplace and quoted on Helsinki Stock Exchange, provided that the transfer is made against a fixed pecuniary consideration. The transfer tax exemption requires that an investment firm, a foreign investment firm or other party offering investment services, as defined in the Finnish Investment Services Act (747/2012, as amended), is brokering or acting as a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, a Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, the transfer tax exemption requires that the transferee submits a notification of the transfer to the Finnish tax authorities within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish tax authorities as set forth in the Finnish Tax Assessment Act.

Certain separately defined transfers, such as those relating to equity investments or distribution of funds or transfers in which consideration comprises in full or in part of work contribution, are not covered by the transfer tax exemption. Additionally, in case law it has been considered that if an incentive scheme remuneration of key persons is paid in cash and the receiver of the remuneration is obliged to purchase shares of the Listed Company with a part of the remuneration, consideration of the share purchase comprises in full or in part of work contribution, and is thus subject to transfer tax.

Neither does the exemption apply to transfers carried out on the basis of an offer made after trading with the securities has ended or before the commencement of trading unless it concerns a share sale of old shares based on a combined purchase and subscription offer directly relating to a share issue carried out in connection with the listing of the shares and provided that subjects to be transferred are specified only after commencement of the trading and that the purchase price corresponds to the price to be paid for the new shares. In addition, the exemption does not apply to transfers carried out in order to fulfil the obligation to redeem minority shares under the Finnish Companies Act (see "*The Shares and Share Capital of the Company – Shareholders' Rights – Redemption Right and Obligation and Mandatory Tender Offer*").

If the transfer or sale of the shares does not fulfil the above criteria for a tax exempt transfer, transfer tax at the rate of 1.6 per cent of the sales price is payable by the purchaser. However, if the purchaser is neither a resident in Finland nor a Finnish office of a foreign credit institution, or a Finnish branch of a foreign investment firm, fund management company or EEA alternative investment fund manager, the seller must collect the tax from the purchaser and pay the tax to the Finnish tax authorities. If the broker is a Finnish investment firm or credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, it is liable to collect the transfer tax from the purchaser and pay the tax to the Finnish tax authorities. If neither the purchaser nor the seller is tax resident in Finland or a Finnish branch or office of a foreign credit institution, foreign investment firm, foreign fund management company or EEA alternative investment fund manager, the transfer of shares will be exempt from Finnish transfer tax unless shares in a real estate company are transferred. No transfer tax is collected if the amount of the tax is less than EUR 10.

PLAN OF DISTRIBUTION IN THE OFFERING

Placing Agreement

The Company, the Main Seller and the Managers are expected to enter into a placing agreement concerning the Offering (the "**Placing Agreement**") on or about 29 November 2018. Pursuant to the Placing Agreement, the Company undertakes to issue and the Managers undertake to sell Offer Shares to subscribers and purchasers procured by the Managers. The Other Sellers will not be parties to the Placing Agreement. However, the Other Sellers have each given a share sale commitment under which they have undertaken to sell Offer Shares in the Offering.

The obligation of the Managers to fulfil their obligations under the Placing Agreement requires that certain conditions be met. Such conditions include that no material adverse changes have taken place in the Company's business operations and that the Shares have been accepted for listing on the official list of the Helsinki Stock Exchange. The Managers are entitled to terminate the Placing Agreement in certain circumstances before the Listing. The Company undertakes to compensate any damage and losses incurred by the Managers in connection with the Offering, including in certain circumstances liabilities under the applicable capital markets legislation. Furthermore, the Company is expected to give the Managers representations and warranties in line with general market practices relating to, among other things, the Company's business and compliance with legislation, the Shares and the contents of the Finnish Prospectus.

Over-Allotment Option

The Main Seller is expected to grant Danske Bank as stabilising manager (the "**Stabilising Manager**") an over-allotment option, which would entitle the Stabilising Manager to purchase a maximum of 675,000 additional Shares (the "**Additional Shares**") if no Sale Shares are sold, and a maximum of 1,155,000 Additional Shares if all Sale Shares are sold, solely to cover over-allotments in connection with the Offering (the "**Over-Allotment Option**"). The Over-Allotment Option would be exercisable within 30 days from the commencement of trading of the Shares on the Helsinki Stock Exchange (which is estimated to occur between 30 November 2018 and 28 December 2018 (the "**Stabilisation Period**"). The Additional Shares represent approximately 3.9 per cent of the Shares after the Share Issue assuming that all New Shares initially offered in the Share Issue are subscribed for. The Over-Allotment Option shares would in any case not exceed a maximum share of 15 per cent of the total amount of Offer Shares.

Stabilisation

The Stabilising Manager is entitled, but not obligated, to engage in measures during the Stabilisation Period that stabilise, maintain or otherwise affect the price of the Shares. The Stabilising Manager may allocate a larger number of Shares than the total number of Offer Shares, which will create a short position. The short position is covered if it does not exceed the number of Additional Shares. The Stabilising Manager is entitled to close the covered short position using the Over-Allotment Option and/or by buying Shares on the market. In determining how to close the covered short position, the Stabilising Manager may consider, among other things, the market price of the Shares in relation to the Final Subscription Price. In connection with the Offering, the Stabilising Manager may also bid for and purchase Shares on the market to stabilise the market price of the Shares. These measures are intended to support the market price of the Shares and the measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or prevent or delay any decrease in the market price of the Shares. However, stabilisation measures cannot be carried out at a higher price than the Final Subscription Price. The Stabilising Manager has no obligation to carry out these measures, and it may cease any of these measures at any time. The Stabilising Manager or the Company on behalf of the Stabilising Manager will publish information regarding the stabilisation required by legislation or other applicable regulations during the Stabilisation Period and at the end of the Stabilisation Period. Stabilisation measures may be carried out on the Helsinki Stock Exchange during the Stabilisation Period.

Any stabilisation measures will be conducted in accordance with the Market Abuse Regulation and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

The Stabilising Manager and Main Seller are expected to enter into a share lending agreement related to the stabilisation and the Over-Allotment Option in connection with the Offering. According to the share lending agreement, the Stabilising Manager could borrow a number of Shares equal to the maximum number of Additional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilising Manager borrows Shares pursuant to the stock lending agreement, it must return an equal number of Shares to the Main Seller.

Lock-up

The Company and the Main Seller are expected to agree, and the Other Sellers have agreed that, during the period that will end on the date that falls 180 days from the Listing, without the prior written consent of the Sole Global Coordinator, they will not issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option right or contract to sell, transfer any option right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any of their Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise, or submit to the Company's shareholders a proposal to effect any of the foregoing. The Company lock-up does not apply to remuneration or incentive programs described in the Finnish Prospectus and there are certain exemptions to the application of the Other Sellers' lock-up. The lock-up does not apply to the measures related to the execution of the Offering. If the Sale Shares are not sold in connection with the Offering, the Seller's lock-up will not apply.

The members of the Board of Directors and the management team of the Company are expected to enter into a lock-up agreement with similar terms, save for certain exceptions, to that of the Company and the Sellers that will end on the date that falls 360 days from the Listing.

The lock-up applies to approximately 72.1 per cent of the Shares after the Offering without the Over-Allotment Option and approximately 68.2 per cent including the Over-Allotment Option, assuming that the Sellers will sell the maximum amount of Sale Shares, and that all New Shares initially offered in the Share Issue are subscribed for. Assuming that the Sellers will not sell Sale Shares, the lock-up applies to approximately 37.5 per cent of the Shares after the Offering without the Over-Allotment Option and approcimately 35.2 per cent including the Over-Allotment Option, assuming that all New Shares initially offered in the Share Issue are subscribed for.

The lock-up of persons participating in the Personnel Offering are described below in "*– Right to Participate in the Personnel Offering*".

Fees and Expenses

The Company and the Sellers will pay the Managers a fee determined for the Company based on the New Shares and for the Seller based on the Sale Shares and based on the gross funds raised from any Additional Shares. In addition, the Company and the Sellers may pay the Managers a discretionary success fee. Furthermore, the Company has undertaken to compensate certain costs to the Managers.

The Company will pay approximately EUR 2.5 million in fees and expenses relating to the Offering. Transfer tax will not be levied in connection with the issuance or subscription of the New Shares in Finland. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of shares. The Sale Shares are being sold in connection with the commencement of trading in the Shares on the Prelist of the Helsinki Stock Exchange, and no transfer tax is expected to be payable for these transfers in Finland. Should transfer tax be levied, the Sellers will pay the transfer tax levied on the sale of their Sale Shares. Purchasers of the Shares which are not Finnish tax residents may be required to pay stamp taxes and other taxes or charges in accordance with the laws and practices applicable to such purchasers in addition to the Final Subscription Price

Interests in Connection with the Offering

In connection with the Offering, the Managers and/or any affiliates acting as investors for their own account may take up Offer Shares and in that capacity may retain, purchase or sell Offer Shares for their own account and may offer or sell such securities other than in connection with the Offering, in each case, in accordance with applicable law. The Managers do not intend to disclose the extent of any such investment or transaction other than in accordance with any legal or regulatory obligation to do so. The Managers and the advisors will also receive a fee for their work performed in connection with the Offering.

Dilution

As a result of the issuance of New Shares, the number of the Company's Shares could increase to 29,596,700 Shares through the Offering, assuming that the Company will issue 4,500,000 New Shares, which corresponds to a dilution of approximately 15.2 per cent in relation to the number of Shares for the existing shareholders, and a dilution of approximately 15.2 per cent in relation to the the number of votes produced by the Shares (calculated by taking into account the 11,700 shares owned by the Company at the date of this Offering Circular, which do not entitle to any voting rights at the general meeting as long as the Company owns them).

Information for Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (the "**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability that any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who have been categorised as professionals and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"), and (ii) eligible for distribution through all distribution channels as permitted in MiFID II (the "**Appropriate Channels for Distribution**"). Distributors should note that the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**" and, together with the Positive Target Market, the "**Target Market Assessment**").

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

DOCUMENTS ON DISPLAY

Copies of the following documents may be inspected during the period of validity of this Offering Circular at the website of the Company at www.omasp.fi/investors under the Offering page and on weekdays between 9 a.m. and 4 p.m. Finnish time at the registered office of the Company at Valtakatu 32, FI-53100 Lappeenranta, Finland:

- The Articles of Association of the Company
- The Audited Consolidated Financial Statements and the related auditor's report
- The Company's unaudited consolidated financial information for the nine months ended 30 September 2018, including comparative figures for the nine-month period ended 30 September 2017;
- The Finnish Prospectus
- The decision of the FFSA regarding the Finnish-language Prospectus.
- Auditor's assurance report on the profit forecast

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated in this Offering Circular by reference and they are on display at www.omasp.fi/investors under the Offering page. Non-incorporated parts of the belowmentioned Annual Report and Balance Sheet Book, are either not relevant for the investor or covered elsewhere in the Offering Circular.

Document	Information incorporated by reference
The Company's audited financial statements for the financial year ended 31 December 2015 and auditor's report (Oma Savings Bank Ltd Balance Sheet Book 2015)]	Financial Statements, p. 19–66 Auditor's report, p. 67
The Company's audited consolidated financial statements for the financial year ended 31 December 2016 and auditor's report (Oma Säästöpankki Oyj Annual Report 2016)]	Consolidated Financial Statements, p. 39–100 Parent Company's Financial Statements, p. 101–163 Auditor's report, p. 164–165

APPENDIX A – SELLERS

Name of the Seller	Address	Maximum number of Shares offered for sale
Etelä-Karjalan Säästöpankkisäätiö	Valtakatu 32 53100 Lappeenranta	814,225
Parkanon Säästöpankkisäätiö	Parkanontie 45 39100 Parkano	603,186
Töysän Säästöpankkisäätiö	Keskuskatu 14 62900 Alajärvi	532,223
Kuortaneen Säästöpankkisäätiö	Keskustie 40 63100 Kuortane	354,815
Hauhon Säästöpankkisäätiö	Sibeliuksenkatu 11 13100 Hämeenlinna	298,044
Rengon Säästöpankkisäätiö	Sibeliuksenkatu 11 13100 Hämeenlinna	198,696
Suodenniemen Säästöpankkisäätiö	Kauppakuja 2 38420 Sastamala	141,926
Pyhäselän Oma Osuuskunta	Länsikatu 15 80110 Joensuu	134,625
Joroisten Oma Osuuskunta	Mutalantie 1 79600 Joroinen	122,260

APPENDIX B – ARTICLES OF ASSOCIATION OF OMA SAVINGS BANK PLC (UNOFFICIAL TRANSLATION)

1 §
Business Name and Seat

The name of the company is Oma Säästöpankki Oyj, Oma Sparbank Abp in Swedish, and Oma Savings Bank Plc. in English. The company has its corporate seat in Seinäjoki.

2 §
Business Area of the Company

The company's business area is credit institution activity as defined under the Act on Credit Institutions. The company also acts as a mortgage credit bank, as defined under the Act on Mortgage Credit Banks. The company may issue covered bonds. Additionally, the company offers investment services, as defined under the Act on Investment Services. As a parent company, the company may also carry out joint functions of group companies and associated companies, such as administrative services and financing as well as selling, acquiring, owning and administer real estate properties, shares and other securities. The company's special purpose is to promote thrift. The company is subject to the supervision and inspection of the Financial Supervisory Authority.

3 §
Book Entry System

The shares of the company are registered in the book entry system.

4 §
Board of Directors

The company has a Board of Directors, which shall consist from a minimum of five (5) to a maximum of eight (8) ordinary members and a maximum of two (2) deputy members. A person who at the time of the election has reached the age of 63 cannot be elected to be a member of the Board of Directors. The term of office of a member of the Board of Directors expires at the end of the next Annual General Meeting following the election. The Board of Directors elects the Chairman of the Board from among its members and between one (1) and (2) Deputy Chairmen. The Board meeting is quorate when more than half of the members of the Board of Directors are present. The Board of Directors represents the bank and manages its activities in accordance with the law and these Articles of Association.

5 §
Chief Executive Officer

The company has a Chief Executive Officer appointed by the Board of Directors.

The Chief Executive Officer is responsible for the company's daily management in accordance with the instructions and provisions issued by the Board of Directors.

6 §
Nomination Board

The company has an annually elected Nomination Board consisting of the shareholder's representatives.

The Nomination Board's task is to prepare proposals regarding the election of the members of the Board of Directors and their compensations for the next Annual General Meeting and, if needed, for the next Extraordinary General Meeting.

The Nomination Board consists of representatives representing the five largest shareholders, as calculated by the number of shares. The Chairman of the Board of Directors acts as the convener and attends the meetings of the Nomination Board as a specialist.

The company's five largest shareholders each have the right to appoint one representative to the Nomination Board. Should a shareholder not wish not use his or her appointment right, the right will be transferred to the next largest shareholder, who otherwise would not have the right to appoint a representative. The largest shareholders are defined in the company's shareholders' register based on their share of ownership as of 1 June preceding the General Meeting.

The Nomination Board should give their recommendations regarding the members of the Board of Directors and their respective compensations to the Board of Directors by the end of the month of January preceding the General Meeting. In the case of an extraordinary general meeting, the Nomination Board should accordingly give their respective recommendations well in advance before the general meeting, taking into account applicable regulations.

The Nomination Board conducts its tasks in accordance with the rules of procedure adopted by the General Meeting.

7 §
Representation of the Company

The company is represented by

1. two members of the Board of Directors together;

2. a member of the Board of Directors together with a Chief Executive Officer or a member of the company which the Board of Directors has authorized to represent the company;

3. the Chief Executive Officer, together with a company employee, to whom the Board of Directors has given authorization to represent the company; or

4. two such employees of the company, who have been authorized by the Board of Directors to represent the company.

The Board of Directors decides on the issue of procuration.

8 §
Auditors

The company has one (1) auditor, which shall be an auditing firm registered in the auditor registry maintained by the Finnish Patent and Registration Office, and whose principal auditor is an authorized public accountant.

The auditor's term of office ends at the end of the next Annual General meeting following the election.

9 §
Financial Period

The financial period of the company is a calendar year.

10 §
Notice of General Meeting

The notice to the General Meeting is published on the company's webpage and, if so decided by the Board of Directors, in one or more national newspapers selected by the Board of Directors and/or to the shareholder's in written form. The notice to the General meeting shall be published no earlier than three (3) months prior to the record date of the General Meeting and no later than three weeks before the General Meeting, however, always at least nine (9) days before the record date of the General Meeting as defined in the Limited Liability Companies Act.

In addition to the company's corporate seat, the General Meetings may be held in Helsinki.

11 §
Registration to the General Meeting

In order for a shareholder to be able to use his/her voice and voting power at the General Meeting, he/she must register in the manner indicated in the notice of the General Meeting, and at the latest on the date mentioned in the notice of the meeting, which may be no earlier than ten (10) days prior to the General Meeting.

12 §
Annual General Meeting

The Annual General meeting shall be held annually on a date determined by the Board of Directors within six (6) months of the end of the financial period.

At the Annual General Meeting the following matter shall be:

presented

1. the financial statement and consolidated financial statement as well as the annual report;

2. auditor's report;

resolved

3. the approval of the financial statement and the consolidated financial statement;

4. measures, to which the profit or loss according to the confirmed balance sheet gives cause;

5. releasing the members of the Board of Directors and Chief Executive Officer from liability;

6. the remuneration of the members of the Board of Directors and auditor;

7. the number of the members of the Board of Directors and auditors;

the Annual General Meeting shall elect

8. members of the Board of Directors;

9. the auditor;

10. other matters mentioned in the notice of the General Meeting.

If a voting is held in the General Meeting, the Chairman of the General Meeting will decide on the voting process.

13 §
Arbitration

Any claims or disagreements arising out of the application of the Limited Liability Companies Act or these Articles of Association between the company and/or the Board of Directors, a member of the Board of Directors, the Chief Executive Officer, the auditor or a shareholder shall be resolved through arbitration, in accordance with the provisions of the Limited Liability Companies Act and the Arbitration Act. The seat of arbitration is Helsinki, Finland.

14 §
Redemption Clause

If a company share is transfered to someone not listed in the company's shareholder's register, the transferee must immediately inform the company's Board of Director's of this, and the shareholder's have the right to redeem the share subject to the following terms:

1. The redemption right applies to the earnings of shares on any basis.

2. The Board of Directors shall notify the shareholder's of the transfer within two (2) weeks from the time the Board of Directors have received the notice of the transfer, this day being included in the two week time limit. The notice shall be given in the same manner as a notice to a meeting. The notice should include the names of the transferor and transferee, the time of the transfer, information about the day when the notice of the transfer of the shares was made to the Board of Directors as well as a notice of other transfer terms, which might be relevant when considering the matter and information regarding the number of transferred shares and a statement concerning their redemption price.

3. The redemption price is the price agreed between the transferor and the transferee, however, no more than the true fair price of the shares. In case the transfer has been gratuitous the redemption price is the price as calculated on the basis of the equity of the company, or, if the company is the parent company of the group, on the basis of the equity of the group. The applied capital of equity is the equity which is in accordance with

the latest adopted financial statement, or if lower, the equity which is in accordance with the calculations confirmed by the Company's auditor.

4. The shareholder's should present their request for redemption in writing to the Board of Directors of the bank within thirty (30) days as counted from the day, when the Board of Directors received notice of the transfer of the share, this day being included in the time limit.

5. If several redemption seekers want to exercise their redemption right, the shares are to be allocated by the Board of Directors between the willing redemption seekers in proportion to their share ownership. If the allocation of shares in such cases is not even, the remaining shares will be allocated between the redemption seekers by means of lot.

6. The redemption price shall be paid to the company or the transferee in cash, by bank verified check or by bank transfer within fourteen (14) days as counted from the day when the request for redemption was presented to the Board of Directors.

7. Disagreements regarding the redemption right and the redemption price shall be settled by means of arbitration in accordance with the Arbitration Act.

Contents of the numeric section of the financial statements

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the income statement

Other notes

Notes regarding solvency (Pillar III)

Consolidated Financial Statements

GROUP'S INCOME STATEMENT

(1,000 euros)	2017	2016	Note
Interest income	46,579	43,938	
Interest expenses	-7,262	-7,391	
Net interest income	**39,317**	**36,547**	**K17**
Fee and commission income	24,814	21,218	
Fee and commission expenses	-3,569	-3,509	
Fee and commission income and expenses, net	**21,245**	**17,709**	**K18**
Net income from trading	-211	134	**K19**
Net gains on investments	10,991	2,267	**K20**
Other operating income	2,748	3,682	**K21**
Total operating income	**74,091**	**60,339**	
Personnel expenses	-13,137	-14,085	**K22**
Other operating expenses	-25,470	-19,381	**K23**
Depreciation and impairment losses on tangible and intangible assets	-2,504	-2,065	**K24**
Total operating expenses	**-41,112**	**-35,531**	
Impairment losses on loans and other receivables, net	-2,600	-4,197	**K25**
Profit before taxes	**30,379**	**20,611**	
Income taxes	-6,292	-4,567	**K26**
Profit/loss for the accounting period	**24,087**	**16,044**	
Oma Säästöpankki Oyj's shareholders' shares	24,208	16,044	
Amount of non-controlling interest	-120	-	
Total	**24,087**	**16,044**	

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(1,000 euros)	2017	2016
Profit/loss for the accounting period	24,087	16,044
Other items of comprehensive income before taxes	-4,808	3,911
Items that will not be reclassified through profit or loss	-149	-456
Gains and losses on redefining benefit pension plans	-149	-321
Share of items in associated companies' comprehensive result	-	-135
Items that may later be reclassified through profit or loss	-4,659	4,368
Changes in fair value of financial assets available for sale	-4,655	4,425
Changes in the valuation of cash flow hedging	-4	-58
Income taxes	962	-809
For items that will not be reclassified to profit or loss	30	64
Gains and losses on redefined benefit pension plans	30	64
Items that may later be reclassified to profit or loss	932	-874
Change in the fair value of financial assets available for sale	931	-885
Changes in the valuation of cash flow hedging	1	12
Other items of comprehensive income for the accounting period after taxes	**-3,846**	**3,102**
Comprehensive income for the accounting period	**20,241**	**19,146**
Interests of owners of the parent company	20,361	19,288
Amount of non-controlling interest	-120	-142
Total	**20,241**	**19,146**

GROUP'S BALANCE SHEET

(1,000 euros)	December 31, 2017	December 31, 2016	Note
Assets			
Cash and cash equivalents	265,265	7,728	**K4**
Financial assets valuated at fair value through profit or loss	332	576	
Loans and advances to credit institutions	73,847	61,958	**K5**
Loans and advances to the public and general government	2,137,868	1,785,417	**K5**
Financial derivatives	1,676	2,630	**K6**
Investment assets	194,253	257,369	**K7**
Intangible assets	6,515	4,315	**K8**
Tangible assets	17,348	17,396	**K9**
Other assets	28,337	12,144	**K10**
Deferred tax assets	1,240	1,347	**K11**
Income tax assets	-112	-112	**K11**
Total assets	**2,726,567**	**2,150,768**	

(1,000 euros)	December 31, 2017	December 31, 2016	Note
Liabilities			
Liabilities to credit institutions	35,993	34,257	**K12**
Liabilities to the public and general government	1,639,304	1,482,828	**K12**
Financial derivatives	2,222	-	**K6**
Debt securities issued to the public	736,961	353,050	**K13**
Subordinated liabilities	28,000	17,600	**K14**
Provisions and other liabilities	22,042	24,623	**K15**
Deferred tax liability	19,119	17,339	**K11**
Income tax liabilities	1,441	-	**K11**
Total liabilities	**2,485,083**	**1,929,697**	

(1,000 euros)	December 31, 2017	December 31, 2016	Note
Equity			**K16**
Share capital	24,000	24,000	
Reserves	110,268	111, 417	
Retained earnings	106,439	84,741	
Oma Säästöpankki Oyj’s shareholders' shares	**240,706**	**220,158**	
Oma Säästöpankki Oyj’s shareholders' shares	240,706	220,158	
Amount of non-controlling interest	778	913	
Equity, total	**241,484**	**221,071**	
Total liabilities and equity	**2,726,567**	**2,150,768**	

Group's off-balance sheet commitments

(1,000 euros)	December 31, 2017	December 31, 2016	Note K28
Off-balance sheet commitments			
Guarantees and pledges	14,972	13,059	
Other commitments given to a third party	471	624	
Commitments given to a third party on behalf of a customer	**15,443**	**13,683**	
Undrawn credit facilities	188,634	116,822	
Irrevocable commitments given in favour of a customer	**188,634**	**116,822**	
Group's off-balance sheet commitments, total	**204,077**	**130,505**	

STATEMENT OF CHANGES IN THE GROUP'S EQUITY

Change in equity (in thousands of euros)	Share equity,	Reserve for invested non-restricted equity	Fair value reserve	Hedging instrument reserve	Others reserves	Reserves total	Retained earnings	Controlling interests in parent company, total	Amount of non-controlling interest	Equity, total
January 1, 2017	24,000	103,510	7,905	3	-	111,418	84,740	220,158	913	221,071
Comprehensive income										
Profit/loss for the accounting period	-	-	-	-	-	-	24,208	24,208	-120	24,088
Other items of comprehensive income	-	-	-3,724	-3	-	-3,727	-119	-3,846	-	-3,846
Total comprehensive income	**-**	**-**	**-3,724**	**-**	**-**	**-3,724**	**24,089**	**20,362**	**-120**	**20,242**
Transactions with owners										
Acquisition of own shares	-	-	-	-	-	-	-	-	-	-
Sale of own shares	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	-1,576	-1,576	-	-1,576
Share capital increase	-	2,577	-	-	-	2,577	-	2,577	-	2,577
Cash flow hedge	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-815	-815	-	-815
Acquisition of subsidiary, where the amount of non-controlling interests	-	-	-	-	-	-	-	-	-15	-15
Transactions with owners, total	**-**	**2,577**	**-**	**-**	**-**	**2,577**	**-2,391**	**186**	**-15**	**171**
Equity, total, December 31, 2017	**24,000**	**106,087**	**4,181**	**-**	**-**	**110,268**	**106,438**	**240,706**	**778**	**241,484**
January 1, 2016	24,000	103,510	4,365	49	557	108,481	69,645	202,126	-	202,126
Comprehensive income										
Profit/loss for the accounting period	-	-	-	-	-	-	16,044	16,044	-	16,044
Other items of comprehensive income	-	-	3,540	-46	-	3,494	-393	3,101	-	3,101
Total comprehensive income	**-**	**-**	**3,540**	**-46**	**-**	**3,494**	**15,651**	**19,145**	**-**	**19,145**
Transactions with owners										
Acquisition of own shares	-	-	-	-	-	-	-	-	-	-
Sale of own shares	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	-1,478	-1,478	-	-1,478
Share capital increase	-	-	-	-	-	-	-	-	-	-
Cash flow hedge	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-557	-557	922	365	-	365
Acquisition of subsidiary, where the amount of non-controlling interests	-	-	-	-	-	-	913	-	913	913
Transactions with owners, total	**-**	**-**	**-**	**-**	**-557**	**-557**	**357**	**-1,113**	**913**	**-200**
Equity, total, December 31, 2016	**24,000**	**103,510**	**7,905**	**3**	**-**	**111,418**	**84,740**	**220,158**	**913**	**221,071**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement (1,000 euros)	2017	2016
Cash flow from operating activities		
Profit/loss for the accounting period	24,087	16,044
Changes in fair value	69	880
Depreciation and impairment losses on investment properties	317	472
Depreciation and impairment losses on tangible and intangible assets	2,504	2,065
Gains and losses on fixed assets	-57	754
Impairment losses	2,596	3,610
Income taxes	6,292	4,567
Adjustments to impairment losses	4	559
Other adjustments	-787	-124
Adjustments to the profit/loss of the accounting period	10,938	12,783
Cash flow from operations before changes in receivables and liabilities	**35,025**	**28,827**
Increase (-) or decrease (+) in business funds		
Debt securities	-2,882	-47,695
Loans and advances to credit institutions	-1,176	3,288
Loans and advances to customers	-349,626	-252,653
Derivatives and hedge accounting	-48	162
Investment assets	60,508	2,255
Other assets	-16,208	-2,667
Total	**-309,432**	**-297,310**
Increase (+) or decrease (-) in business debts		
Liabilities to credit institutions	1,736	-7,964
Liabilities to customers	154,509	11,904
Debt securities issued to the public	383,911	191,547
Subordinated liabilities	15,200	-
Provisions and other liabilities	-2,227	4,532
Total	**553,129**	**200,019**
Paid income taxes	-2,470	-2,848
Cash flow, total	**276,252**	**-71,312**

Consolidated cash flow statement (1,000 euros)	2017	2016
Cash flow from investments		
Investments in tangible and intangible assets	-5,329	-4,651
Proceeds from sales of tangible and intangible assets	1,187	3,855
Held-to-maturity cash and cash equivalents, increases	-	-
Held-to-maturity cash and cash equivalents, decreases	-	-
Held-to-maturity financial assets, decreases (+)	-	-
Increases in other investments	-76	5,985
Decreases in other investments	-	-
Investments in tangible and intangible assets	12	-
Sales of tangible and intangible assets	-	-
Cash flow from investments, total	**-4,206**	**5,189**
Cash flows from financing activities		
Subordinated liabilities, decreases	-4,800	-6,888
Other monetary increases in equity items	2,577	-105
Dividends paid	-1,576	-1,478
Total cash flows from financing activities	**-3,799**	**-8,471**
Net change in cash and cash equivalents	**268,247**	**-74,594**
Cash and cash equivalents at the beginning of the reporting period	**55,409**	**129,902**
Cash and cash equivalents at the end of the reporting period	**323,658**	**55,409**
Cash and cash equivalents, other arrangements	**-**	**-99**
Cash and cash equivalents are formed by the following items:		
Cash and cash equivalents	265,265	7,728
Receivables from credit institutions repayable on demand	58,393	47,681
Total	**323,658**	**55,409**
Received interests	39,645	43,118
Paid interests	-5,941	-8,045
Dividends received	966	960

Group's notes

K1 THE NOTES OF RISK MANAGEMENT

Oma Säästöpankki focuses its business on retail banking, and especially on services regarding daily transactions, saving, investments and lending. The bank's product and service selection is complemented by the products and services provided by the bank's partners. The most notable collaboration partners include Sp-Henkivakuutus, Sp-Rahastoyhtiö, Nets, Automatia and AXA (Financial Assurance Company Limited). Risk and solvency management processes are regulated by the Act on Credit Institutions, directly applicable EU legislation as well as the standards, regulations and instructions provided by the Financial Supervisory Authority.

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

The essential risks are credit risks, market risks including interest rate and price risks, financing risks, property risks as well as strategic and operational risks. The figures presented in the chapter represent the figures of the parent company alone.

SOLVENCY MANAGEMENT

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

STRESS TESTS

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

OWN FUNDS AND KEY FIGURES FOR SOLVENCY

At the end of 2017, Oma Säästöpankki's capital structure was strong and consisted mainly of core capital (CET1).

Oma Säästöpankki Oy's own funds totalled 250.3 million euros (2016 219.8 million euros), of which the share of core capital was 232.5 million euros (215.0 million euros).

Core capital increased due to the profits gained during the reporting period. Tier 2 capital (T2) equalled 20.0 million euros (4.8 million euros), consisting of debenture loans. Risk-weighted items totalled 1,309.7 million euros (1,153.1 million euros). The most significant change in terms of risk-weighted items was the increase in loan stock. The bank's solvency ratio was 19.11% (19.06 %), and core solvency ratio was 17.75% (18.64%).

CREDIT AND COUNTERPARTY RISKS

The objective of credit risk management is to restrict the profit and solvency effects of risks stemming from customer responsibilities so that these risks remain at acceptable levels. The bank's Board of Directors make the most significant loan decisions. The Board has delegated loan authorisations to the bank's loan groups and other designated staff members. Loan decisions are made in accordance with the loan issuance instructions approved by the Board of Directors. The main rule is the principle of a minimum of two decision makers. Loan decisions are based on the customer's creditworthiness and financial standing as well as the fulfilment of other criteria, such as the collateral requirement. Loans are mainly granted with security collaterals. Forms of collateral are carefully valued to a fair value and their fair values are regularly monitored by utilising statistics and thorough knowledge of the industry. The bank's Board of Directors has approved instructions on the valuation of different types of collateral and their collateral values, against which loans can be granted.

The business strategy and loan issuance instructions approved by the Board of Directors determine the maximum amounts for risk concentrations and guide the direction of loan issuance by the customer sector, industry and credit ratings. In addition, the bank started mortgage bank operations at the end of 2017, which is why the bank monitors the development of the amount of eligible credit to secure refinancing through covered bonds. The bank's key customer groups include private customers, small companies, agricultural entrepreneurs and housing cooperatives. The majority of the bank's borrowing is granted as loans to the bank's customers. At the end of 2017, the bank's loan portfolio totalled 2,117 million euros (1,768 million euros), increasing by 349 million euros (19.8%) compared to the end of 2016. Almost half of the increase consisted of S-Pankki's loan portfolio acquired through corporate acquisition, where the share of agricultural loans was significant. Private customers' share of total loans decreased during 2017. Private customers' share of total loans on the balance sheet was 60% (67%), business customers' share was 21% (19%), housing cooperatives' share was 8% (7%), and the share of agricultural entrepreneurs and others was 11% (7%). The majority, 63% (70%), of the bank's loans were granted as home collateral loans.

LOAN PORTFOLIO PER CUSTOMER GROUPS

Credit balance (1,000 euros)	2017	2016	Change %
Private customer	1,273,391	1,178,873	8.0%
Company	443,718	330,054	34.4%
Housing cooperative	163,657	128,899	27.0%
Agriculture client	221,078	121,030	82.7%
Others	15,200	8,903	70.7%
Total	**2,117,044**	**1,767,759**	**19.8%**

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

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

Credit risks are continuously monitored by keeping an eye on repayment delays and non-performing loans. Key account managers continuously monitor payment behaviour and customers' actions to keep track of the amounts of customer-specific liabilities and forms of collateral. The board receives an annual report on the 15 largest customer entities and a monthly report on the total amount of non-performing loans. The reports contain, for example, the amount and development of risks by customer entity, industry and credit rating. The bank does not have any customer entities whose liabilities exceed the limit set by the Credit Institution Act, namely 10 per cent of the bank's own funds (so-called high customer risks). Based on completed reports, the risks associated with the bank's loans are low in terms of the annual income level and risk-bearing capacity. Non-performing loans and payment delays are continuously monitored. The bank's non-performing receivables and related impairments remained at the same level as the previous year and accounted for approximately 1.0% (1.1%) of the loan portfolio. At the end of the year, matured receivables (30–90 days) totalled 14.8 million euros (16.7 million euros). Under certain circumstances, when a debtor faces financial difficulties, the customer can be granted concession from the original loan terms in the form of deferred amortisation or loan rearrangement to ensure the customer's ability to pay and avoid potential credit losses. Granting forbearance requires that the customer's financial difficulties are short-term and temporary. The bank's forbearance receivables totalled 86.7 million euros (116.7 million euros).

DISTRIBUTION OF BUSINESS LOANS (EXCLUDING PRIVATE CUSTOMERS)

Line of business	**2017**	**2016**
Real estate	33.6%	34.0%
Agriculture, forestry, fishing industry	26.2%	20.6%
Trade	6.7%	8.3%
Construction	6.1%	10.3%
Industry	5.1%	4.6%
Finance and insurance	3.7%	1.7%
Accommodation and food service activities	3.3%	3.9%
Transportation and storage	3.1%	4.1%
Professional, scientific and technical activities	2.8%	2.0%
Art, entertainment and recreation	2.4%	3.2%
Other lines of business, total	6.8%	7.4%
Total	**100.0%**	**100.0%**

MATURED AND NON-PERFORMING RECEIVABLES

Matured and non-performing receivables (1,000 euros)	2017	Share %	2016	Share %
Matured receivables, 30-90 days	14,838	0.7%	16,729	0.9%
Receivables likely to be left unpaid	2,898	0.1%	372	0.0%
Non-performing receivables, 90-180 days	3,920	0.2%	5,180	0.3%
Non-performing receivables, 181 days - 1 year	3,552	0.2%	4,605	0.3%
Non-performing receivables, > 1 year	9,969	0.5%	8,529	0.5%
Loan servicing flexibility items	86,682	4.1%	116,658	6.6%

The bank aims to prevent its private customers' from excessive indebtedness by calculating a customer's credit rating every time they are granted a new loan. The credit rating is affected by arrears, past payment behaviour with the bank and repayment capacity. To ensure that the credit rating is correct, the customer's liabilities with other financial institutions are also included in the calculations. If the credit rating is poor, particular attention will be paid to whether the loan can be granted, or the loan may not be granted at all.

CREDIT RATINGS FOR PRIVATE CUSTOMERS

Credit ratings (1,000 euros)	2017	Share %	2016	Share %
AAA-A	788,991	62.0%	755,185	64.1%
B	341,166	26.8%	293,088	24.9%
C	98,085	7.7%	90,154	7.6%
D	45,149	3.5%	40,445	3.4%
Private customers	**1,273,391**	**100.0%**	**1,178,873**	**100.0%**

In terms of loans granted to business customers, the basis of customer evaluation is formed by an analysis of the financial statements, the customer's financial standing, solvency, competitive standing, the credit rating of the application as well as the offered collateral. These form a foundation for loan decisions and the risk-based pricing of the loan. Additionally, the bank assesses the impact of the item for which financing is required on the customer's financial standing.

The impairment of loans and other receivables is recognised by receivable and by receivable category. Impairment on loans or other receivables is recognised when there has been objective evidence that there will be no payments on the principal or the interest of the loan or the other receivable and the collateral on the receivable is not sufficient to cover for the loan or the other receivable. The evaluation of objective evidence is based on the evaluation of the sufficiency of the customer's solvency and collateral. The collateral is valuated to the amount that could be expected to be recovered at the time of realisation. When impairment losses are evaluated by receivable category, loans and other receivables are classified into categories. After this, the need for impairment losses is evaluated by group. Loans and receivables, which have been found to be impossible to collect, are recognised as bad debt. At the beginning of 2018, Oma Säästöpankki adopted the expected credit loss calculation (ECL) as required by IFRS 9.

During the accounting period, the total impairment on loans and receivables decreased to 2.6 million euros (4.2 million euros). of which loan-specific impairment losses totalled 1.4 million euros (2.9 million euros) and impairment on receivable categories totalled 1.2 million euros (1.3 million euros). Impairment on loans and other receivables accounted for 0.12% (0.24%) of the loan portfolio. Impairment losses on loans and other receivables as well as the changes in the bookkeeping values of impaired financial assets are listed in note K5.

MARKET RISK

Market risks mean the effects of changes in interest rates and market prices on the bank's profit and own funds. In trading, interest rate changes create a market risk that presents itself as a change in the market value of securities. Equity risk means, for example, the effect on profits caused by exchange rate changes of publicly quoted shares and fund units. The bank's objective in securities investments is to obtain a competitive profit on the invested capital in terms of the profit-to-risk ratio. The bank only invests in securities if the effect of changes in exchange

CREDIT RATINGS FOR COMPANIES AND HOUSING CORPORATIONS

Credit rating (1,000 euros)	**2017**	**Share %**	**2016**	**Share %**
AAA	42,845	7.1%	19,333	4.2%
AA+	181,320	29.9%	120,628	26.3%
AA	67,298	11.1%	41,803	9.1%
A+	101,644	16.7%	102,426	22.3%
A	134,947	22.2%	118,480	25.8%
B	36,990	6.1%	29,599	6.4%
C	36,962	6.1%	21,846	4.8%
D or unclassified	5,369	0.9%	4,837	1.1%
Companies and housing corporations	**607,376**	**100.0%**	**458,953**	**100.0%**

rates will not jeopardise the bank's solvency or profitability. At the end of the year, the bank's comprehensive income included changes in fair value in terms of financial assets available for sale, which totalled -4.7 million euros (4.4).

The diversification of investments decreases the concentration risk caused by individual investments. The bank monitors the market values of securities acquired for investment purposes and the cash flows related to their transactions on a monthly basis. The board receives regular reports on the contents and balance of the securities portfolio. The market risk associated with the securities portfolio is evaluated relative to the bank's profit and own funds. Limits and other arrangements have been deployed for the measurement and monitoring of market risks.

INTEREST RATE RISK

Oma Säästöpankki's operations consist of retail banking, in which interest risk plays an integral role. Interest risks arise out of the financial account, which consists of lending and borrowing, market-based refinancing as well as the investment and liquidity portfolio. Interest rate risks mean the effects of any interest rate changes on the bank's profit and solvency. The reasons for interest rate risks are the differing bases of interest on receivables and debts as well as the different interest adjustment dates or maturity dates. The bank's Board of Directors has granted the management the authority to use hedging derivatives. In order to minimise the interest rate risk, the bank utilises hedging derivative contracts, with more details provided under Derivative Contracts. The bank's interest rate risk is regularly communicated to the Board of Directors that has provided the maximum amounts for interest rate risks in its approved instructions. The bank uses balance sheet analysis to measure the interest rate risk. It measures how a change of one and two percentage points in the forward interest affects the forecast of the net interest income during the next 1–60 months. The forecast is calculated at the time of reporting for the next five years with the forward rate available in the market. The amount of the open interest rate risk is measured by interest rate sensitivity, which takes into account the previously mentioned effect of interest rate shocks on net interest income in the coming years. In addition to this, the bank monitors the development of interest risk through several different scenarios that are used to simulate changes in the bank's deposits or loan base. The bank's interest rate risk decreased during 2017.

LIQUIDITY RISK

Liquidity risk refers to the bank's ability to meet its obligations and commitments. Liquidity risks may arise from the uncontrollability or

(1,000 euros)	**December 31, 2017**		**December 31, 2016**	
	Fair value	**Share %**	**Fair value**	**Share %**
Shares	24,740	12.4%	29,025	11.1%
Bonds	153,714	77.2%	152,161	58.0%
Fixed-income funds	7,049	3.5%	34,108	13.0%
Balanced funds	-	0.00%	130	0.0%
Equity funds	4,351	2.2%	34,692	13.2%
Hedge funds	-	0.0%	2,263	0.9%
Properties	9,140	4.6%	10,081	3.8%
	198,994	**100.0%**	**262,460**	**100.0%**

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

Liquidity risk is managed, for example, by keeping a sufficient amount of liquid funds to guarantee liquidity on hand. Financial risks are monitored by providing the board with reports on the bank's financial position and liquidity. Oma Säästöpankki Oyj acquires the refinancing it needs through deposits from its operating area and through other practical means such as collateralised and uncollateralised bond issues and certificates of deposit. As per the terms and conditions on deposit accounts, a significant portion of refinancing is spot-based. The bank's goal is to extend the maturity of its refinancing and maintain a large financial basis. 9.1% (10.2%) of the loans on the bank's balance sheet have durations exceeding 20 years. The bank's financial standing remained stable in 2017.

The bank maintains a good level of liquidity by investing its liquid funds mainly in marketable financial instruments. At the end of the year, the bank's liquidity coverage ratio (LCR) was 280.3 per cent (111.3).

DERIVATIVE CONTRACTS

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

PROPERTY RISK

Property risk means risks related to impairment, revenue or damage to the property assets. Property investments are not a part of the bank's core business. Properties owned by the bank are mainly insured for their full values. The bank's investment properties have been evaluated with the purchase price allocation method, with which they have also been valued in the financial statements. The value of the investment property is low compared to the bank's balance and the bank's equities. Further, there are no such impairment pressures toward the property asset

THE BANK'S INTEREST RATE SENSITIVITY TO CHANGE OF 1%

Interest rate sensitivity analysis, change of 1%-point in the yield curve (1,000 euros)	**December 31, 2017**		**December 31, 2016**	
	Change -1%	**Change +1%**	**Change -1%**	**Change +1%**
Change 1-12 months	-1,163	6,113	-3,962	5,191
Change 13-24 months	-1,906	13,902	-5,412	9,574

values that would have a strong impact on the bank's profit and solvency in the next few years. The bookkeeping values and fair values of the investment properties are listed in note K16: Investment assets.

The equity tied to properties in the bank's own use and to property companies' shares was 23.2 million euros (24.3) at the end of the year. Equity tied to investment property assets increased over the previous accounting period and it was 8.2 (9.3) million euros, or 0.3 (0.3) per cent of the bank's ending balance.

STRATEGIC AND OPERATIONAL RISKS

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

INTERNAL AUDIT

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

Kristiina Lehtola became the bank’s Internal Audit Manager in January 2018. At the same time, the contract for the outsourcing of internal audit to Audit Partners Oy ended.

INTERNAL CONTROL

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

K2 ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

The Group's parent company is Oma Säästöpankki Oyj, whose domicile is in Seinäjoki. The head office is located in Lappeenranta, at Valtakatu 32, 53100 Lappeenranta. Financial statements are available on the Bank's website at www.omasp.fi.

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

At its meeting on February 22, 2018, the Board approved the publication of the financial statements for the accounting period of January 1 - December 31, 2017.

ABOUT THE ACCOUNTING POLICIES

Oma Säästöpankki Oyj's (hereafter, the bank) consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), as approved in the European Union, and the SIC and IFRS interpretations. When the notes to the financial statements were prepared, the Finnish accounting and entity legislation as well as supplementary requirements of competent authorities' orders were also taken into account.

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

Consolidated financial statements have been prepared based on the original acquisition expenses except for financial assets recognised at fair value through profit or loss, financial assets available for sale, hedged items in a fair value hedge (in terms of hedged risk) and hedging derivatives used in fair value or cash flow hedging, that have been valuated to the fair value.

CONSOLIDATION PRINCIPLES

The Group's financial statements include the parent company's and its subsidiaries' financial statements. Companies over which the bank has controlling authority are considered as subsidiaries. The bank has controlling authority when it, by having an interest in the company, is exposed to the variable profit of the investment or when it is entitled to its variable profit and it can influence this profit by exercising the authority it holds over the investment.

Mutual ownership in the Group has been eliminated through the acquisition method. The consideration transferred, the identifiable assets of the acquired entity and debt accepted as liability are valuated at the fair value at the time of acquisition. Any goodwill is recognised in the amount by which the acquisition cost exceeds the Group's share of the fair value of acquired assets and liabilities at the time of acquisition. The costs related to the acquisition are recognised as expenditure. The amount of non-controlling interests has been valuated to the amount that is equivalent to the amount of non-controlling interest in terms of the identifiable net assets of the acquisition. The acquired subsidiaries are included in the consolidated financial statements from the moment that the Group takes control over them and the sold subsidiaries are included until control ceases. Internal transactions, receivables and liabilities, unrealised profits and internal profit distribution in the Group have been eliminated in the consolidated financial statements.

Unrealised losses are not eliminated if the loss occurred due to impairment. The distribution of profit or loss for the period to the controlling and non-controlling interests of the parent company is presented on the separate income statement. The distribution of comprehensive income for the period to the controlling and non-controlling interests of the parent company is presented on the income statement. Profit of loss for the period and comprehensive income are allocated to the controlling and non-controlling interests of the parent company, even if this resulted in the non-controlling interest becoming negative. The share of equity belonging to non-controlling interest is presented as an item of its own on the balance sheet, as a part of equity.

Oma Säästöpankki owns 49.75% of SAV-Rahoitus Oyj's shares. However, the bank has determined that the bank has control in the company based on the shareholders' agreement, which means that SAV-Rahoitus is included as a subsidiary in the consolidated financial statements.

Associated companies are such companies, over which the Group is considered to hold considerable influence. The criteria for associated companies are usually met when the Group owns 20-50% of the company's voting rights or the Group holds some other kind of influence in the company.

Based on voting rights, the bank owns 21.9% of Nooa Säästöpankki Oyj but because the bank has no representation on the company's Board and the bank does not have any other considerable influence in the company, the investment is classified as financial assets available for sale. The bank does not own associated companies that can be consolidated via the equity method.

A joint venture is an arrangement where, based on an agreement or Articles of Association, two or more parties have joint authority, rights related to assets and obligations related to liabilities within the arrangement. The Group's consolidated financial statements combine as joint ventures the mutual property companies, in which the bank owns less than 100 per cent. The consolidated financial statements include a portion of the profits, expenses and other comprehensive income items of joint ventures as of the date when mutual controlling authority was created until the date it ends.

GOODWILL

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

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

FINANCIAL INSTRUMENTS

Items denominated in foreign currencies

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

Cash and cash equivalents

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

Classification and recognition on the balance sheet

At the time of the initial recognition, financial assets and liabilities are classified in compliance with the IAS 39 *Financial Instruments: Recognition and Measurement* standard in the following categories:

Financial assets

- Financial assets valuated at fair value through profit or loss
- Investments held to maturity
- Loans and other receivables
- Financial assets available for sale

Financial liabilities

- Financial liabilities valuated at fair value through profit or loss
- Other financial liabilities

Financial assets and liabilities valuated at fair value through profit or loss

- Financial assets valuated at fair value through profit or loss are formed by structured bonds and investments that contain embedded derivatives as well as by derivative receivables. Changes in value are recognised on the income statement under the item Net income from trading.
- Financial liabilities valuated at fair value through profit or loss are formed by derivative liabilities related to hedge accounting. At the time of reporting, Oma Säästöpankki does not have derivative liabilities.

Investments held to maturity

The category of held-to-maturity investments includes debt securities with payments that are fixed or determinable, that mature on a certain date and that the Group strictly intends to hold and is capable of holding until the maturity date.

Investments held to maturity have been valuated at amortisation cost or acquisition cost less impairment loss if there is objective evidence of impairment. The difference between the acquisition cost and the denomination is amortised as interests yield or their deduction.

Loans and other receivables.

The category of loans and other receivables includes receivables with payments that are fixed or determinable, and that are not quoted in active markets. Advances to credit institutions as well as advances to the public and general government are recognised in loans and other receivables. Loans and other receivables are valuated at amortised cost less impairment losses.

Financial assets available for sale

The category of financial assets available for sale includes financial assets that have not been included in the above-mentioned financial asset categories. These assets mainly consist of debt securities and equity investments.

Financial assets available for sale is valuated at their fair value. Equity instruments that do not have a quoted price in the active markets and whose fair value cannot be reliably determined have still been valuated to their acquisition cost or acquisition cost less impairment.

The changes in the fair values of financial assets available for sale adjusted by deferred taxes are recognised in other items of comprehensive income and presented in the fair value reserve, which belongs to equity. Exchange rate profits and losses derived from items in foreign currency denominations are not recognised in the fair value reserve, but directly in the result. Changes in value accrued in the fair value reserve are transferred from equity as adjustments resulting from changes in classification as an item to be valuated through profit or loss to net gains on investments on the balance sheet, when the investment is sold or when its value has decreased to the extent that the investment must be recognised as an impairment loss.

Other financial liabilities

Liabilities to credit institutions, liabilities to the public and general government as well as debt securities issued to the public are recognised in other financial liabilities. Excluding any derivative contracts, other financial liabilities are recognised on the balance sheet under acquisition costs using amortisation based on the effective interest method.

Netting of financial assets and liabilities

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

DETERMINING THE FAIR VALUE

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

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

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

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

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

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

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

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

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

DERIVATIVES AND HEDGE ACCOUNTING

Derivative contracts are valuated at fair value in the financial statements and changes in value are recognised through profit or loss or in other items of comprehensive income.

The Group uses both the fair value hedging and cash flow hedging in its accounting. The subject of fair value hedging is fixed-rate borrowing and the subject of cash flow hedging are the future interest payments of variable-rate lending. The Group applies the ”carve out” model of IAS 39 Hedge Accounting, that enables the combining of derivatives or their parts and using them as hedge instruments.

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

FAIR VALUE HEDGE

The change in the fair value of derivatives that hedge the fair value is recognised in the financial statements under ”Net income from trading”. When hedging the fair value, also the subject of hedging is valuated at the fair value during the hedging, although it would otherwise be valuated at amortisation. The change in the fair value of the hedged item is recognised on the balance sheet as an adjustment of that particular balance sheet item and on the income statement under ”Net income from trading”. The interests on hedge derivatives are listed as interest expense adjustments.

CASH FLOW HEDGE

The effective portion of the change in the value of derivatives that hedge the cash flow is recognised in the fair value reserve in equity through other items in the comprehensive income statement. The ineffective portion of the change in fair value is recognised directly under ”Net income from trading” on the income statement. The change in the time value of money of interest options, used as hedge instruments, is also recognised under ”Net income from trading”, because time value is not a part of the hedging instrument. Interest on hedging derivatives is included in interest income or expenses.

The change of value due to the valuation of hedging derivatives accrued in the fair value reserve is recognised in the result as adjustment in hedged cash flow as and when the hedged cash flow is entered as income. In cash flow hedging, the hedged subject is not valuated at fair value.

At the end of the year, Oma Säästöpankki does not use cash flow hedging.

STOCK DERIVATIVES

Stock derivatives are used to hedge deposits, whose yield is tied to changes in stock value. The premium paid on stock derivatives as well as changes in its fair value are recognised on the balance sheet under Derivative contracts.

IMPAIRMENT OF FINANCIAL ASSETS

The impairment of other financial assets than those valuated at fair value through profit or loss is recognised on the income statement if there is objective evidence of the impairment of financial assets. The objective evidence is evaluated at the end of each reporting period.

LOANS AND OTHER RECEIVABLES

The impairment of loans and other receivables is assessed primarily by receivable and secondarily by receivable category. The need for impairment is observed by receivable based on objective evidence. Additionally, significant receivables (large customer obligations) are assessed individually regardless of whether they meet the criteria for objective evidence. In addition to an individual review, the bank evaluates indications of impairment by receivable category. Evaluation by category also takes into account those items on which impairment is not recognised based on individual review.

Impairment on loans and other receivables is recognised in impairment losses when there has been objective evidence that there will be no payments on the principal or the interest of the loan or when the other receivable and the collateral on the receivable is not sufficient to cover for its amount. Examples of objective evidence for impairment of a receivable are the debtor's financial difficulties, violation of contractual stipulations (such as delaying or not paying an instalment), debtor's bankruptcy or another similar arrangement or a concession that the bank would otherwise not consider but extends to the debtor in such circumstances.

The amount of impairment loss is determined as the difference between the bookkeeping value of the receivable and the estimated current value of future cash flows accrued from the receivable, taking the collateral's fair value into account. When recognising impairment, the collateral is valuated to the amount that could be expected to be recovered at the time of realisation. The original effective interest rate of the receivable is used as the discounted rate of interest.

Impairment losses on loans and other receivables are recognised on the balance sheet using a deduction account that adjusts the bookkeeping value of the receivable.

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

Loans and other receivables 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.

INVESTMENTS HELD TO MATURITY

If there is objective evidence on the day of reporting that the value of debt securities classified as investments held to maturity may have decreased, an impairment review is performed on the debt security. The amount of impairment loss is determined as the difference between the acquisition cost and the current value of future cash flows accrued from the receivable. The original effective interest rate of the receivable is used as the discounted rate of interest. The realised impairment is recognised through profit or loss under ”Net income from investment activities”.

FINANCIAL ASSETS AVAILABLE FOR SALE

If there is objective evidence on the day of reporting that the value of a security classified as a financial asset available of sale may have decreased, an impairment test is performed on the security. If the review reveals that the value has decreased, the impairment loss accumulated in the fair value reserve is recognised through profit or loss under ”Net income from investment activities”.

Examples of objective evidence for impairment of a receivable are the issuer's or debtor's financial difficulties, violation of contractual stipulations, debtor's bankruptcy or another similar arrangement or unfavourable changes in the issuer's or debtor's operating environment.

As impairment loss on equity investment, the difference between acquisition cost and fair value is recognised on the date of reporting, less impairment losses on the financial asset in question, recognised previously through profit or loss. Impairment losses that are recognised through profit or loss and that relate to an investment made in an equity instrument classified as available for sale are not reversed through profit or loss but a later change in value is recognised through other items in the comprehensive income statement in the fair value reserve.

A decrease in the fair value of equity investment is significant when it is over 15 per cent lower than the instrument's acquisition cost and it is of long-term nature when the impairment has continued over 12 consecutive months and the impairment is at least 15 per cent of the acquisition cost.

For debt securities and debt financial instruments available for sale, the amount of impairment loss is determined as the difference between the bookkeeping value of the receivable and the estimated current value of future cash flows accrued on the receivable. The reversal of impairment loss on debt securities is recognised through profit or loss. A decrease in fair value, resulting solely from the increase of risk-free market interest rate, does not create a need to recognise impairment losses.

INTANGIBLE ASSETS

The most significant intangible assets in the consolidated financial statements are the information systems used in the banking operations and customer relationships related to deposits that were transferred to the Group when the banking operations of Joroisten Osuuspankki and Pyhäselän Paikallisosuuspankki were combined to Oma Säästöpankki Oyj's balance sheet as of October 1, 2015. The information systems are mainly produced by Oy Samlink Ab, which is a collaboration partner of the bank.

Intangible assets are recognised on the balance sheet if it is likely that the expected financial benefit derived from the asset benefits the Group and the acquisition cost of the asset can be reliably determined.

The initial valuation is done at the acquisition cost that comprises the purchase price including all expenses that are direct results of preparing the asset item for its intended purpose. Expenses related to the use of the asset and the training of personnel are not included in the acquisition cost, nor are administrative expenses or other mutual general expenses. After the initial recognition, the intangible asset is recognised in the acquisition cost less depreciation and impairment.

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

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

The estimated financial useful lives are as follows:

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

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

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

TANGIBLE ASSETS AND INVESTMENT PROPERTIES

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

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

Property, plant and equipment are recognised on the balance sheet under "Tangible assets" and investment properties are recognised under "Investment assets". On the income statement, income related to properties in own use is recognised under "Other operating income" and the related expenses are recognised under "Other operating expenses". Depreciation and impairment losses from all property, plant and equipment are recognised under "Depreciation and impairment losses from tangible and intangible assets". Net income from investment properties, including all entered depreciations and impairment, are included in "Net income from investment activities". Gains or losses arising from disposal or retirement are recognised as a difference between received income and balance sheet value.

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

The estimated financial useful lives are primarily as follows:

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

RENTAL AGREEMENTS

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

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

PROVISIONS

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

EMPLOYEE BENEFITS

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

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

Benefits based on the termination of employment comprise severance payments.

Pension plans related to benefits after the employment has been terminated are classified as defined benefit plans and defined contribution plans. Defined benefits plans are, for the most part, agreements that include additional pension schemes.

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

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

ENTRY PRINCIPLES

Interest income and expenses

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

When impairment losses have been recognised on an agreement included in financial assets, the original effective rate is used to calculate interest income and the interest is calculated on the loan balance less impairment.

Fee and commission income and expenses

Fee and commission income and expenses are primarily recognised in accordance with the accrual basis when the service or procedure is performed. For fees and commissions spanning several years, the portion related to the accounting period is entered. Fees and commissions that are considered to be a fixed part of the financial instrument's effective rate are treated as adjustments of the effective rate. However, financial instrument related fees and commissions recognised at fair value through profit or loss are entered at the same time with the initial recognition of the instrument.

Net gains on investments

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

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

INCOME TAXES

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

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

OPERATING SEGMENTS

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

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

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

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

Impairment of financial assets

The management team regularly evaluates the objective evidence related to the impairment of financial assets and, when necessary, recognizes the impairment of financial assets. Additionally, by the end of each reporting period, the management team also evaluates the impairment of assets other than the financial assets.

The management team regularly evaluates whether objective evidence exists for the impairment of loans and receivables. Based on these evaluations, the Group impairs loans and receivables and reverses impairment based on certain criteria. The principles are described in paragraph Impairment of financial assets.

The Group evaluates impairment of financial assets at other than fair value through profit or loss by the end of each reporting period. For equity based instruments, the management team evaluates when the impairment is considered to be significant or long-term. The principles are described in paragraph Impairment of financial assets.

Evaluation of fair value

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

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

Impairment of tangible and intangible assets

At the close of all financial statements, the management team makes an assessment on the impairment of intangible and tangible assets. The impairment testing of intangible and tangible assets requires management discretion and an assessment on the monetary amount that an asset will accrue in the future, the asset's financial useful life and the discount rate to be used.

Combining business operations

The management team's discretion and assessments are used in the determination of the fair values of the received assets for transferred shares and of liabilities at the time when business operations were combined.

Assessment of controlling authority and significant influence on investment items

The management team's discretion and assessments are needed in the definition of controlling authority in terms of companies that belong to the Group and in which the Group owns over 50% of voting rights or over 20% of shares with full voting rights. In these cases, the issues under consideration are the actual controlling authority or significant influence and whether there are factors that decrease or increase the Group's actual controlling authority.

Oma Säästöpankki owns 49.75% of SAV-Rahoitus Oyj's shares. The bank has been deemed to be the controlling authority of the company on the basis of a shareholder agreement after which the company has been included in the consolidated financial statements as a subsidiary.

Oma Säästöpankki owns 21.9% of the shares of Nooa Säästöpankki. However, the bank is not considered to have significant influence in this company because the bank does not have representation in the company's Board of Directors and the bank cannot significantly influence the company in any other way either. Thus, the shares of Nooa Säästöpankki are classified in the category called "Financial assets available for sale".

NEW IFRS STANDARDS AND INTERPRETATIONS NOT YET IN EFFECT

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

The new IFRS 9 Financial instruments standard (must be complied with as of January 1, 2018 or for accounting periods beginning thereafter)

IFRS 9 *Financial instruments* standard must be complied with as of January 1, 2018 or for accounting periods starting thereafter and it will replace the IAS 39 *Financial instruments* standard. The impacts of the IFRS 9 standard on existing accounting policies and the bank's financial standing (initial numerical changes) as well as the initial bridge calculation are presented in note K37.

The new IFRS 15 Revenue from Contracts with Customers (must be complied with as of January 1, 2018 or for accounting periods beginning thereafter)

IFRS 15 creates a comprehensive framework to determine whether sales income, how much and when, can be entered. IFRS 15 will replace the existing rules on revenue recognition, for example, IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. As per IFRS 15, an entity must recognise sales income as a monetary amount that reflects the compensation that the entity expects to be entitled to in terms of the goods and services in question. Oma Säästöpankki has not identified any significant variable compensations or significant entitlements that should be treated as separate performance obligations. The standard is not expected to have material impact on the Group's income statement or financial standing.

The new IFRS 16 Leases (must be complied with as of January 1, 2019 or for accounting periods beginning thereafter)

The standard replaces the IAS 17 standard. In accordance with IFRS 16, the current classification in terms of lessees under operational leasing or financial leasing will be replaced with a model where all assets and liabilities included in leasing contracts exceeding 12 months are recognised on the balance sheet as a right to use the asset and as a related lease liability. The Group is still evaluating the impacts of the standard.

The Group estimates that the other new or updated IFRS standards or IFRIC interpretations will not have a material impact on the Group's result, financial standing or information.

Other published changes in standards and interpretations have no significant impact on the bank's consolidated financial statements.

K3 CATEGORISATION OF FINANCIAL ASSETS AND LIABILITIES

Assets December 31, 2017 (1,000 euros)	Loans and receivables	To be held to maturity	Recognised at fair value through profit or loss	Hedging derivatives	Available for sale	Other than financial assets	Book-keeping value, total	Fair value
Cash and cash equivalents	265,265	-	-	-	-	-	265,265	265,265
Assets recognised at fair value through profit and loss	-	-	332	-	-	-	332	332
Loans and advances to credit institutions	73,847	-	-	-	-	-	73,847	73,847
Loans and advances to customers	2,137,868	-	-	-	-	-	2,137,868	2,137,868
Financial derivatives	-	-	-	1,676	-	-	1,676	1,676
Investment assets	-	1,989	-	-	192,263	-	194,252	195,664
Debt securities	-	1,989	-	-	150,647	-	152,636	152,636
Shares and other equity	-	-	-	-	33,380	-	33,380	33,380
Investment properties	-	-	-	-	8,236	-	8,236	9,648
Intangible assets	-	-	-	-	-	6,515	6,515	6,515
Income tax assets	-	-	-	-	-	-112	-112	-112
Deferred tax assets	-	-	-	-	-	1,240	1,240	1,240
Other assets	-	-	-	-	-	45,684	45,684	45,684
Total financial assets	**2,476,980**	**1,988**	**332**	**1,676**	**192,066**	**53,327**	**2,726,567**	**2,727,979**

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

Assets December 31, 2016 (1,000 euros)	Loans and receivables	To be held to maturity	Recognised at fair value through profit or loss	Hedging derivatives	Available for sale	Other than financial assets	Book-keeping value, total	Fair value
Cash and cash equivalents	7,728	-	-	-	-	-	7,728	7,728
Assets recognised at fair value through profit and loss	-	-	576	-	-	-	576	576
Loans and advances to credit institutions	61,958	-	-	-	-	-	61,958	61,958
Loans and advances to customers	1,785,417	-	-	-	-	-	1,785,417	1,785,417
Financial derivatives	-	-	-	2,630	-	-	2,630	2,630
Investment assets	-	1,988	-	-	246,054	9,327	257,369	259,712
Debt securities	-	1,988	-	-	148,549	-	150,537	150,537
Shares and other equity	-	-	-	-	97,505	-	97,505	97,505
Investment properties	-	-	-	-	-	9,327	9,327	10,900
Intangible assets	-	-	-	-	-	4,315	4,315	4,315
Income tax assets	-	-	-	-	-	-112	-112	-112
Deferred tax assets	-	-	-	-	-	1,347	1,347	1,347
Other assets	-	-	-	-	-	29,540	29,540	29,540
Total financial assets	**1,855,103**	**1,988**	**576**	**2,630**	**246,054**	**44,417**	**2,150,768**	**2,153,111**

Liabilities December 31, 2016 (1,000 euros)	Hedging derivatives	Other financial liabilities	Other than financial liabilities	Book-keeping value, total	Fair value
Liabilities to credit institutions	-	34,257	-	34,257	34,257
Liabilities to the public and general government	-	1,480,006	2,822	1,482,828	1,482,828
Financial derivatives	-	-	-	-	-
Debt securities issued to the public	-	353,050	-	353,050	353,050
Subordinated liabilities	-	17,600	-	17,600	17,600
Provisions	-	-	667	667	667
Income tax liabilities	-	-	-	-	-
Deferred tax liabilities	-	-	17,339	17,339	17,339
Other liabilities	-	-	23,956	23,956	23,956
Total financial liabilities	**-**	**1,884,913**	**44,784**	**1,929,697**	**1,929,697**

K4 CASH AND CASH EQUIVALENTS

(1,000 euros)	December 31, 2017	December 31, 2016
Cash in hand	7,131	7,728
Current account in the Bank of Finland	258,134	-
Cash in hand, total	**265,265**	**7,728**

K5 LOANS AND OTHER RECEIVABLES

(1,000 euros)	December 31, 2017	December 31, 2016
Loans and advances to credit institutions		
Deposits	73,847	61,958
Loans and advances to credit institutions, total	**73,847**	**61,958**
Loans and advances to customers		
Loans	2,078,443	1,728,683
Used overdraft facilities	37,425	37,885
Loans intermediated through the state's assets	507	770
Credit cards	21,457	18,041
Bank guarantee receivables	36	38
Loans and advances to customers	**2,137,868**	**1,785,417**
Total loans and other receivables	**2,211,715**	**1,847,375**

Impairment losses on loans and other receivables		**2017**	**2016**
Impairment losses January 1		8,334	6,411
+	Increases to impairment losses	2,620	3,657
-	Reversals of impairment losses	-2,157	-2,764
+/-	Change in receivable category specific impairment losses	-76	1,030
Impairment December 31		**8,720**	**8,334**
-	Final credit losses	2,213	2,247
Credit losses December 31		**2,213**	**2,247**

K6 FINANCIAL DERIVATIVES

(1,000 euros)	December 31, 2017	December 31, 2016
Assets		
Hedging derivatives	1,676	2,630
Hedging fair value	1,470	2,630
Interest rate derivatives	1,470	2,503
Stock and stock index derivatives	206	127
Cash flow hedge	-	-
Total derivative assets	**1,676**	**2,630**

Nominal values of underlying assets and fair values of derivatives December 31, 2017	Residual maturity				Fair values	
	Less than 1 year	**1-5 years**	**Over 5 years**	**Total**	**Assets**	**Liabili-ties**
Fair value hedge	15,000	270,000	-	285,000	1,470	2,222
Interest rate derivatives	15,000	270,000	-	285,000	1,470	2,222
Purchased option contracts	-	-	-	-	-	-
Interest rate swaps	15,000	270,000	-	285,000	1,470	2,222
Equity derivatives and index derivatives	-	-	-	-	-	-
Cash flow hedge	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
Purchased option contracts	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Other hedging derivatives	23,422	44,767	-	68,189	206	-
Stock and stock index derivatives	23,422	44,767	-	68,189	206	-
Derivatives total	**38,422**	**314,767**	**-**	**353,189**	**1,676**	**2,222**

Nominal values of underlying assets and fair values of derivatives December 31, 2016	Residual maturity				Fair values
	Less than 1 year	**1-5 years**	**Over 5 years**	**Total**	**Assets**
Fair value hedge	30,658	77,260	-	107,918	2,630
Interest rate derivatives	15,000	35,000	-	50,000	2,620
Purchased option contracts	-	-	-	-	-
Interest rate swaps	15,000	35,000	-	50,000	2,620
Equity derivatives and index derivatives	15,658	42,260	-	57,918	10
Cash flow hedge	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-
Purchased option contracts	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Derivatives total	**30,658**	**77,260**	**-**	**107,918**	**2,630**

K7 INVESTMENT ASSETS

(1,000 euros)	December 31, 2017	December 31, 2016
Financial assets available for sale		
Debt securities	150,647	148,649
Shares and other equity	33,380	97,405
Financial assets available for sale, total	**184,027**	**246,054**
Investments held to maturity		
Debt securities	1,989	1,988
Investments held to maturity, total	**1,989**	**1,988**
Investment properties	8,236	9,327
Total investment properties	**8,236**	**9,327**
Total investment assets	**194,253**	**257,369**

The fair value of investment properties is evaluated at 9.6 million euros.

Financial assets available for sale and investments held to maturity December 31, 2017 (1,000 euros)

	Available for sale, debt securities	Available for sale, and equity			Held to maturity: investments	All total
December 31, 2017	At fair value	At fair value	At acquisition cost	Total	At amortisation	
Quoted						
general government	52,455	13,147	-	13,147	-	65,602
From others	95,661	11,891	-	11,891	1,989	109,541
Other than quoted						
general government	-	-	-	-	-	-
From others	2,531	-	8,342	8,342	-	10,873
Total	**150,647**	**25,038**	**8,342**	**33,380**	**1,989**	**186,016**

Financial assets available for sale and investments held to maturity December 31, 2016 (1,000 euros)

	Available for sale, debt securities	Available for sale: shares and equity			Held to maturity: investments	All total
December 31, 2016	At fair value	At fair value	At acquisition cost	Total	At amortisation	
Quoted						
general government	-	-	-	-	1,988	1,988
From others	143,871	78,427	-	78,427	-	222,298
Other than quoted						
general government	-	-	-	-	-	-
From others	4,778	-	18,978	18,978	-	23,756
Total	**148,649**	**78,427**	**18,978**	**97,405**	**1,988**	**248,042**

Impairment losses on financial assets available for sale

	Debt securities	Shares and other equity	Total
Impairment losses January 1, 2017	-	1,366	1,366
+ Increases to impairment losses	-	66	66
- Reversals of impairment losses	-	-41	-41
Impairment losses December 31, 2017	**-**	**1,391**	**1,391**

	Debt securities	Shares and other equity	Total
Impairment losses January 1, 2016	-	1,333	1,333
+ Increases to impairment losses	-	52	52
- Reversals of impairment losses	-	-19	-19
Impairment losses December 31, 2016	**-**	**1,366**	**1,366**

Changes in investment properties		2017	2016
Acquisition cost January 1		13,863	16,099
+	Increases	350	1,338
-	Decreases	-542	-303
+/-	Transfers	-	-3,271
Acquisition cost December 31		**13,671**	**13,863**
Accrued depreciation, amortisation and impairment January 1		-4,536	-4,803
+/-	Accrued depreciation of decreases and transfers	-42	-
-	Depreciation	-521	-233
-	Impairment	-	-
+/-	Other changes	-336	500
Accrued depreciation and impairment losses December 31		**-5,435**	**-4,536**
Bookkeeping value January 1		**9,327**	**11,296**
Bookkeeping value December 31		**8,236**	**9,327**

K8 INTANGIBLE ASSETS

(1,000 euros)	December 31, 2017	December 31, 2016
Other intangible rights	4,766	2,184
Information systems	665	808
Customer relationships related to deposits	4,101	1,376
Intangible assets in progress	727	1,177
Other long-term expenses	68	-
Goodwill	954	954
Total intangible assets	**6,515**	**4,315**

Changes in intangible assets 2017		Other long-term expenses	In progress: intangible assets	Others intangible rights	Goodwill
Acquisition cost January 1		1,978	1,177	3,045	954
+	Increases	-	-	3,000	-
+/-	Transfers	-	-450	-	-
Acquisition cost December 31		**1,978**	**727**	**6,045**	**954**
Accrued depreciation and impairment losses January 1		-1,909	-	-861	-
+/-	Accrued depreciation of decreases and transfers	-	-	-	-
-	Depreciation	-	-	-425	-
-	Impairment	-	-	-	-
+/-	Other changes	-	-	6	-
Accrued depreciation and impairment losses December 31		**-1,909**	**-**	**-1,280**	**-**
Bookkeeping value January 1		**69**	**1,177**	**2,184**	**954**
Bookkeeping value December 31		**69**	**727**	**4,765**	**954**

Changes in intangible assets 2016		Other long-term expenses	In progress: intangible assets	Others intangible rights	Goodwill
Acquisition cost January 1		-	**316**	**3,073**	**454**
+	Increases	-	861	1,056	500
-	Decreases	-	-	-82	-
+/-	Transfers	-	-	-1,002	-
Acquisition cost December 31		**-**	**1,177**	**3,045**	**954**
Accrued depreciation and impairment losses January 1		**-**	**-**	**-410**	**-**
+/-	Accrued depreciation of decreases and transfers	-	-	40	-
-	Depreciation	-	-	-400	-
-	Impairment	-	-	-	-
+/-	Other changes	-	-	-91	-
Accrued depreciation and impairment losses December 31		**-**	**-**	**-861**	**-**
Bookkeeping value January 1		**-**	**316**	**2,662**	**454**
Bookkeeping value December 31		**-**	**1,177**	**2,184**	**954**

K9 TANGIBLE ASSETS

(1,000 euros)	December 31, 2017	December 31, 2016
Properties in own use	15,029	15,058
Land and water	353	391
Buildings	14,676	14,668
Machines and equipment	1,422	1,368
Other tangible assets	287	288
Acquisitions in progress	609	682
Tangible assets, total	**17,348**	**17,396**

Properties in own use

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

Properties in own use

Changes in tangible assets 2016		Land and water areas	Buildings	Machinery and equipment	Other tangible assets
Acquisition cost January 1		419	23,052	8,864	273
+	Increases	-	-	526	15
-	Decreases	-11	-692	-2	-
+/-	Transfers	-	-	31	-
Acquisition cost December 31		**408**	**22,360**	**9,419**	**288**
Accrued depreciation and impairment losses January 1		-18	-8,050	-7517	-
+/-	Accrued depreciation of decreases and transfers	-	483	-	-
-	Depreciation	-	-416	-535	-
-	Impairment	-	-	-	-
+/-	Other changes	1	290	-	-
Accrued depreciation and impairment losses December 31		**-17**	**-7,693**	**-8,052**	**-**
Bookkeeping value January 1		**402**	**15,003**	**1,347**	**273**
Bookkeeping value December 31		**391**	**14,667**	**1,367**	**288**

K10 OTHER ASSETS

(1,000 euros)	December 31, 2017	December 31, 2016
Receivables on payment transfers	23	34
Accrued income	12,059	11,642
Interest	6,934	6,824
Other advance payments	127	72
Other accrued income	4,998	4,746
Others	16,254	468
Other funds, total	**28,337**	**12,144**

The 'others' item includes receivables from sold shares held by the parent company, worth approx. 15.6 million euros (December 31, 2017).

K11 TAX ASSETS AND LIABILITIES

(1,000 euros)	December 31, 2017	December 31, 2016
Tax assets		
Income tax assets	-112	-112
Deferred tax assets	1,240	1,347
Tax assets, total	**1,128**	**1,235**
Tax liabilities		
Income tax liabilities	1,441	-
Deferred tax liabilities	19,119	17,339
Tax liabilities, total	**20,560**	**17,339**

Deferred tax assets	January 1, 2017	Recognised through profit or loss	Recognised in other items of comprehensive income	December 31, 2017
Financial assets available for sale	368	-319	-	49
Cash flow hedge	3	-3	-	-
On tangible assets	190	136	-	326
On defined benefit pension plans	34	87	-	121
On impairment	212	-83	-	129
On confirmed losses	480	60	-	540
On derivatives	60	15	-	75
On other items	-	-	-	-
Deferred tax assets, total	**1,347**	**-156**	**-**	**1,240**

Deferred tax liabilities	January 1, 2017	Recognised through profit or loss	Recognised in other items of comprehensive income	December 31, 2017
On taxable reserves	14,609	2,485	-	17,094
Financial assets available for sale	2,345	-1,250	-	1,095
Cash flow hedge	-	-	-	-
Intangible assets	-	-	-	-
On defined benefit pension plans	-	-	-	-
On derivatives	-	-	-	-
On acquisition of businesses	385	545	-	930
On other items	-	-	-	-
Deferred tax liabilities, total	**17,339**	**1,780**	**-**	**19,119**

Deferred tax assets	January 1, 2016	Recognised through profit or loss	Recognised in other items of comprehensive income	December 31, 2016
Financial assets available for sale	410	-42	-	368
Cash flow hedge	49	-46	-	3
On tangible assets	540	-350	-	190
On defined benefit pension plans	24	10	-	34
On impairment	300	-88	-	212
On confirmed losses	-	480	-	480
On derivatives	93	-33	-	60
On other items	-	-	-	-
Deferred tax assets, total	**1,416**	**-69**	**-**	**1,347**

Deferred tax liabilities	January 1, 2016	Recognised through profit or loss	Recognised in other items of comprehensive income	December 31, 2016
On taxable reserves	1, 622	1,987	-	14,609
Financial assets available for sale	1,562	783	-	2,345
Cash flow hedge	-	-	-	-
Intangible assets	-	-	-	-
On defined benefit pension plans	-	-	-	-
On derivatives	-	-	-	-
On acquisition of businesses	330	55	-	385
On other items	-	-	-	-
Deferred tax liabilities, total	**14,514**	**2,825**	**-**	**17,339**

K12 LIABILITIES TO THE PUBLIC AND GENERAL GOVERNMENT AND LIABILITIES TO CREDIT INSTITUTIONS

(1,000 euros)	December 31, 2017	December 31, 2016
Liabilities to credit institutions	**35,993**	**34,257**
Repayable on demand	14,644	12,317
Other than repayable on demand	21,349	21,940
Total liabilities to credit institutions	**35,993**	**34,257**
Liabilities to the public and general government		
Deposits	**1,639,422**	**1,479,278**
Repayable on demand	1,420,786	1,212,975
Others	218,636	266,303
Other financial liabilities	479	728
Repayable on demand	-	-
Other than repayable on demand	479	728
Changes in fair value in terms of borrowing	-598	2,822
Liabilities to the public and general government, total	**1,639,304**	**1,482,828**
Liabilities to the public and general government and liabilities to credit institutions, total	**1,675,350**	**1 517 085**

K13 DEBT SECURITIES ISSUED TO THE PUBLIC

(1,000 euros)	December 31, 2017	December 31, 2016
Bonds	583,045	259,749
Certificates of deposit	153,916	93,301
Total debt securities issued to the public	**736,961**	**353,050**

Maturity of bonds	Nominal value	Interest	Year of issue	Due date	Bookkeeping value 2017	Bookkeeping value 2016
Oma Säästöpankki Oyj April 24, 2017	50,000	1.050% / variable	2014	April 24, 2017	-	49,982
Oma Säästöpankki Oyj April 16, 2018	100,000	0.930% / variable	2015	April 16, 2018	99,980	99,912
Oma Sp Oyj May 6, 2019	110,000	1.000% / variable	2016	May 6, 2019	109,916	109,854
Oma Sp Oyj April 3, 2020	125,000	0.880% / variable	2017	April 3, 2020	124,855	-
Oma Sp Oyj December 12, 2022	250,000	0.125% / variable	2017	December 12, 2022	248,294	-
					583,045	**259,749**

Average nominal interest rate 0.639% (0.852%)

Maturity of deposit certificates	less than 3 months	3-6 months	6-9 months	9-12 months	Bookkeeping value, total
12/31/2017	90,978	56,949	5,988	-	**153,916**
12/31/2016	34,984	15,981	29,895	12,442	**93,301**

K14 SUBORDINATED LIABILITIES

(1,000 euros)	December 31, 2017	December 31, 2016
Capital loans	200	-
Debentures	27,800	17,600
Subordinated liabilities, total	**28,000**	**17,600**

Identifying details of liabilities	December 31, 2017	December 31, 2016	Interest %	Due date
Savings Banks' debenture loan I/2012	-	2,000	2.85%	May 7, 2017
Savings Banks' debenture loan I/2013	2,800	5,600	2.35%	May 15, 2018
Oma Sp debenture loan I/2014	10,000	10,000	2.65%	May 20, 2019
Oma Sp debenture loan I/2017	15,000	-	1.25%	February 1, 2023
	27,800	**17,600**		

Amount included in own funds	December 31, 2017	December 31, 2016
Oma Sp debenture loan I/2014	2,766	4,765
Oma Sp debenture loan I/2017	15,000	-
Total	**17, 766**	**4,765**

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

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

K15 PROVISIONS AND OTHER LIABILITIES

(1,000 euros)	December 31, 2017	December 31, 2016
Provisions	313	427
Pension provisions	313	427
Other liabilities		
Liabilities on payment transfers	14,909	14,539
Accruals	6,463	6,087
Interest payable	1,321	1,498
Advance interest payments received	1,359	134
Other accruals	3,716	4,387
Advance payments received	67	68
Others	358	3,570
Total provisions and other liabilities	**22,042**	**24,623**

Changes in provisions	December 31, 2017	December 31, 2016
Provisions January 1	427	190
Increase in defined benefit pension plans	-	237
Decrease in defined benefit pension plans	-114	-
Provisions December 31	**313**	**427**

Provisions are formed by benefit pension plans, which are described in more detail in note K29 Pension liability.

K16 EQUITY

(1,000 euros)	December 31, 2017	December 31, 2016
Share capital	24,000	24,000
Non-restricted reserves	110,268	111,417
Fair value reserve	4,181	7,907
Measured at fair value	4,181	7,904
Cash flow hedge	-	3
Reserve for invested non-restricted equity	106,087	103,510
Other non-restricted reserves	-	-
Retained earnings	106,439	84,741
Retained earnings (loss)	82,231	68,696
Profit (loss) for the period	24,208	16,045
Equity of the parents company, total	**240,706**	**220,158**
Oma Säästöpankki Oyj’s shareholders' shares	240,706	220,158
Amount of non-controlling interest	778	913
Equity, total	**241,484**	**221,071**

Itemisation of the fair value reserve	2017	2016
Fair value reserve January 1	7,907	4,365
Change in fair value, shares and other equity	-3,629	3,445
Change in fair value, other financial instruments	-1,029	3
Deferred taxes	932	-825
Transfers between items	-	919
Fair value reserve December 31	**4,181**	**7,907**

Itemisation of changes in cash flow hedge	2017	2016
Cash flow hedge January 1	3	49
Deferred taxes	-	-46
Transfers between items	-3	0
Cash flow hedge December 31	**-**	**49**

The number of shares is 501,744 in total and the number of votes per share is 1 vote / share.
The shares do not have a nominal value.

	Ownership December 31, 2017		Ownership December 31, 2016	
	Number of shares	Interest in shares, %	Number of shares	Interest in shares, %
Etelä-Karjalan Säästöpankkisäätiö	222,000	44.2	222,000	45.2
Parkanon Säästöpankkisäätiö	68,000	13.6	68,000	13.9
Töysän Säästöpankkisäätiö	60,000	12.0	60,000	12.2
Kuortaneen Säästöpankkisäätiö	40,000	8.0	40,000	8.1
Hauhon Säästöpankkisäätiö	33,600	6.7	33,600	6.8
Rengon Säästöpankkisäätiö	22,400	4.5	22,400	4.6
Suodenniemen Säästöpankkisäätiö	16,000	3.2	16,000	3.3
Pyhäselän Oma Osuuskunta	15,177	3.0	15,177	3.1
Joroisten Oma Osuuskunta	13,783	2.7	13,783	2.8
Pasi Sydänlammi, CEO	1,255	0.3	-	-
10 largest shareholders	**492,215**	**98.1**	**490,960**	**100.0**
Other, personnel	9,529	1.9	-	-
Total	**501,744**	**100.0**	**490,960**	**100.0**

The issuance of shares to employees took place on November 13–31, 2017. The issue price was 239 euros per share and 10,784 shares were issued in total. The board approved fully paid shares on December 22, 2017 and new shares were entered in the Trade Register on January 15, 2018. Subscription payments, worth 2.58 million euros, were entered in the reserve for invested non-restricted equity in accordance with the share issuance terms.

The company has no different share classes, all shares carry the same rights. The issued shares will entitle to shareholder rights and shareholder rights commence when the shares have been entered in the Trade Register.

All shares carry the same shareholder rights.

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

Non-restricted reserves

The fair value reserve includes the change in fair value of financial assets available for sale minus deferred taxes. The change can be either positive or negative. The items recognised in the reserve are transferred to the income statement, when a security available for sale is sold or when impairment is recognised. The net change of the value of interest derivatives hedged by cash flow can also be recognised in the reserve when this net change of value is found to be effective and adjusted by deferred taxes . Changes in value are realised in the income statement for the accounting period during which cash flows being hedged occur. In previous years, the reserve for invested non-restricted equity has been recognised with the share of the profit for the period that has not been issued as dividends to owners.

Retained earnings

Retained earnings are earnings accrued over the Group’s companies’ previous accounting periods that have not been transferred to equity reserves or issued as dividends to owners. Retained earnings also include voluntary reserves included in the Group’s companies’ separate financial statements and the depreciation difference, minus deferred tax liabilities. In 2017, shares eligible for dividends were issued a dividend of 3.21 euros/ share, or a total of 1.58 euros.

K17 NET INTEREST INCOME

(1,000 euros)	2017	2016
Interest income		
Receivables from credit institutions	-	2
Advances to the public and general government	42,272	38,790
On debt securities	2,361	2,211
On derivatives	1,344	2,432
Other interest income	602	503
Total interest income	**46,579**	**43,938**
Interest expenses		
Liabilities to credit institutions	-486	-457
Liabilities to the public and general government	-2,531	-4,033
Debt securities issued to the public	-3,084	-2,292
Subordinated liabilities	-394	-526
On derivatives	-	-7
Other interest expenses	-767	-76
Total interest expenses	**-7,262**	**-7,391**
Net interest income	**39,317**	**36,547**

K18 FEE AND COMMISSION INCOME AND EXPENSES

(1,000 euros)	2017	2016
Fee and commission income		
Lending	7,754	6,602
On deposits	238	773
On card and payment transactions	11,233	8,932
Intermediated securities	117	108
On reserves	2,374	1,946
On legal services	728	678
Brokered products	1,303	1,264
Granting of guarantees	463	336
Other fee and commission income	602	579
Total fee and commission income	**24,814**	**21,218**
Fee and commission expenses		
On card and payment transactions	-3,056	-3,054
On securities	-74	-55
Other fee and commission expenses	-439	-400
Total fee and commission expenses	**-3,569**	**-3,509**
Fee and commission income and expenses, net	**21,245**	**17,709**

K19 NET GAINS FROM TRADING

(1,000 euros)	2017	2016
Net income from trading		
On trading assets and liabilities	34	131
Net gains on trading in foreign currencies	-194	18
Net gains from hedge accounting	-51	-15
Total net gains from trading	**-211**	**134**

K20 NET GAINS ON INVESTMENTS

(1,000 euros)	2017	2016
Net income from financial assets available for sale		
On debt securities		
Capital gains and losses	-161	3
Difference in valuation reclassified from the fair value reserve to the income statement	2,166	901
Total on debt securities	**2,005**	**904**
Shares and other equity		
Capital gains and losses	-68	-103
Impairment	-	-52
Difference in valuation reclassified from the fair value reserve to the income statement	8,249	1,262
Valuation loss reclassified from the fair value reserve	-888	-58
Valuation gain reclassified from the fair value reserve	9,138	1,320
Dividend yields	972	956
Total on shares and other equity	**9,154**	**2,063**
Total net income from financial assets available for sale	**11,159**	**2,967**
Net income from investment properties		
Rent income	930	960
Capital gains and losses	53	-439
Other gains from investment properties	10	352
Maintenance expenses	-831	-1,097
Depreciation and impairment on investment properties	-317	-472
Rent expenses on investment properties	-12	-4
Total net income from investment properties	**-168**	**-700**
Net result on investments	**10,991**	**2,267**

The increase in the net result on investments is attributable to the profit made upon the realisation of equity-based investments. As a result of the realisation, the valuation gain previously recognised in the fair value reserve was reclassified to profit or loss.

K21 OTHER OPERATING INCOME

(1,000 euros)	2017	2016
Rent income from properties in own use	59	61
Other revenue from banking operations	2,648	3,615
Others	41	6
Total other operating income	**2,748**	**3,682**

Other operating income from 2016 includes the non-recurring item of sales profit derived from the sale of Visa shares, approximately 2.0 million euros.

K22 PERSONNEL EXPENSES

(1,000 euros)	2017	2016
Salaries and rewards	-10,794	-11,192
Other long-term benefits	-439	-638
Pensions	-1,905	-2,255
Defined contribution plans	-2,093	-2,073
Defined benefit plans	263	51
Other fixed post-employment benefits	-75	-233
Personnel expenses, total	**-13,137**	**-14,085**

Number of employees	2017	2016
Full time (includes SAV)	206	208
Part time	12	6
Temporary	38	32
Total	**256**	**246**

Details about the employment benefits and loans of the related parties are presented in note K34 Related parties.

K23 OTHER OPERATING EXPENSES

(1,000 euros)	2017	2016
Other administrative expenses		
Other personnel expenses	-1,726	-1,035
Office expenses	-1,758	-1,335
Data administration and IT expenses	-11,069	-8,302
Telephony expenses	-1,075	-916
Marketing expenses	-2,431	-1,690
Representation expenses	-179	-143
Other administrative expenses, total	**-18,238**	**-13,421**
Other operating expenses		
Rent expenses	-535	-1,388
Expenses from properties in own use	-1,294	-1,251
Losses on sales from properties in own use	-37	-320
Others	-5,365	-3,001
Other operating expenses, total	**-7,231**	**-5,960**
Other operating expenses, total	**-25,470**	**-19,381**

The increase of 2.7 million euros in data management expenses is due to the expenses incurred from the implementation and development of new IT systems introduced during the year. The transfer of S-Pankki operations was a major ICT project. In addition, starting mortgage bank operations required developing the bank's IT systems. Projects implemented due to new regulations, such as IFRS 9 and MiFiD II, increased data administration and IT expenses as well. The increase in marketing expenses was due to the image update carried out during the year and the bank's investment in national visibility.

Auditor's fees	2017	2016
Ernst & Young Oy		
Statutory audit	-	32
Assignments as provided for in Section 1, Sub-section 1, Clause 2 of the Auditing Act	-	1
Other services	-	1
Total	**-**	**34**
KPMG Oy Ab		
Statutory audit (includes SAV and Säästökeskus)	71	46
Assignments as provided for in Section 1, Sub-section 1, Clause 2 of the Auditing Act	1	-
Other services	48	41
Total	**120**	**87**

K24 DEPRECIATION AND IMPAIRMENT LOSSES ON TANGIBLE AND INTANGIBLE ASSETS

(1,000 euros)	2017	2016
Depreciation and impairment losses on tangible and intangible assets		
On buildings	-603	-410
Machinery and equipment	-507	-510
Intangible assets	-510	-660
Depreciations on other long-term assets	-395	-
Depreciations on the capitalised expenses of condominiums	-36	-160
Impairment on properties in own use	-453	-325
Total depreciation and impairment losses	**-2,504**	**-2,065**

K25 IMPAIRMENT LOSSES ON LOANS AND OTHER RECEIVABLES

(1,000 euros)	2017	2016
Recognised credit losses	-2,329	-2,498
Refunds on realised credit losses	115	251
Increases in receivable-specific impairments	-1,231	-1,412
Reversal of receivable-specific impairments	768	491
Changes in category-specific impairments	76	-1,030
Impairment on receivables, total	**-2,600**	**-4,197**

K26 INCOME TAXES

(1,000 euros)		2017	2016
Income tax for accounting period		-3,597	-2,129
	Income tax on primary operations	-3,571	-2,115
	Other direct taxes	-26	-14
Taxes for the previous accounting periods		-314	-
	Taxes for the previous accounting periods	-314	-
Change in deferred tax assets		48	-396
Change in deferred tax liabilities		-2,430	-2,042
Total income taxes		**-6,292**	**-4,567**
Domestic income tax rate		**20%**	**20%**
Accounting profit before taxes		**30,379**	**20,611**
Proportion of the result in accordance with tax rate		-6,076	-4,122
+	Tax free income on the income statement	228	127
-	Non-deductible expenses on the income statement	-98	-413
-	Taxable income not included in the income statement	46	-122
+	Deductible expenses not included in the income statement	6	-
+	Use of confirmed losses from previous years	-	-
-	Unrecognised under losses: deferred tax assets	-84	-38
+/-	Taxes for previous accounting periods	-314	-
Taxes on income statement		**-6,292**	**-4,567**

K27 GUARANTEES GRANTED AND RECEIVED

(1,000 euros)	December 31, 2017	December 31, 2016
Collaterals given		
Given for own liabilities and provisions	-	-
Other collaterals given	-	-
Guarantees granted, total	**-**	**-**
Collaterals received,		
Property collateral	1,985,382	1,678,186
Cash collateral	4,307	3,145
Guarantees received	50,129	29,288
Others	22,412	13,644
Guarantees received, total	**2,062,230**	**1,724,263**

K28 OFF-BALANCE SHEET COMMITMENTS

(1,000 euros)	December 31, 2017	December 31, 2016
Guarantees	14,972	12,434
Loan commitments	188,634	116,822
Others	471	624
Off-balance sheet commitments, total	**204,077**	**129,880**

K29 PENSION LIABILITY

(1,000 euros)	December 31, 2017	December 31, 2016
Expenses on the income statement	24	59
The current service cost	29	49
Net interest	-5	10
Items resulting from reclassification	150	321
Comprehensive income for the accounting period	**174**	**380**

	2017	2016
Current value of obligation January 1	**3,087**	**2,778**
The current service cost	29	49
Interest expense	51	65
Actuarial gains (-) and losses (+) on experienced changes	-56	54
Actuarial gains (-) and losses (+) on changes in financial assumptions	140	298
Actuarial gains (-) and losses (+) on changes in demographic assumptions	-	-
Benefits paid	-215	-157
Acquisitions/sale	-	-
Current value of obligation December 31	**3,036**	**3,087**

	2017	2016
Fair value of funds under the plan January 1	**2,660**	**2,588**
Interest income	46	55
Profit on assets in the plan excl. item belonging in the interest expense/income	-65	31
Benefits paid	-215	-157
Acquisitions/sale	-	-
Payments made into the plan	297	143
Fair value of funds under the plan December 31	**2,723**	**2,660**

	2017	2016
Current value of obligation	3,036	3,087
Fair value of funds under the plan	2,723	2,660
Liability on the balance sheet December 31	**313**	**427**

	2017	2016
Liability on the balance sheet January 1	427	190
Expenses on the income statement	51	59
Payments made into the plan	-297	-143
Redefinitions in other comprehensive income items	132	321
Acquisitions/sale	-	-
Liability on the balance sheet December 31	**313**	**427**

Actuarial assumptions	**Jan–Dec/2017**	**Jan–Dec/2016**
Discount rate, %	1.55%	1.70%
Wage development, %	2.00%	2.00%
Increase in pension, %	1.95%	1.75%
Inflation, %	1.70%	1.50%

Duration based on weighted average of obligations is 14.5 years.

In 2018, the Group expects to pay approximately 287,000 euros into its defined benefit pension plans.

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

K30 LEASING AND OTHER RENT LIABILITIES

The Group as lessee, payable minimum rent (1,000 euros)	**2017**	**2016**
Less than 1 year	838	616
1-5 years	1,330	1,305
Over 5 years	467	651
Total	**2,635**	**2,572**

The Group has rented premises and IT equipment to use mainly for business operations.
The minimum lease payments expected from sublease agreements.
Rent expenses on properties in own use on other operating expenses.

The Group as lessor, receivable minimum rent (1,000 euros)	**2017**	**2016**
Less than 1 year	227	306
1-5 years	144	277
Over 5 years	-	-
Total	**371**	**577**

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

K31 OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets
December 31, 2017

	Monetary amounts not netted in the Balance Sheet			
	Financial instruments	**Received security collateral**	**Received cash collateral**	**Net amount**
Derivative assets	1,676	-	1,000	676
Total financial assets	**1,676**	**-**	**1,000**	**676**

Financial liabilities
December 31, 2017

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

Financial assets
December 31, 2016

	Monetary amounts not netted in the Balance Sheet			
	Financial instruments	**Received security collateral**	**Received cash collateral**	**Net amount**
Derivative assets	2,630	-	2,000	630
Total financial assets	**2,630**	**-**	**2,000**	**630**

Financial liabilities
December 31, 2016

	Monetary amounts not netted in the Balance Sheet			
	Financial instruments	**Granted security collateral**	**Granted cash collateral**	**Net amount**
Derivative liabilities	-	-	-	-
Total financial assets	**-**	**-**	**-**	**-**

K32 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".

The financial assets available for sale item, Shares and other equity, includes the shares of companies that are essential to Oma Säästöpankki's operations. These ownerships include shares in Oy Samlink Ab and Säästöpankkien Keskuspankki Suomi Oyj, valuated to the acquisition cost in the financial statements, minus impairment (level 3).

Items repeatedly valuated at fair value

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

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

Valuated at amortised cost

Financial assets December 31, 2016	Bookkeeping value	Level 1	Level 2	Level 3	Fair value
Investments held to maturity	1,989	1,989	-	-	1,989
Loans and other receivables	84	-	-	84	84
Total financial assets	**2,073**	**1,989**	**-**	**84**	**2,073**

Financial liabilities December 31, 2016	Bookkeeping value	Level 1	Level 2	Level 3	Fair value
Other financial liabilities	784,731	473,129	153,916	157,686	784,731
Total financial liabilities	**784,731**	**-**	**153,916**	**157,686**	**784,731**

Items repeatedly valuated at fair value

Financial assets December 31, 2016	Bookkeeping value	Level 1	Level 2	Level 3
Valuated at fair value through profit or loss	576	-	-	576
Financial derivatives	2,630	-	2,620	10
Financial assets available for sale	246,054	224,292	-	21,762
Total financial assets	**249,260**	**224,292**	**2,620**	**22,348**

Financial liabilities December 31, 2016				
Financial derivatives	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**

Valuated at amortised cost

Financial assets December 31, 2016	Bookkeeping value	Level 1	Level 2	Level 3
Investments held to maturity	1,988	1,988	-	-
Loans and other receivables	281	-	-	281
Total financial assets	**2,269**	**1,988**	**-**	**281**

Financial liabilities December 31, 2016				
Other financial liabilities	390,614	-	93,301	297,313
Total financial liabilities	**390,614**	**-**	**93,301**	**297,313**

Investment transactions in 2017, categorised as Level 3

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

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

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

Investment transactions in 2016, categorised to Level 3

Valuated at fair value through profit or loss		2016
Bookkeeping value January 1, 2016		**1,858**
+	Acquisitions	-
-	Sales	-
-	Matured during the year	-1,249
+/-	Realised changes in value recognised on the income statement	13
+/-	Unrealised changes in value recognised on the income statement	-46
+	Transfers to Level 3	-
-	Transfers to Level 1 and 2	-
Bookkeeping value December 31, 2016		**576**

Financial derivatives		2016
Bookkeeping value January 1, 2016		**574**
+	Acquisitions	214
-	Sales	-
-	Matured during the year	-290
+/-	Realised changes in value recognised on the income statement	-
+/-	Unrealised changes in value recognised on the income statement	-510
+/-	Changes in value recognised in comprehensive income statement items	-
+	Transfers to Level 3	-
-	Transfers to Level 1 and 2	-
+/-	CVA adjustment	22
Bookkeeping value December 31, 2016		**10**

Financial assets available for sale		2016
Bookkeeping value January 1, 2016		**31,562**
+	Acquisitions	1,899
-	Sales	-9,153
-	Matured during the year	-191
+/-	Realised changes in value recognised on the income statement	-375
+/-	Unrealised changes in value recognised on the income statement	-2
+/-	Changes in value recognised in comprehensive income statement items	3
+	Transfers to Level 3	-
-	Transfers to Level 1 and 2	-1,981
Bookkeeping value December 31, 2016		**21,762**

Sensitivity analysis for financial assets on Level 3, 2017

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

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

Sensitivity analysis for financial assets on Level 3, 2016

Shares and other equity	Hypothetical change	Bookkeeping value	Potential impact on the result with assumptions	
			Positive	Negative
Financial assets available for sale	+/- 15%	20,324,239	3,048,636	-3,048,636
Total		**20,324,239**	**3,048,636**	**-3,048,636**

Interest instruments	Hypothetical change	Market value	Potential impact on the result with assumptions	
			Positive	Negative
Financial assets available for sale	+/- 15%	100,080	15,012	-15,012
Total		**100,080**	**15,012**	**-15,012**

K33 ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The Oma Säästöpankki Group comprises a parent company (Oma Säästöpankki Oyj) and its fully owned subsidiary (Koy Lappeenrannan Säästökeskus) and SAV-Rahoitus Oyj, of which the Group owns 49.75 %.

Subsidiaries combined with Oma Säästöpankki Group

	Domicile	The Group's share of ownership	
		December 31, 2017	**December 31, 2016**
Kiinteistö Oy Lappeenrannan Säästökeskus	Lappeenranta	100%	100%
SAV-Rahoitus Oyj	Helsinki	49.75%	48.95%

Associated companies
Associated companies are such companies, over which the Group is considered to hold considerable influence. This primarily occurs when the Group owns 20-50% of the company's voting rights or the Group holds some other kind of influence in the company. Based on voting rights, Oma Säästöpankki Oyj owns 21.9% of Nooa Säästöpankki Oyj, but because the Bank has no representation on the company's Board and has no other substantial influence in the company, the investment is classified as financial assets available for sale. The Group owns no associated companies that can be consolidated via the equity method.

K34 RELATED PARTY DISCLOSURES

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, Managing Director, Deputy Managing Director 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.

Compensation received by key personnel in the management team

Remuneration received by key personnel in 2017	CEO and Deputy CEO	Board of Directors	Other management team members
Salaries and rewards	544	449	665
Defined contribution pension plans	53	17	-
Defined benefit pension plans	-	-	-

Remuneration received by key personnel in 2016	CEO and Deputy CEO	Board of Directors	Other management team members
Salaries and rewards	539	390	635
Defined contribution pension plans	53	14	13
Defined benefit pension plans	-	-	9

Transactions with related parties

	2017		2016	
	Key personnel and their family members	Other related parties	Key personnel and their family members	Other related parties
Loans	3,781	9,410	2,157	1,850
Deposits	1,010	6,991	1,449	6,174
Guarantees	100	100	115	100
Received interests	18	252	15	10
Paid interests	1	6	1	-
Service fees	3	15	2	5

Loans and guarantees have been granted with conditions that are applied to similar loans and guarantees granted to customers.

K35 EVENTS AFTER THE FINANCIAL STATEMENTS

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

K36 COMBINING BUSINESS OPERATIONS

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

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

The identifiable customer relationships acquired during the process of combining business operations are valuated at fair value at the time of acquisition, and the intangible asset formed by customer relationships is recognised as a straight-line depreciation expense during the expected financially useful life. The estimated financially useful life of customer relationships is 6 years based on the maturity of the transferable loans and receivables.

Values of assets acquired and liabilities assumed (1,000 euros)	Recognised value	Note
Loans and advances to the public and general government	146,913	K15
Liabilities to the public and general government	84,163	K22
Provisions and other liabilities	105	K25
Acquired net assets	**62,643**	
Transferred consideration	**65,643**	
Acquisition cost allocated to customer relationships	**3,000**	K8

Acquisitions during the 2016 accounting period

Oma Säästöpankki and Elite Varainhoito Oyj acquired 97.7% of SAV-Rahoitus Oyj on December 16, 2016. Oma Säästöpankki's share was 48.97% on December 16, 2016. Oma Säästöpankki and Elite Varainhoito Oyj offered to buy, under the same conditions, the shares of SAV-Rahoitus owners that were excluded from the trade.

Oma Säästöpankki's share of the overall purchase price, 1.4 million euros, was paid from the cash reserve. By using the equity method, SAV-Rahoitus was included as a subsidiary in the consolidated financial statements. As a result of the combination, the Group gained 0.5 million euros in goodwill.

Values of assets acquired and liabilities assumed (1,000 euros)	**Recognised value**
Total assets	7,044
Deferred tax assets on confirmed losses	480
Total liabilities	5,630
Net assets	**1,893**
Amount of non-controlling interest	-966
Acquired net assets	**927**
Transferred consideration	1,426
Goodwill	**500**

K37 DESCRIPTION OF THE IMPLEMENTATION AND EFFECTS OF THE INTERNATIONAL FINANCIAL REPORTING STANDARD IFRS 9

The new *IFRS 9 Financial instruments* standard (must be complied with as of January 1, 2018 or for accounting periods beginning thereafter)

IFRS 9 has to do with the classification and valuation of financial assets and liabilities, the removal of financial assets from the balance sheet, the updating of hedge accounting principles, and the introduction of a new depreciation model for financial assets. Oma Säästöpankki has analysed its financial assets and liabilities, and the introduction of the new standard on January 1, 2018 is expected to have the following impacts by category:

1 CLASSIFICATION AND VALUATION OF FINANCIAL ASSETS

According to IFRS 9, the classification and valuation of financial assets is based on the company's business model and the nature of contractual cash flows. IFRS 9 contains three classification categories: amortised cost, fair value through other comprehensive income, and fair value through profit or loss. This change removes the current IAS 39 financial asset categories; held-to-maturity, loans and receivables, and available-for-sale financial assets.

As per IFRS 9, debt investments are valued at amortised cost using the effective interest method when the contractual cash flows only include capital repayments and interest payments and the company holds them as part of a business model whose objective is to collect contractual cash flows over the life of the investments. Debt investments are valued at fair value through other items of comprehensive income when the contractual cash flows only include capital repayments and interest payments and the company holds them as part of a business model whose objective is both collecting contractual cash flows and possibly selling investments before the maturity date. In other cases, promissory note investments are recognised at fair value through profit or loss.

As per IFRS 9, equity investments are primarily valued at fair value through profit or loss, but companies may irrevocably choose to measure an individual asset at fair value through other items of comprehensive income.

Financial assets are classified in one of the above-mentioned categories when they are initially recognised. As per IFRS 9, derivatives embedded in the reclassified financial assets are no longer separated from the main contract, but the entire contract is measured at fair value through profit or loss.

Assessment of business models

Oma Säästöpankki specifies the business model objective for each portfolio according to which 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 (according to which the bank must have enough financial assets to secure its liquidity position) and the assessment of contractual income and methods that are used for measuring portfolio market risk.

Assessing whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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. Oma Säästöpankki will consider the following:

- contingent events that would change the amount and timing of cash flows,
- leverage features,
- repayment terms and extended options,
- terms that limit the bank's claim to cash flows from specified assets,
- features that modify consideration for the time value of money, e.g. periodic reset of interest rates.

All retail and company loans granted by Oma Säästöpankki contain a prepayment feature. This prepayment feature meets the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

In addition, if a financial asset is acquired or issued at a premium or discount, the repayable amount substantially represents the contractual principal plus accrued (but unpaid) contractual interest, and the fair value of the repayment feature is insignificant at initial recognition.

Impact assessment

The new standard is not expected to have a significant effect on the classification and valuation of the Group's financial assets.

- The bank does not have any financial assets held for trading, and existing derivatives have only been used for hedging purposes. Hedge accounting principles are applied to derivatives in accordance with their hedging purpose.
- Loans and advances to credit institutions, the public and general government which have been classified in the category 'loans and other receivables' and valued at amortised cost in compliance with IAS 39 will be valued at amortised cost also under IFRS 9.
- Debt security investments which have been classified as held-to-maturity and valued at amortised cost in compliance with IAS 39 will be reclassified under IFRS 9. They will be valued at fair value through other items of comprehensive income and included into a business model whose objective is to hold an investment in order to collect and sell the contractual cash flows. The adjustment to fair value is insignificant.
- Debt security investments which have been classified as available for sale and valued at fair value through other items of comprehensive income in compliance to IAS 39 will be included into a business model whose objective is to hold an investment in order to collect and sell the contractual cash flows and will be valued at fair value through other items of comprehensive income insofar as the investment meets the cash flow test requirements. Investments which do not meet the cash flow test requirements are classified as financial assets recognised at fair value through profit or loss.
- Reserve investments which have been classified as available for sale and valued at fair value in compliance with IAS 39 do not however meet the cash flow test requirements, and must therefore be transferred to financial assets recognised at fair value through profit or loss.
- Oma Säästöpankki has classified direct equity investments as available for sale and valued them at fair value in compliance with IAS 39. As a result of the transition to IFRS 9, the bank has chosen to classify direct equity investments as assets recognised at fair value through profit or loss.

Oma Säästöpankki has estimated the impact of the transition to IFRS (as of January 1, 2018) on financial assets at approximately 2.2 million euros, taking into account the revaluation of financial assets, the transfer of the fair value reserve due to the reclassification of financial assets, and the deferred tax liability. The item will be recognised as an item reducing the bank's equity. The estimates of changes (in euros) may still change during 2018.

2. CLASSIFICATION AND VALUATION OF FINANCIAL LIABILITIES

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. Derecognition requirements have been carried over from standard IAS 39 Financial Instruments: Recognition and Measurement.

3. IMPAIRMENT OF FINANCIAL ASSETS

The new impairment model requires impairment estimates to be recognised based on expected credit losses rather than just realised credit losses as required by IAS 39. This applies to financial assets valued at amortised cost, debt instruments valued at fair value through other items of comprehensive income, loan commitments and certain guarantee contracts. 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.

For the expected credit loss, the bank recognises a loss allowance for an asset belonging to financial assets that is valued at amortised cost or at fair value through other items of comprehensive income. For the bank, these include debt security investments and loans and advances to credit institutions, the public and general government. However, impairment losses are not recognised for equity investments under IFRS 9.

At each reporting date, the bank will measure the expected credit losses through a loss allowance at an amount equal to the full lifetime of the expected credit losses. Expected credit losses will be measured through a loss allowance at an amount equal to the 12-month expected credit losses in the following cases:

- Debt security investments considered to have low credit risk at the reporting date. The bank expects the credit risk to be low when its external credit rating is at least 'investment-grade'.

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

- Selecting and defining calculation models,
- Assessing whether the credit risk related to a financial instrument has increased significantly after initial recognition,
- Forecasting of future events and economic conditions when calculating expected credit losses.

Calculating expected credit losses

Expected credit losses are probability-weighted credit losses, which are measured as follows:

- *Financial assets for which there is no objective evidence of impairment at the reporting date* : the present value of all deficiencies, that is, the difference between the cash flows due under the contract and the cash flows that the entity expects to receive.
- *Financial assets that have objective evidence of impairment at the reporting date*: the difference between the gross book value and the present value of estimated future cash flows.
- *Undrawn loan commitment*: present value of the difference between contractual cash flows that are due to the entity if the holder of the loan commitment draws down the loan and the cash flows that the entity expects to receive if the loan is drawn down.

Definition of default

Under IFRS 9, the bank will consider a default to occur when:

- The customer's 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 supervisory 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.

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.

The bank 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.

Changing of loan terms

Loan terms may be changed when the customer is in financial difficulties, in which case the terms of the loan can be changed in order to minimise the risk of default. The changes in the loan terms may include maturity extension, changes in interest and capital payments, or changes in collateral arrangements or covenants. According to the bank's loan policy, such restructuring and forbearance arrangements are customer-specific and available to both private and business customers.

Restructuring and forbearance arrangements are qualitative indicators of a loan default, and such arrangements are relevant when assessing whether the loan's credit risk has increased significantly.

Inputs of expected credit loss (ECL) model

Oma Säästöpankki has developed ECL models that are based on the bank's recorded loan and customer repayment behaviour data. The bank has divided the loan types into seven categories according to their nature and risk characteristics.

- Home loans and consumer credit
- Housing company loans
- Credit accounts
- Credit cards
- Farmer loans
- Student loans
- Corporate bonds

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

For determining the ECL parametres 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 parametres for smaller loan segments.

For debt security investments, the bank determines the allowance for credit loss using the formula EAD × PD × LGD. Loan-specific data from the market database is used as the source for calculating PDs. In addition, the bank applies a low credit risk exception for debt security investments with a credit rating of at least investment grade 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 parametre represents the amount of loan funds at the reporting date (exposure at default). When assessing the value of the EAD parametre, 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 a loan and an undrawn portion of a loan commitment. The undrawn portion of a loan is taken into account in the EAD for the total limit granted.

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

Impact of the change

The most significant impact of the transition to IFRS 9 to Oma Säästöpankki's IFRS financial statements is the implementation of the new impairment model. The amount of credit loss will increase, causing more volatility in the income statement for financial instruments that are within the scope of the IFRS 9 impairment model.

Oma Säästöpankki has estimated that, as a result of the introduction of IFRS 9 on January 1, 2018, the increase in credit loss on loans and advances to customers would be approximately 38% and that the total amount of credit losses expected for this item would be approximately 12.2 million euros. The total amount consists of different credit segments and includes now also the expected credit loss on off-balance sheet loan commitments and limits. This change will be recognised as reducing the bank's equity.

4. REMOVAL OF ASSETS AND LIABILITIES FROM THE BALANCE SHEET AND TERM CHANGES

According to IFRS 9, 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, for example, when loans are renegotiated and the changes are not "significant", 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. With IAS 39, the difference could be spread over the remaining life of the modified debt by recalculating the effective interest rate. The bank does not expect the change to impact future financial statements.

5. HEDGE ACCOUNTING

In transitioning to IFRS 9, the bank may choose to continue to apply IAS 39 hedge accounting principles instead of IFRS 9 principles. The bank has decided to continue applying IAS 39 to existing hedging relationships, but will provide extended notes to the financial statements as required by the revised disclosure requirements under IFRS 7. Thus, the new standard must be applied in the notes to the financial statements.

6. NOTES TO THE FINANCIAL STATEMENTS

The new standard introduces more extensive disclosure requirements and changes in presentation. These are expected to impact the nature and extent of the data presented in the Group's financial statements, especially during the first year after adopting the new standard.

7. TRANSITION

Oma Säästöpankki will adopt the standard over the accounting period starting on January 1, 2018. New requirements will apply retrospectively as of January 1, 2018, and the bank will utilise the practical solutions permitted by the standard. For example, as permitted by the new standard, the bank will not make adjustments to the comparative data for the year 2017, and thereby the adjustments to the bookkeeping values of financial assets resulting from the implementation of IFRS 9 are recognised directly as retained earnings on January 1, 2018.

The total impact on equity is estimated to be approximately 1.9 million euros, impacting the solvency ratio (TC) approximately by -0.15%. The bank will not utilise the possibility provided by the authorities to delay the recognition of credit losses in full in Pillar III solvency calculations. The decrease in equity due to credit losses is recognised in full in solvency calculations as of January 1, 2018.

Due to the changes in models, parametres and data used in the calculations, the estimates of the impacts of IFRS 9 may still change before the 2018 opening balance sheet is published. Oma Säästöpankki will continue validating results during 2018.

Oma Säästöpankki Oyj's financial statements

OMA SÄÄSTÖPANKKI OYJ INCOME STATEMENT

(1,000 euros)	January 1 – December 31, 2017	January 1 – December 31, 2016	Note
Interest income	46,179	43,907	E25
Interest expenses	-7,232	-7,382	E25
Net interest income	**38,947**	**36,526**	
Income from equity investments	972	960	E26
Fee and commission income	24,218	21,220	E27
Fee and commission expenses	-3,453	-3,538	E27
Net income from securities trading and foreign currency trading	-238	-14	E28
Net income from financial assets available for sale	10,186	2,010	E29
Net income from hedge accounting	-51	-15	E30
Net income from investment properties	-647	-989	E31
Other operating income	1,580	3,682	E32
Administrative expenses	-30,154	-27,876	
Personnel expenses	-12,823	-14,136	E33
Other administrative expenses	-17,330	-13,740	E34
Depreciation, amortisation and impairment on tangible and intangible assets	-1,746	-2,808	E35
Other operating expenses	-6,662	-5,744	E32
Impairment losses on loans and other receivables	-2,337	-4,170	E36
Impairment losses of other financial assets	-24	-28	E36
Operating profit	**30,592**	**19,217**	
Appropriations	-12,424	-9,935	
Income taxes	-3,911	-2,130	
Profit (loss) from ordinary activities after taxes	**14,258**	**7,153**	
Profit (loss) for the period	**14,258**	**7,153**	

OMA SÄÄSTÖPANKKI OYJ BALANCE SHEET

ASSETS

(1,000 euros)	December 31, 2017	December 31, 2016	Note
Cash and cash equivalents	265,265	7,728	
Debt securities eligible for refinancing with central banks	106,868	92,817	
Loans and advances to credit institutions	73,806	61,701	E2
Loans and advances to the public and general government	2,137,579	1,785,106	E3
Debt securities	46,100	58,296	E4
General government	2,281	4,681	
From others	43,819	53,615	
Shares and other equity	34,850	98,952	E5
Derivative contracts	1,898	2,930	E6
Intangible assets	8,271	4,820	E7
Tangible assets	23,788	25,691	
Investment property and shares and interests in investment property	9,140	10,081	E8
Other property and shares and interests in property companies	12,995	13,992	E8
Other tangible assets	1,653	1,618	
Other assets	15,915	406	E10
Accrued income and prepayments	11,670	11,211	E11
Deferred tax assets	316	635	E19
Assets, total	**2,726,325**	**2,150,294**	

LIABILITIES

(1,000 euros)	December 31, 2017	December 31, 2016	Note
Liabilities			
Liabilities to credit institutions	35,993	34,257	**E12**
Liabilities to the public and general government	1,639,357	1,483,044	**E13**
Deposits	1,638,877	1,482,316	
Other liabilities	479	728	
Debt securities issued to the public	736,961	353,050	**E14**
Derivative contracts and other liabilities held for trading	2,222	-	**E6**
Other liabilities	15,220	17,934	**E15**
Accrued expenses and deferred income	7,709	6,053	**E17**
Subordinated liabilities	27,800	17,600	**E18**
Deferred tax liabilities	1,095	2,345	**E19**
Liabilities, total	**2,466,357**	**1,914,283**	
Appropriations			
Voluntary provisions	85,470	73,046	**E16**
Appropriations, total	**85,470**	**73,046**	
Equity			**E23**
Share capital	24,000	24,000	**E24**
Other restricted reserves	4,181	7,907	
Fair value reserve	4,181	7,907	
Non-restricted reserves	106,087	103,510	
Reserve for invested non-restricted equity	106,087	103,510	
Retained earnings (loss)	25,972	20,395	
Profit (loss) for the period	14,258	7,153	
Equity, total	**174,497**	**162,964**	
Liabilities, total	**2,726,325**	**2,150,294**	

OFF-BALANCE SHEET COMMITMENTS

(1,000 euros)	December 31, 2017	December 31, 2016
Commitments given to a third party on behalf of a customer	15,443	13,059
Guarantees and pledges	14,972	12,434
Others	471	624
Irrevocable commitments given in favour of a customer	189,855	117,436
Others	189,855	117,436

OMA SÄÄSTÖPANKKI OYJ'S CASH FLOW STATEMENT

(1,000 euros)	January 1 – December 31, 2017	January 1 – December 31, 2016
Cash flow from operating activities		
Operating income after taxes	14,258	7,153
End-of-period adjustments	18,420	17,487
Increase (-) or decrease (+) in business funds	**-312,038**	**-299,115**
Debt securities	-2,882	-47,695
Loans and advances to credit institutions	-1,176	3,288
Loans and advances to the public and general government	-352,472	-254,358
Shares and other equity	60,508	2,255
Other assets	-16,016	-2,605
Increase (+) or decrease (-) in business debts	**543,121**	**205,530**
Liabilities to credit institutions	1,736	-2,659
Liabilities to the public and general government	159,732	11,973
Debt securities issued to the public	383,911	191,547
Other liabilities	-2,259	4,669
Paid income taxes	-2,470	-2,848
Cash flow, total	**261,291**	**-71,794**
Cash flow from investments		
Investments in shares and other equity, increases	-36	-
Investments in shares and other equity, decreases	-	5,985
Investments in tangible and intangible assets	-5,178	-4,431
Transfers of tangible and intangible assets	1,187	3,855
Cash flow from investments, total	**-4,027**	**5,410**

(1,000 euros)	January 1 – December 31, 2017	January 1 – December 31, 2016
Cash flow from financing activities		
Subordinated liabilities, increases	15,000	-
Subordinated liabilities, decreases	-4,800	-6,888
Dividends paid	-1,576	-1,478
Other monetary increases in equity items	2,577	-
Cash flow from financing activities, total	**11,201**	**-8,366**
Net change in cash and cash equivalents	**268,465**	**-74,750**
Cash and cash equivalents at the beginning of the period	55,152	129,902
Cash and cash equivalents at the end of the period	323,617	55,152
Cash and cash equivalents are formed from the following balance sheet items:		
Cash and cash equivalents	265,265	7,728
Receivables from credit institutions repayable on demand	58,353	47,424
Total	**323,617**	**55,152**
Additional information on the cash flow statement		
Received interests	45,952	43,085
Paid interests	6,202	8,022
Dividends received	972	960
End-of-period adjustments:		
Appropriations	12,424	9,935
Taxes on income statement	3,911	2,130
Changes in fair value	69	880
Depreciation, amortisation and impairment losses on intangible and tangible assets	2,520	3,697
Other adjustments	-503	845
Total	**18,420**	**17,487**

Parent company's notes

E1 ACCOUNTING PRINCIPLES

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

ITEMS DENOMINATED IN FOREIGN CURRENCIES

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

FINANCIAL INSTRUMENTS

Classification

In the financial statements, financial assets have been classified in four categories as per Financial Supervisory Authority's Regulations and Instructions 2/2016: Accounting, Financial Statements and Annual Reports in the Financial Sector:

- Financial assets recognised at fair value through profit or loss
- Financial assets available for sale
- Investments held to maturity
- Loans and other receivables

The category of financial assets at fair value through profit or loss includes combination instruments that contain the embedded derivative that has not been separated from the main contract, as well as other financial assets at fair value through profit or loss. Additionally, derivatives created with the purpose of hedging are recognised in this category.

The category of held-to-maturity investments includes debt securities with payments that are fixed or determinable, that mature on a certain date, and that the bank strictly intends to hold and is capable of holding until the maturity date.

The category of loans and other receivables includes receivables with payments that are fixed or determinable, and that are not quoted in active markets.

The category of financial assets available for sale includes financial assets that have not been included in the above-mentioned valuation categories.

Sales and purchases of financial assets are recognised in the statements as per the transaction date and they are included in the balance sheet items Debt Securities and Shares and Other Equity.

Financial liabilities are classified in two categories:

- Financial liabilities held for trading
- Other financial liabilities

The bank does not have any financial liabilities held for trading. As such, all financial liabilities are classified under Other financial liabilities.

Valuation

Financial assets are measured on the balance sheet either at the fair value or amortisation. Excluding derivative contracts, financial liabilities have been measured on the balance sheet at amortisation.

Items classified as financial assets recognised at fair value through profit or loss have been recognised directly in the income statement, under the item Income from securities trading.

Financial assets available for sale have been valuated at their fair value. The changes of their fair values adjusted by deferred taxes have been recognised in the fair value reserve, created in equity. Exchange rate profits and losses derived from items in foreign currency denominations are not recognised in the fair value reserve, but directly in the result. The change of value accrued in the fair value reserve is recognised in the result, when the asset belonging to financial assets available for sale is sold or otherwise removed from the balance.

The fair value of publicly quoted shares is considered to be the last bid price of the year. The fair value of non-publicly quoted shares is considered to be their acquisition cost when it has not been possible to reliably determine the fair value. The fair value of debt securities is considered to be the last bid price of the year if the debt securities have been publicly quoted or, barring that, the current value discounted by the market interest rate of the receivable capital and interest payments, or a value that has been calculated using another generally accepted valuation model or method.

Investments held to maturity as well as loans and other receivables have been valuated to amortisation or acquisition cost less impairment losses if there is objective evidence of impairment.

Shares and other equity in subsidiaries and associated companies are recognised at acquisition cost or acquisition cost less impairment loss if impairment has been determined to be significant or long-running.

DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

Derivative contracts have been valuated at the fair value in the financial statements and changes in value have been recognised on the balance sheet and the income statement.

The bank hedges its interest risk against changes in fair value and in the cash flow and applies hedge accounting on them. The subject of fair value hedging is fixed-rate borrowing and the subject of cash flow hedging are the future interest payments of variable-rate lending.

The change in the fair value of derivatives that hedge the fair value has been recognised in the financial statements under Net result of hedge accounting. When hedging the fair value, also the subject of hedging has been valuated at the fair value during the hedging, although it would otherwise be valuated at amortisation. The change in the fair value of the hedged subject has been recognised on the balance sheet as an adjustment of that particular balance sheet item and in the income statement under the item "Net result of hedge accounting". The interest expenses of hedge derivatives are presented under interest expenses and the income under interest income.

The effective portion of the change in the value of derivatives that hedge the cash flow is recognised in the fair value reserve in equity, adjusted by deferred taxes. The ineffective portion of the change in fair value is recognised directly under the item Income from securities trading on the income statement. The change in the time value of money of interest options, used as hedge instruments, is also recognised under Income from securities trading, because time value is not a part of the hedging instrument. The interest expenses of hedge derivatives are presented under interest expenses and the income under interest income.

The bank hedges its interest risk against changes in fair value and applies hedge accounting on this risk. Fixed rate borrowing is hedged. The change in the fair value of derivatives that hedge the fair value has been recognised in the financial statements under Net result of hedge accounting. When hedging the fair value, also the subject of hedging has been valuated at the fair value during the hedging, although it would otherwise be valuated at amortisation. The change in the fair value of the hedged subject has been recognised on the balance sheet as an adjustment of that particular balance sheet item and in the income statement under the item "Net result of hedge accounting". The interest expenses of hedge derivatives are presented under interest expenses and the income under interest income.

The bank hedges its interest risk against changes in future interest payments and applies cash flow hedging on the risk. Future interest payments on variable rate lending are hedged. The effective portion of the change in the value of derivatives that hedge the cash flow is recognised in the fair value reserve in equity, adjusted by deferred taxes. The ineffective portion of the change in fair value is recognised directly under the item Income from securities trading on the income statement. The interest expenses of hedge derivatives are presented under interest expenses and the income under interest income.

The change of value due to the valuation of hedging derivatives accrued in the fair value reserve is recognised in the result as adjustment in hedged cash flow as and when the hedged cash flow is entered as income. In cash flow hedging, the hedged subject is not valuated at fair value.

The bank uses share options to hedge the risk associated with share deposits against changes in fair value, and applies fair value hedging on them.

TANGIBLE AND INTANGIBLE ASSETS

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

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

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

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

The bank's key investment properties have been evaluated by property with the purchase price allocation method or the yield value method. The estimates of the yield value method are based on the amounts of net rent income from the property and the yield requirement of property markets. The fair values of investment properties are listed in note E8.

APPROPRIATIONS

Depreciation difference and tax-based provisions

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

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

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

OFF-BALANCE SHEET COMMITMENTS

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

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

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

INTEREST INCOME AND EXPENSES

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

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

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

IMPAIRMENT LOSSES OF FINANCIAL ASSETS

Loans and other receivables

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

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

Investments held to maturity

If, at the end of the accounting period, there is objective evidence that the value of debt securities classified as investments held to maturity may have decreased, an impairment review is performed on the debt security.

If the review determines that the value has decreased, for example, due to the issuer's increased credit risk, the impairment of value is recognised through profit or loss in the item Impairment losses on other financial assets. The amount of impairment losses is determined as the difference between the bookkeeping value of the receivable and the estimated current value of future cash flows accrued from the receivable. The original effective interest rate of the receivable is used as the discounted rate of interest.

Financial assets available for sale

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

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

DEPRECIATION PRINCIPLES

The acquisition costs of buildings and other wearable tangible and intangible assets are depreciated based on the financial holding time in equal instalments and in accordance with a previously created depreciation plan. The depreciation time is 10-40 years for buildings and 5-8 years for machinery and equipment. Depreciations are not performed for land.

Development expenses and licences of computer software are added under Intangible rights and depreciated within 3-5 years. Long-term expenses are depreciated during their useful life of 3-5 years.

INCOME AND EXPENSES FROM OTHER THAN ORDINARY ACTIVITIES AND STATUTORY PROVISIONS

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

TAXES

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

FINANCIAL ASSETS

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

E2 LOANS AND ADVANCES TO CREDIT INSTITUTIONS

(1,000 euros)	**2017**	**2016**
Repayable on demand	58,353	47,424
From the central financial institution	41,741	45,379
From domestic credit institutions	16,611	2,045
Others	15,453	14,277
Minimum reserve deposit	15,453	14,277
Total	**73,806**	**61,701**

E3 LOANS AND ADVANCES TO THE PUBLIC AND GENERAL GOVERNMENT

(1,000 euros)	2017	2016
Companies and housing associations	569,483	425,720
Financial and insurance institutions	6,371	1,063
Public bodies	229	206
Households	1,553,013	1,350,277
Non-profit organisations serving households	8,483	7,841
Total	**2,137,579**	**1,785,106**
- of which subordinated receivables	184	381

Impairment losses recognised during the accounting period

(1,000 euros)	2017	2016
Impairment losses at the beginning of the accounting period	8,447	6,481
+ loan-specific impairment losses recognised during the accounting period	2,596	3,700
+/- group-specific impairment losses recognised during the accounting period	-76	1,030
- loan-specific impairment losses reversed during the accounting period	-768	-491
- loan-specific impairment loss has been recognised previously	-1,389	-2,273
Impairment losses at the end of the accounting period	**8,810**	**8,447**
Final amount of recognised credit loss on receivables during the accounting period	1,791	2,106

Total amount of non-performing receivables

(1,000 euros)	2017	2016
Non-performing receivables	16,228	14,454

E4 DEBT SECURITIES

(1,000 euros)	2017		2016	
	Total	**Of which central bank funding entitling debt securities**	**Total**	**Of which central bank funding entitling debt securities**
Debt securities held for trading	332	-	576	-
Others	332	-	576	-
Debt securities available for sale	150,647	104,879	148,549	90,830
Publicly quoted	148,116	104,879	143,871	90,830
Others	2,531	-	4,678	-
Debt securities held to maturity	1,989	1,989	1,988	1,988
Publicly quoted	1,989	1,989	1,988	1,988
Total	**152,968**	**106,868**	**151,113**	**92,817**
- of which subordinated receivables	3,605	-	3,027	-

E5 SHARES AND OTHER EQUITY

(1,000 euros)	2017	2016
Shares and other equity available for sale	**34,850**	**98,952**
Publicly quoted	13,147	78,427
Others	21,703	20,524
Shares and other equity, total	**34,850**	**98,952**
- of which in credit institutions	12,321	16,259
- of which in other companies	22,530	82,692

Financial assets	2017	2016
Investments held to maturity	1,989	1,988
Loans and other receivables	2,211,384	1,846,807
Financial assets available for sale	185,497	247,501
Recognised at fair value through profit or loss	2,230	3,506
Total	**2,401,101**	**2,099,802**

E6 DERIVATIVE CONTRACTS

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

Nominal values of derivative contracts (1,000 euros)		**2016**		
Residual maturity	**less than 1 year**	**1-5 years**	**over 5 years**	**Total**
Hedging derivative contracts	30,658	77,260	-	107,918
Fair value hedge	30,658	77,260	-	107,918
Interest rate derivatives	15,000	35,000	-	50,000
Interest rate swaps	15,000	35,000	-	50,000
Stock derivatives	15,658	42,260	-	57,918

Fair values of derivative contracts (1,000 euros)	**2017**		**2016**	
	Receivables	**Liabilities**	**Receivables**	**Liabilities**
Hedging derivative contracts	1,898	2,222	2,930	-
Fair value hedge	1,898	2,222	2,930	-
Interest rate derivatives	1,556	2,222	2,803	-
Interest rate swaps	1,556	2,222	2,803	-
Stock derivatives	342	-	127	-
Total	**1,898**	**2,222**	**2,930**	**-**

Profit or loss resulting from the hedged risk of the hedging instrument	**2017**	**2016**
Change in the value of hedged object	-1,035	2,217

E7 INTANGIBLE ASSETS

(1,000 euros)	2017	2016
Goodwill	3,000	-
Other intangible assets	5,271	4,820
Total	**8,271**	**4,820**

Intangible assets	2017	2016
Acquisition cost January 1	11,050	9,050
+ increases during the accounting period	4,234	2,794
- decreases during the accounting period	-81	-793
Acquisition cost December 31	15,203	11,050
Accrued depreciation, amortisation and impairment January 1	-6,230	-6,093
+/- accrued depreciation on decreases and transfers	26	537
- depreciation during the accounting period	-728	-651
- impairment during the accounting period	-	-23
Accrued depreciation, amortisation and impairment December 31	-6,932	-6,230
Bookkeeping value December 31	**8,271**	**4,820**
Bookkeeping value January 1	4,820	2,957

E8 TANGIBLE ASSETS

(1,000 euros)	2017		2016	
	Bookkeeping value	Fair value	Bookkeeping value	Fair value
Land and water				
In own use	352	-	390	-
Used for investments	161	161	553	553
Total	**513**	**161**	**943**	**553**
Buildings				
In own use	636	-	713	-
Used for investments	465	465	687	700
Total	**1,102**	**465**	**1,400**	**700**
Shares and other equity in property companies				
In own use	12,007	-	12,889	-
Used for investments	8,513	9,648	8,841	10,970
Total	**20,519**	**9,648**	**21,730**	**10,970**
Other tangible assets	**1,653**	**-**	**1,618**	**-**
Tangible assets, total	**23,788**	**-**	**25,691**	**-**

Investment properties have been measured at acquisition cost.

E9 CHANGES IN TANGIBLE ASSETS DURING THE ACCOUNTING PERIOD

(1,000 euros)	2017			
	Investment properties and investment property shares	Other properties and property shares	Other tangible assets	Total
Acquisition cost January 1	13,202	17,784	9,389	40,375
+ increases during the accounting period	3	10	553	566
- decreases during the accounting period	-803	-22	-587	-1,412
+/- transfers between items	371	-371	-	-
Acquisition cost December 31	12,773	17,401	9,356	39,527
Accrued depreciation, amortisation and impairment January 1	-3,121	-3,792	-7,772	-14,684
+/- accrued depreciation on decreases and transfers	177	-13	569	733
- depreciation during the accounting period	-82	-92	-500	-674
- impairment during the accounting period	-608	-509	-	-1,117
Accrued depreciation, amortisation and impairment December 31	-3,634	-4,406	-7,702	-15,742
Accrued appreciations January 1	-	-	-	-
+/- Appreciations and reversals of appreciations during the accounting period	-	-	-	-
Bookkeeping value December 31	**9,140**	**12,995**	**1,653**	**23,788**
Bookkeeping value January 1	10,081	13,992	1,618	25,691

(1,000 euros)	2016			
	Investment properties and investment property shares	Other properties and property shares	Other tangible assets	Total
Acquisition cost January 1	15,298	19,134	9,103	43,535
+ increases during the accounting period	16	108	553	677
- decreases during the accounting period	-2,112	-1,458	-266	-3,836
+/- transfers between items	-	-	-	-
Acquisition cost December 31	13,202	17,784	9,389	40,375
Accrued depreciation, amortisation and impairment January 1	-2,379	-2,038	-7,517	-11,935
+/- accrued depreciation on decreases and transfers	17	-	256	273
- depreciation during the accounting period	-107	-121	-510	-738
- impairment during the accounting period	-653	-1,632	-	-2,285
Accrued depreciation, amortisation and impairment December 31	-3,121	-3,792	-7,772	-14,684
Accrued appreciations January 1	-	4	-	4
+/- Appreciations and reversals of appreciations during the accounting period	-	-4	-	-4
Bookkeeping value December 31	**10,081**	**13,992**	**1,618**	**25,691**
Bookkeeping value January 1	12,920	17,099	1,586	31,605

E10 OTHER ASSETS

(1,000 euros)	2017	2016
Receivables on payment transfers	23	34
Trade receivables on brokered securities	15,571	3
Others	321	370
Total	**15,915**	**406**

E11 ACCRUED INCOME AND PREPAYMENTS

(1,000 euros)	2017	2016
Interest	6,794	6,690
Others	4,876	4,521
Total	**11,670**	**11,211**

E12 LIABILITIES TO CREDIT INSTITUTIONS

(1,000 euros)	2017	2016
To credit institutions	35,993	34,257
Repayable on demand	14,644	12,317
Others	21,349	21,940
Total	**35,993**	**34,257**

E13 LIABILITIES TO THE PUBLIC AND GENERAL GOVERNMENT

(1,000 euros)	**2017**	**2016**
Deposits	1,638,877	1,482,316
Repayable on demand	1,420,241	1,216,013
Others	218,636	266,303
Other liabilities	479	728
Others	479	728
Total	**1,639,357**	**1,483,044**

E14 DEBT SECURITIES ISSUED TO THE PUBLIC

(1,000 euros)	2017		2016	
	Bookkeeping value	Nominal value	Bookkeeping value	Nominal value
Certificates of deposit	153,916	154,000	93,301	93,500
Bonds	583,045	585,000	259,749	353,500
Total	**736,961**	**739,000**	**353,050**	**447,000**

E15 OTHER LIABILITIES

(1,000 euros)	2017	2016
Liabilities on payment transfers	14,637	14,239
Provisions	-	240
Others	584	3,454
Total	**15,220**	**17,934**

E16 PROVISIONS

(1,000 euros)	2017	2016
Mandatory provisions	-	240
Other provisions	85,470	73,046
Total	**85,470**	**73,286**

Itemisation of mandatory provisions

(1,000 euros)	Bookkeeping value December 1, 2017	Increases	Decreases	Bookkeeping value December 31, 2017
Pension provisions	240	-	-240	-
Total	**240**	**-**	**-240**	**-**

E17 ACCRUED EXPENSES AND DEFERRED INCOME

(1,000 euros)	2017	2016
Interest	2,645	1,600
Others	5,064	4,453
Total	**7,709**	**6,053**

E18 SUBORDINATED LIABILITIES

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

Identifying details of liability (1,000 euros)	Bookkeeping value 2017	Bookkeeping value 2016	Interest %	Due date
Savings Banks' debenture loan I/2012		2,000	2.85	May 7, 2017
Savings Banks' debenture loan I/2013	2,800	5,600	2.35	May 15, 2018
Oma Säästöpankki Oyj's debenture loan I/2014	10,000	10,000	2.65	May 20, 2019
Oma Säästöpankki Oyj's debenture loan I/2017	15,000		1.25	February 1, 2023
Total	**27,800**	**17,600**		

Identifying details of liability (1,000 euros)	Amount included in own funds 2017	Amount included in own funds 2016
Oma Säästöpankki Oyj's debenture loan I/2014	2,766	4,765
Oma Säästöpankki Oyj's debenture loan I/2017	15,000	-
Total	**17,766**	**4,765**

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

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

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

E19 DEFERRED TAX LIABILITIES AND TAX ASSETS

(1,000 euros)	2017	2016
Deferred tax assets due to valuation	49	368
Deferred tax liabilities due to valuation	1,095	2,345
Deferred tax assets calculated on other temporary differences	267	267
Amount of deferred tax liabilities due to the fair value reserve	1,095	2,345

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

E20 MATURITY DISTRIBUTION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

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

(1,000 euros)	2016					
	less than 3 months	3-12 months	1-5 years	5-10 years	over 10 years	Total
Debt securities eligible for refinancing with central banks	-	609	44,075	48,134	-	92,817
Loans and advances to credit institutions	47,424	14,277	-	-	-	61,701
Loans and advances to the public and general government	54,351	216,061	606,922	468,723	439,048	1,785,106
Debt securities	-	4,743	31,038	22,514	-	58,296
Derivative contracts	75	2	2,853	-	-	2,930
Total	**101,850**	**235,692**	**684,889**	**539,371**	**439,048**	**2,000,851**

Financial liabilities

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

(1,000 euros)	2016					
	less than 3 months	**3-12 months**	**1-5 years**	**5-10 years**	**over 10 years**	**Total**
Liabilities to credit institutions and central banks	12,322	617	16,882	4,436	-	34,257
Liabilities to the public and general government	1,253,410	164,920	63,986	728	-	1,483,044
Debt securities issued to the public	-	143,284	209,767	-	-	353,050
Subordinated debts	-	4,800	12,800	-	-	17,600
Derivative contracts	-	-	-	-	-	-
Total	**1,265,732**	**313,621**	**303,435**	**5,164**	**-**	**1,887,951**

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

E21 ITEMISATION OF ASSETS AND LIABILITIES IN DOMESTIC AND FOREIGN DENOMINATIONS

(1,000 euros)	2017		2016	
Assets	**Domestic currency**	**Foreign currency**	**Domestic currency**	**Foreign currency**
Debt securities eligible for refinancing with central banks	106,868	-	92,817	-
Loans and advances to credit institutions	73,806	-	61,701	-
Loans and advances to the public and general government	2,137,579	-	1,785,106	-
Debt securities	46,100	-	58,296	-
Derivative contracts	1,898	-	2,930	-
Other assets	358,931	1,144	148,532	912
Total	**2,725,181**	**1,144**	**2,149,382**	**912**

(1,000 euros)	2017		2016	
Liabilities	**Domestic currency**	**Foreign currency**	**Domestic currency**	**Foreign currency**
Liabilities to credit institutions and central banks	35,993	-	34,257	-
Liabilities to the public and general government	1,639,357	-	1,483,044	-
Debt securities issued to the public	736,961	-	353,050	-
Derivative contracts	2,222	-	-	-
Subordinated liabilities	27,800	-	17,600	-
Other liabilities	16,315	-	20,279	-
Accrued expenses and deferred income	7,709	-	6,053	-
Total	**2,466,357**	**-**	**1,914,283**	**-**

E22 FAIR VALUES AND BOOKKEEPING VALUES OF FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUE HIERARCHY

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

(1,000 euros)	**2017**		**2016**	
Financial assets	**Bookkeeping value**	**Fair value**	**Bookkeeping value**	**Fair value**
Cash and cash equivalents	265,265	265,265	7,728	7,728
Loans and advances to credit institutions	73,806	73,806	61,701	61,701
Loans and advances to the public and general government	2,137,579	2,137,579	1,785,106	1,785,106
Debt securities	152,968	153,530	151,113	151,780
Shares and other equity	34,850	36,241	98,952	100,318
Derivative contracts	1,898	1,898	2,930	2,930
Total	**2,666,365**	**2,668,318**	**2,107,531**	**2,109,563**

(1,000 euros)	**2017**		**2016**	
Financial liabilities	**Bookkeeping value**	**Fair value**	**Bookkeeping value**	**Fair value**
Liabilities to credit institutions	35,993	35,993	34,257	34,257
Liabilities to the public and general government	1,639,357	1,639,357	1,483,044	1,483,044
Debt securities issued to the public	736,961	736,961	353,050	353,050
Liabilities held	2,222	2,222	-	-
Subordinated liabilities	27,800	27,800	17,600	17,600
Total	**2,442,333**	**2,442,333**	**1,887,951**	**1,887,951**

Financial instruments measured at fair value on the balance sheet

(1,000 euros)	2017			
	Level 1	Level 2	Level 3	Total
	158,183	2,563	20,169	180,915
Unrealised gains and losses during the accounting period, level 3	-	-	-34	-

(1,000 euros)	2016			
	Level 1	Level 2	Level 3	Total
	224,292	-	3,449	227,742
Unrealised gains and losses during the accounting period, level 3	-	-	-46	-

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

(1,000 euros)	2017		
	Fair value	Change in value in income statement	Fair value reserve
Financial assets available for sale	185,497	-1,511	5,226
Financial assets held for trading	332	32	-
Total	**185,829**	**-1,479**	**5,226**

(1,000 euros)	2016		
	Fair value	Change in value in income statement	Fair value reserve
Financial assets available for sale	247,501	-1,384	9,884
Financial assets held for trading	576	-231	-
Total	**248,077**	**-1,615**	**9,884**

Changes in fair value reserve during the accounting period

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

(1,000 euros)	2016			
	At the beginning of the accounting period	Increases	Decreases	At the end of the accounting period
Cash flow hedge	-244	-	244	-
Measured at fair value	5,764	16,946	-12,826	9,884
Total	**5,520**	**16,946**	**-12,582**	**9,884**

E23 CHANGES IN EQUITY DURING THE ACCOUNTING PERIOD

(1,000 euros)	At the beginning of the accounting period	Increases	Decreases	At the end of the accounting period
Share capital	20,700	-	-	20,700
Credit loss provisions transferred to share capital	3,300	-	-	3,300
Other restricted reserves	7,907	11,877	-15,603	4,181
Fair value reserve	7,907	11,877	-15,603	4,181
Measured at fair value	7,907	11,877	-15,603	4,181
Non-restricted reserves	103,510	2,577	-	106,087
Reserve for invested non-restricted equity	103,510	2,577	-	106,087
Retained earnings	20,395	12,729	-7,153	25,972
Profit for the period	7,153	13,928	-6,823	14,258
Equity, total	**162,964**	**41,112**	**-29,579**	**174,497**

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

E24 SHARES AND SHAREHOLDER RIGHT

The number of shares is 501,744 in total and the number of votes per share is 1 vote / share. The shares do not have a nominal value.

	Ownership December 31, 2017		Ownership December 31, 2016	
	Number of shares	Interest in shares, %	Number of shares	Interest in shares, %
Etelä-Karjalan Säästöpankkisäätiö	222,000	44.2	222,000	45.2
Parkanon Säästöpankkisäätiö	68,000	13.6	68,000	13.9
Töysän Säästöpankkisäätiö	60,000	12.0	60,000	12.2
Kuortaneen Säästöpankkisäätiö	40,000	8.0	40,000	8.1
Hauhon Säästöpankkisäätiö	33,600	6.7	33,600	6.8
Rengon Säästöpankkisäätiö	22,400	4.5	22,400	4.6
Suodenniemen Säästöpankkisäätiö	16,000	3.2	16,000	3.3
Pyhäselän Oma Osuuskunta	15,177	3.0	15,177	3.1
Joroisten Oma Osuuskunta	13,783	2.7	13,783	2.8
Pasi Sydänlammi, CEO	1,255	0.3	-	-
10 largest shareholders	**492,215**	**98.1**	**490,960**	**100.0**
Other, personnel	9,529	1.9	-	-
Total	**501,744**	**100.0**	**490,960**	**100.0**

The issuance of shares to employees took place on November 13–31, 2017. The issue price was 239 euros per share and 10,784 shares were issued in total. The board approved fully paid shares on December 22, 2017 and new shares were entered in the Trade Register on January 15, 2018. Subscription payments, worth 2.58 million euros, were entered in the reserve for invested non-restricted equity in accordance with the share issuance terms.

The company has no different share classes, all shares carry the same rights. The issued shares will entitle to shareholder rights and shareholder rights commence when the shares have been entered in the Trade Register.

All shares carry the same shareholder rights.

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

E25 INTEREST INCOME AND EXPENSES

(1,000 euros)	2017	2016
Interest income		
Debt securities eligible for refinancing with central banks	846	651
Receivables from credit institutions	-	1
Receivables from the public and general government	41,874	38,759
On debt securities	1,515	1,561
Derivate contracts	1,213	2,432
Negative interest expenses from financial liabilities	131	-
Other interest income	601	503
Total	**46,179**	**43,907**
Interest income accrued on impaired loans and other receivables	287	235
Interest expenses		
Liabilities to credit institutions	-178	-457
Liabilities to the public and general government	-2,531	-4,021
Debt securities issued to the public	-3,084	-2,291
Derivative contracts and liabilities held for trading	-	-7
Subordinated liabilities	-394	-526
Negative interest income from financial assets	-307	-
Other interest expenses	-737	-78
Total	**-7,232**	**-7,382**

E26 INCOME FROM EQUITY INVESTMENTS

(1,000 euros)	2017	2016
Dividend income from financial assets available for sale	972	960
Total	**972**	**960**

E27 FEE AND COMMISSION INCOME AND EXPENSES

(1,000 euros)	**2017**	**2016**
Fee and commission income		
Lending	7,155	6,574
Borrowing	1,119	773
Payment transactions	10,355	8,985
Asset management	1,082	1,006
Brokered products	3,679	3,238
Granting of guarantees	463	336
Other fee and commission income	365	308
Total	**24,218**	**21,220**
Fee and commission expenses		
Paid delivery fees	-1,145	-1,136
Others	-2,309	-2,402
Total	**-3,453**	**-3,538**

E28 NET INCOME FROM SECURITIES TRADING AND FOREIGN CURRENCY TRADING

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

(1,000 euros)	2016		
	Capital gain and loss (net)	Changes in fair value (net)	Total
On debt securities	-	-32	-32
Net gains on trading in securities, total	-	-32	-32
Net gains on trading in foreign currencies	18	-	18
Profit and loss item, total	**18**	**-32**	**-14**

E29 NET INCOME FROM FINANCIAL ASSETS AVAILABLE FOR SALE

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

(1,000 euros)		**2016**		
	Capital gain and loss (net)	**Impairment**	**Transfers from the fair value reserve**	**Total**
On debt securities	3	-	901	903
Shares and other equity	-104	-52	1,263	1,107
Total	**-101**	**-52**	**2,163**	**2,010**

E30 NET INCOME FROM HEDGE ACCOUNTING

(1,000 euros)	2017	2016
Changes in fair value of hedge derivatives	-5,465	-2,164
Change in the fair value of hedged objects	5,414	2,149
Total	**-51**	**-15**

E31 NET INCOME FROM INVESTMENT PROPERTIES

(1,000 euros)	2017	2016
Rent income	930	968
Rent expenses	-1	-4
Planned depreciations	-166	-214
Capital gain and loss (net)	53	-439
Impairment losses	-608	-676
Other income	4	349
Other expenses	-858	-974
Total	**-647**	**-989**

E32 OTHER OPERATING INCOME AND EXPENSES

(1,000 euros)	**2017**	**2016**
Other operating income		
Rent income from properties in own use	59	61
Gains on properties in own use	41	6
Other income	1,480	3,615
Total	**1,580**	**3,682**
Other operating expenses		
Rent expenses	-1,140	-1,070
Expenses on properties in own use	-1,296	-1,386
Capital losses from properties used by the bank	-37	-320
Guarantee Fund expenses	-1,062	-969
Other expenses	-3,127	-1,999
Total	**-6,662**	**-5,744**

E33 PERSONNEL EXPENSES

(1,000 euros)	2017	2016
Salaries and rewards	-10,285	-11,192
Long-term benefits	-2,538	-2,944
Pensions	-2,108	-2,306
Other long-term benefits	-430	-638
Total	**-12,823**	**-14,136**

E34 OTHER ADMINISTRATIVE EXPENSES

(1,000 euros)	2017	2016
Other personnel expenses	-1,675	-1,035
Office expenses	-1,673	-1,335
IT expenses	-10,406	-8,621
Telephony expenses	-1,051	-916
Representation and marketing expenses	-2,526	-1,833
Total	**-17,330**	**-13,740**

E35 DEPRECIATION, AMORTISATION AND IMPAIRMENT ON TANGIBLE AND INTANGIBLE ASSETS

(1,000 euros)	2017	2016
Planned depreciations	-1,236	-1,176
Tangible assets	-592	-631
Intangible assets	-644	-544
Impairment losses and reversals of impairment losses	-509	-1,632
Tangible assets	-509	-1,632
Total	**-1,746**	**-2,808**

E36 IMPAIRMENT LOSSES ON LOANS AND OTHER RECEIVABLES AS WELL AS OTHER FINANCIAL ASSETS

Impairment losses on loans and other receivables

(1,000 euros)	2017	2016
Receivables from the public and general government	-2,337	-3,898
Contract-specific impairment losses	-3,263	-3,610
Group-specific impairment losses	-200	-1,050
Impairment reversals and refunds (-)	1,127	762
Guarantees and other off-balance sheet items	-	-272
Contract-specific impairment losses	-	-272
Impairment losses on loans and other receivables, total	**-2,337**	**-4,170**

Impairment of other financial assets

(1,000 euros)	2017	2016
Shares and other equity	-24	-28
Impairment losses on other financial assets, total	**-24**	**-28**
Impairment losses on financial assets, total	-2,361	-4,197
Interest income accrued on impaired loans and other receivables	287	235

E37 INCOME BY AREA OF OPERATIONS AND MARKET

(1,000 euros)	2017	2016
Revenue from banking operations	74,968	63,380

The distribution of revenue, operating profit, assets and liabilities by area of business has not been listed because the distribution is not particularly significant. The bank performs operations only in Finland. Profit is presented as noneliminated.

E38 PENSION LIABILITIES

Personnel's retirement provisions are arranged with pension insurance company Etera and there are no uncovered pension liabilities. Pension liability that has not been transferred to an insurance institution.

E39 RENT LIABILITIES

Minimum rent payable based on irrevocable rent agreements.

(1,000 euros)	2017	2016
Within 1 year	838	616
During 1-5 years	1,330	1,305
Within more than 5 years	467	651
Total	**2,635**	**2,572**

E40 OFF-BALANCE SHEET COMMITMENTS

(1,000 euros)	2017	2016
Commitments given to a third party on behalf of a customer		
Guarantees	14,972	12,434
Other commitments given to a third party on behalf of a customer	471	624
Irrevocable commitments given in favour of a customer	189,855	117,436
Off-balance sheet commitments, total	**205,298**	**130,494**

E41 OTHER OFF-BALANCE SHEET ARRANGEMENTS

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

(1,000 euros)	2017	2016
The joint liability amount related to the group registration of value added tax	757	699

E42 AVERAGE NUMBER OF EMPLOYEES

Average number of employees during the accounting period	2017	2016
Permanent full-time employees	201	208
Permanent part-time employees	11	6
Temporary employees	38	32
Total	**250**	**246**

E43 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, Managing Director, Deputy Managing Director 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.

Remuneration received by key personnel in 2017	**CEO and Deputy CEO**	**Board of Directors**	**Other management team members**
Salaries and rewards	544	449	665
Defined contribution pension plans	53	17	-
Defined benefit pension plans	-	-	-

Remuneration received by key personnel in 2016	**CEO and Deputy CEO**	**Board of Directors**	**Other management team members**
Salaries and rewards	539	390	635
Defined contribution pension plans	53	14	13
Defined benefit pension plans	-	-	9

Transactions with related parties

	2017		**2016**	
	Key personnel and their family members	**Other related parties**	**Key personnel and their family members**	**Other related parties**
Loans	3,781	9,410	2,157	1,850
Deposits	1,010	6,991	1,449	6,174
Guarantees	100	100	115	100
Received interests	18	252	15	10
Paid interests	1	6	1	-
Service fees	3	15	2	5

Loans and guarantees have been granted with conditions that are applied to similar loans and guarantees granted to customers.

E44 NOTARY OPERATIONS PERFORMED BY THE CREDIT INSTITUTION

In 2017, the bank offered transmission and execution of orders in accordance with Article 11 of the Investment Act, trading on its own account, asset management, investment advisory services, custody and management of financial assets as well as safety deposits and related services.

The bank does not offer so-called full-service asset management.

E45 AUDITOR'S FEES

(1,000 euros)	2017	2016
KPMG Oy Ab		
Auditor's fees by assignment group:		
Audit	65	46
Assignments as provided for in Section 1, Sub-section 1, Clause 2 of the Auditing Act	1	-
Other services	48	41
Total	**114**	**88**
Ernst & Young Oy		
Auditor's fees by assignment group:		
Audit	-	32
Assignments as provided for in Section 1, Sub-section 1, Clause 2 of the Auditing Act	-	1
Other services	-	1
Total	**-**	**34**

E46 LONG-TERM SAVING

	2017		2016	
	1,000 EUR	Number	1,000 EUR	Number
Saved assets, total	266	17	246	17
Deposits, total	159	17	208	17
PS accounts	159	17	173	16
PS deposits	-	-	34	1
Customers' assets, total	107	-	39	-
Shares	43	-	13	-
Reserves	64	-	26	-

Notes regarding Oma Säästöpankki Oyj's solvency (Pillar III)

E47 OWN FUNDS BY ITEM

	(1,000 euros)	(A)AMOUNT ON THE PUBLISHING DATE, BANK	(B)REGULATION (EU) No 575/2013, ARTICLE BEING REFERRED TO	(C)AMOUNTS TO WHICH TREATMENT PRECEDING REGULATION (EU) No 575/2013 IS APPLIED, OR REMAINING AMOUNT DECREED IN REGULATION (EU) No 575/2013
	Core capital (CET1): instruments and funds			
1	Capital instruments and related share premium accounts	24,000	Article 26(1), Articles 27, 28 and 29, EBA's list Article 26(3)	
	of which: capital stock	24,000		
2	Retained earnings	25,972	Article 26(1)(c)	
3	Other accumulated comprehensive income (and other funds, including unrealised profits and losses based on the applicable accounting standards)	110,268	Article 26(1)	
3a	Fund for general banking risks	68,376	Article 26(1)(f)	
4	The number of items and related share premium accounts, within the meaning of Article 484(3), that will be gradually phased out from CET1		Article 483(2)	
	Public sector capital injections, which are allowed to continue until 1.1.2018		Article 483(2)	
5	Minority interests (amount that can be included in consolidated core capital (CET1))		Articles 84, 479 and 480	
5a	Interim profits verified by an independent body, with all foreseeable costs of dividends deducted	12,146	Article 26(2)	
6	**Core capital (CET1) before regulatory adjustments**	**240,761**		**0**
	Core capital (CET1):regulatory adjustments			
7	Other value adjustments (negative amount)		Article 34, Article 105	

8	Immaterial goods (with related tax liabilities deducted) (negative amount)	-8,271	Article 36(1)(b), Article 37, Article 472(4)	
10	Deferred tax assets dependent on future taxable profits, excluding those resulting from temporary differences (with the related tax liabilities deducted if the conditions of Article 38(3) are met) (negative amount)		Article 36(1)(c), Article 38, Article 472(5)	
11	Items included in the fair value reserve and related to profits or losses from cash flow hedging		Article 33(1)(a)	
12	The negative amounts resulting from expected loss calculations		Article 36(1)(d), Articles 40 and 159, Article 472(6)	
13	All increases in equity that result from securitised assets (negative amount)		Article 32(1)	
14	Profits or losses measured at fair value, resulting from changes in the institution's own credit rating		Article 33(b)	
15	Defined benefit retirement fund's funds (negative amount)		Article 36(1)(e), Article 41, Article 472(7)	
16	The institution's direct and indirect shares in its own core capital (CET1) instruments (negative amount)		Article 36(1)(f), Article 42, Article 472(8)	
17	Shares in financial entities' core capital (CET1) instruments when the entities have a mutual cross-shareholding arrangement intended to artificially increase the institution's own funds (negative amount)		Article 36(1)(g), Article 44, Article 472(9)	
18	Direct and indirect shares that the institution has in financial entities' core capital (CET1) instruments in cases where the institution does not have a significant investment in these entities (amount exceeding the 10 per cent limit, with acceptable short term positions deducted) (negative amount)		Article 36(1)(h), Articles 43, 45 and 46, Article 49(2 and 3), Article 79, Article 472(10)	
19	Direct, indirect and synthetic shares that the institution has in financial entities' core capital (CET1) instruments in cases where the institution has a significant investment in these entities (amount exceeding the 10 per cent limit, with acceptable short term positions deducted) (negative amount)		Article 36(1)(i), Articles 43, 45 and 47, Article 48(1)(b), Article 49(1-3), Articles 79 and 470, Article 472(11)	
21	Deferred tax assets resulting from temporary differences (amount exceeding the 10 per cent limit, with related tax liabilities deducted if the conditions of Article 38(3) are met) (negative amount)		Article 36(1)(c), Article 38, Article 48(1)(a), Article 470, Article 472(5)	
22	The amount exceeding 15 per cent (negative amount)		Article 48(1)	

23	of which: direct and indirect shares that the institution has in financial entities' core capital (CET1) instruments when the institution has a significant investment in these entities		Article 36(1)(i), Article 48(1)(b), Article 470, Article 472(11)	
26	Regulatory adjustments to core capital (CET1) relating to the amount subject to treatment as before the Capital Requirements Regulations			
26a	Regulatory adjustments related to unrealised profits and losses in compliance with Articles 467 and 468			
	of which: …unrealised loss filter 1		Article 467	
	of which: …unrealised profit filter 1		Article 468	
26b	The amount to be deducted from or added to the core capital (CET1) due to additional filters and reductions that were required before the Capital Requirements Regulations		Article 481	
27	Deductions from additional tier 1 capital (AT1) that exceed the institution's additional tier 1 capital (AT1) (negative amount)		Article 36(1)(j)	
28	**Regulatory adjustments to core capital (CET1), total**	**-8,271**		**0**
29	**Core capital (CET1)**	**232,490**		**0**
	Additional Tier 1 capital (AT1): instruments			
30	Capital instruments and related share premium accounts		Article 51, Article 52	
31	of which: classified as equity according to the applicable accounting standards			
32	of which: classified as debt according to the applicable accounting standards			
33	The number of items and related share premium accounts, within the meaning of Article 484(4), that will be gradually phased out from AT1		Article 486(3)	
	Public sector capital injections, which are allowed to continue until January 1, 2018		Article 486(3)	
34	Tier 1 capital issued by subsidiaries and held by third parties that meets the requirements and is included in consolidated additional tier 1 capital (AT1) (incl. minority interests not included on line 5)		Articles 85, 86 and 480	
35	of which: instruments issued by subsidiaries that will be gradually phased out		Article 486(3)	

36	**Additional Tier 1 capital (AT1) before regulatory adjustments:**	**0**		**0**
	Additional Tier 1 capital (AT1): regulatory adjustments			
37	The institution's direct and indirect shares in its own additional tier 1 capital (AT1) instruments (negative amount)		Article 52(1)(b), Article 56(a), Article 57, Article 475(2)	
38	Shares in financial entities' additional tier 1 capital (AT1) instruments when the entities have a mutual cross-shareholding arrangement intended to artificially increase the institution's own funds (negative amount)		Article 56(b), Articles 58, Article 475(3)	
39	Direct and indirect shares that the institution has in financial entities' additional tier 1 capital (AT1) instruments in cases where the institution does not have a significant investment in these entities (amount exceeding the 10 per cent limit, with acceptable short term positions deducted) (negative amount)		Article 56(c), Articles 59, 60 and 79, Article 475(4)	
40	Direct and indirect shares that the institution has in financial entities' additional tier 1 capital (AT1) instruments in cases where the institution has a significant investment in these entities (amount exceeding the 10 per cent limit, with acceptable short term positions deducted) (negative amount)		Article 56(d), Articles 59, 60 and 79, Article 475(4)	
41	Regulatory adjustments to additional tier 1 capital (AT1) regarding the amounts subject to treatment as before the Capital Requirements Regulations and to the transitional period treatment until they are disposed of according to Regulation (EU) No. 575/2013 (aka remaining amounts according to the Capital Requirements Regulations)			
41a	Remaining amounts to be deducted from additional tier 1 capital (AT1), related to the deductions that will be made from core capital during the transition period according to Regulation (EU) No. 575/2013 Article 472		Article 472, Article 472(3)(a), Article 472(4 and 6), 472(8)(a), 472(9), 472(10)(a), 472(11)(a)	
	of which items to be specified in rows, e.g. interim net losses, intangible assets, incomplete provisions for expected losses etc.			
41b	Remaining amounts to be deducted from additional tier 1 capital (AT1), related to the deductions that will be made from tier 2 capital (T2) during the transition period according to Regulation (EU) No. 575/2013 Article 475		Article 477, Article 477(3), Article 477(4)(a)	

	of which items to be specified in rows, e.g. mutual cross-shareholding arrangements regarding tier 2 (T2) instruments, direct shares of other financial entities' capital when the institution does not have a significant investment in the entities etc.			
41c	The amount to be deducted from or added to the additional tier 1 capital (AT1) due to additional filters and reductions that were required before the Capital Requirements Regulations		Articles 467, 468 and 481	
42	Deductions from tier 2 capital (T2) that exceed the institution's tier 2 capital (T2) (negative amount)		Article 56(e)	
43	**Regulatory adjustments to additional tier 1 capital (AT1), total**	**0**		**0**
44	**Additional Tier 1 capital (AT1)**			**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**232,490**		**0**
	Tier 2 capital (T2): Instruments and reserves			
46	Capital instruments and related share premium accounts	17,766	Articles 62 and 63	
47	The number of items and related share premium accounts, within the meaning of Article 484(5), that will be gradually phased out from T2	0	Article 486(4)	
	Public sector capital injections, which are allowed to continue until January 1, 2018		Article 483(4)	
48	Own fund instruments issued by subsidiaries and held by third parties that are included in consolidated tier 2 capital (T2) (incl. minority interests and additional tier 1 capital instruments (AT1) not included on lines 5 or 34)		Articles 87, 88 and 480	
49	of which: instruments issued by subsidiaries that will be gradually phased out		Article 486(4)	
50	Credit risk adjustments		Article 62(c and d)	
51	**Tier 2 capital (T2) before regulatory adjustments**	**17,766**		**0**
	Tier 2 capital (T2): regulatory adjustments			
52	The institutions direct and indirect shares of its own tier 2 (T2) instruments and subordinated loans (negative amount)		Article 63(b)(i), Article 66(a), Article 67, Article 477(2)	

53	Shares in financial entities' tier 2 capital (T2) instruments and subordinated loans when the entities have a mutual cross-shareholding arrangement intended to artificially increase the institution's own funds (negative amount)		Article 66(b), Article 68, Article 477(3)	
54	Direct and indirect shares that the institution has in financial entities' tier 2 capital (T2) instruments and subordinated loans in cases where the institution does not have a significant investment in these entities (amount exceeding the 10 per cent limit, with acceptable short term positions deducted) (negative amount)		Article 66(c), Articles 69, 70 and 79, Article 477(4)	
54a	Of which new shares not subject to transitional arrangements			
54b	Of which shares that existed before January 1, 2013 and are therefore subject to transitional arrangements.			
55	Direct and indirect shares that the institution has in financial entities' tier 2 capital (T2) instruments and subordinated loans in cases where the institution has a significant investment in these entities (amount with acceptable short term positions deducted) (negative amount)		Article 66(d), Articles 69 and 79, Article 477(4)	
56	Regulatory adjustments to tier 2 capital (T2) regarding the amounts subject to treatment as before the Capital Requirements Regulations and to the transitional period treatment until they are disposed of according to Regulation (EU) No. 575/2013 (aka remaining amounts according to the Capital Requirements Regulations)			
56a	Remaining amounts to be deducted from tier 2 capital (T2), related to the deductions that will be made from core capital during the transition period according to Regulation (EU) No. 575/2013 Article 472		Article 472, Article 472(3)(a), Article 472(4 and 6), 472(8)(a), 472(9), 472(10)(a), 472(11)(a)	
	of which items to be specified in rows, e.g. interim net losses, intangible assets, incomplete provisions for expected losses etc.			
56b	Remaining amounts to be deducted from tier 2 capital (T2), related to the deductions that will be made from additional tier 1 capital (AT1) during the transition period according to Regulation (EU) No. 575/2013 Article 475		Article 475, Article 475(2)(a), Article 475(3), Article 475(4)(a)	

	Of which items to be specified in rows, e.g. mutual cross-shareholding arrangements regarding additional tier 1 (AT1) instruments, direct shares of other financial entities' capital when the institution does not have a significant investment in the entities etc.			
56c	The amount to be deducted from or added to the tier 2 capital (T2) due to additional filters and reductions that were required before the Capital Requirements Regulations		Articles 467, 468 and 481	
57	**Regulatory adjustments to be applied on Tier 2 capital (T2), total**	**0**		**0**
58	**Tier 2 capital (T2)**	**17,766**		**0**
59	**Total capital (TC=T1+T2)**	**250,255**		**0**
59a	Risk-weighted funds regarding the amounts subject to treatment as before the Capital Requirements Regulations and to the transitional period treatment until they are disposed of according to Regulation (EU) No. 575/2013 (aka remaining amounts according to the Capital Requirements Regulations)			
60	**Risk-weighted funds, total**	**1,309,739**		
	Solvency ratios and buffers			
61	Core capital (CET1) (as a percentage of total risk)	17.75	Article 92(2)(a), Article 465	
62	Tier 1 capital (T1) (as a percentage of total risk)	17.75	Article 92(2)(c), Article 465	
63	Total capital (as a percentage of total risk)	19.11	Article 92(2)(c)	
	Solvency ratios and buffers			
72	Direct and indirect shares that the institution has in financial entities' capital in cases where the institution does not have a significant investment in these entities (amount beneath the 10 per cent limit, with acceptable short term positions deducted)	7,108	Article 36(1)(h), Articles 45 and 46, Article 56(c), Articles 59 and 60, Article 66(c), Articles 69 and 70	
73	Direct and indirect shares that the institution has in financial entities' core capital (CET1) instruments in cases where the institution has a significant investment in these entities (amount beneath the 10 per cent limit, with acceptable short-term positions deducted)	15,358	Article 36(1)(i), Articles 45 and 48	

	Upper limits applied to including provisions in Tier 2 capital (T2)			
76	Credit risk adjustments included in tier 2 capital (T2) for risks subject to the standard method (before the upper limit is applied)		Article 62	
77	Upper limit for including credit risk adjustments in tier 2 capital when using the standard method		Article 62	
	Core capital instruments subject to gradual phasing out arrangements (applies only January 1, 2013 – January 1, 2022)			
80	Current upper limit for core capital (CET1) instruments subject to gradual phasing out arrangements		Article 484(3), Article 486(2 and 5)	
81	Amount deducted from core capital (CET1) due to the upper limit (amount exceeding the upper limit after redemptions and maturities)		Article 484(3), Article 486(2 and 5)	
82	Current upper limit for additional tier 1 capital (AT1) instruments subject to gradual phasing out arrangements		Article 484(4), Article 486(3 and 5)	
83	Amount deducted from additional tier 1 capital (AT1) due to the upper limit (amount exceeding the upper limit after redemptions and maturities)		Article 484(4), Article 486(3 and 5)	
84	Current upper limit for tier 2 capital (T2) instruments subject to gradual phasing out arrangements	0	Article 484(5), Article 486(4 and 5)	
85	Amount deducted from tier 2 capital (T2) due to the upper limit (amount exceeding the upper limit after redemptions and maturities)		Article 484(5), Article 486(4 and 5)	

E48 MAIN FEATURES OF THE INSTRUMENTS COUNTED AS EQUITY

(1,000 euros)

Commission Implementing Regulation (EU) No. 1423/2013		**OMAD012523**	**OMAD026519**	**Share capital**
1	Issuer	Oma Säästöpankki Oyj	Oma Säästöpankki Oyj	
2	Unique identifier	FI4000282983	FI4000096854	N/A
3	Legislation applied to the instrument	Finnish legislation	Finnish legislation	Finnish legislation
4	The Capital Requirements Regulations during the transitional period	T2	T2	CET1
5	The Capital Requirements Regulations after the transitional period	N/A	N/A	CET1
6	Usable at individual company level or on a consolidated basis / subconsolidation group level / individual company level and on a consolidated basis / on a subconsolidation group level	individual company and on a consolidated basis / on a subconsolidation group level	individual company and on a consolidated basis / on a subconsolidation group level	individual company
7	Instrument type	Article 486(4)	Article 486(4)	Limited Liability Companies Act, chapter 3, section 1, paragraph 1 and Regulation (EU) No. 575/2013 Article 28
8	Amount entered in regulatory capital	15,000	2.766	24,000
9	The nominal instrument quantity	15,000	10,000	N/A
9a	Issue price	100%	100%	N/A
9b	Redemption price	100%	100%	N/A
10	Accounting classification	Liability amortised cost, cost	Liability amortised cost, cost	shareholders' shares
11	Original issue date	November 1, 2017	May 20, 2014	Continuous
12	Undated or dated	dated	dated	undated
13	Original maturity	February 1, 2023	May 20, 2019	no maturity
14	Redemption by the issuer requires the supervisory authority's prior approval	yes	yes	no
15	Possible redemption date, conditional redemption dates and redemption amount	no redemption option	no redemption option	no redemption option
16	Possible later redemption dates	no redemption option	no redemption option	no redemption option
17	Fixed or variable dividend/coupon	fixed	fixed	
18	Coupon interest and related indices	1.25%	2.65%	no
19	Existence of a dividend stopper	no	no	no

20a	Fully discretionary, partially discretionary or mandatory (regarding timing)	mandatory	mandatory	fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (regarding quantity)	mandatory	mandatory	fully discretionary
21	Existence of a step up condition or another redemption incentive	no	no	no
22	Non-cumulative or cumulative	non-cumulative	non-cumulative	non-cumulative
23	Convertible or encumbered	encumbered	encumbered	encumbered
24	If the instrument is convertible, which factors affect the condition?	N/A	N/A	N/A
25	If the instrument is convertible, is it fully or partially convertible?	N/A	N/A	N/A
26	If the instrument is convertible, what is the exchange rate?	N/A	N/A	N/A
27	If the instrument is convertible, is conversion mandatory or optional?	N/A	N/A	N/A
28	If the instrument is convertible, specify for which kind of an instrument it can be converted.	N/A	N/A	N/A
29	If the instrument is convertible, specify for which instrument of the issuer it can be converted.	N/A	N/A	N/A
30	Properties related to the lowering of the bookkeeping value	no	no	no
31	If the lowering of the bookkeeping value is possible, which factors trigger it?	N/A	N/A	N/A
32	If the lowering of the bookkeeping value is possible, is it full or partial?	N/A	N/A	N/A
33	If the lowering of the bookkeeping value is possible, is it permanent or temporary?	N/A	N/A	N/A
34	If the lowering of the bookkeeping value is temporary, describe the mechanism for increasing the bookkeeping value	N/A	N/A	N/A
35	Hierarchical position in liquidation (specify the type of instrument that is immediately unsubordinated)	Other liabilities	Other liabilities	"Debenture, share capital"
36	Non-compliant properties	yes	yes	no
37	Specify any non-compliant properties	Capital not completely in possession for 5 years	Capital not completely in possession for 5 years	N/A

E49 OWN FUNDS, MINIMUM

Credit and counterparty risk (1,000 euros)	**2017**	**2016**
Exposure class	**Minimum amount of own funds**	**Minimum amount of own funds**
Receivables from the state and central banks		
Receivables from regional government or local officials	4	4
Receivables from the general government and public institutions	19	-
Receivables from institutions	1,498	1,018
Receivables from businesses	23,274	15,961
Retail receivables	23,768	18,942
Mortgage-backed receivables	38,343	34,013
Insolvent liabilities	1,415	1,232
Liabilities in the form of covered bonds	295	151
Receivables related to interests or shares in collective investment undertakings (CIU)	846	5,410
Equity-based liabilities	3,711	4,050
Other items	2,277	2,409
Credit risk, total	**95,450**	**83,189**
Adjustment risk of liability (CVA)	568	300
Market risk (exchange rate risk)	-	1,591
Operational risk	8,761	7,171
Minimum amount of own funds, total	**104,779**	**92,251**
Common equity buffer 2.5%	**32,743**	**28,828**
Countercyclical buffer, total	**53**	**129**

E50 TOTAL LIABILITIES, BY RISK WEIGHT

Credit and counterparty risk (1,000 euros)

Risk weight (%)	2017	2016
0	436,283	156,788
10	36,841	18,901
20	90,209	58,199
35	1,376,393	1,244,708
50	47,985	25,647
75	512,384	415,530
100	413,883	343,362
150	2,813	2,021
250	15,358	15,308
Total	**2,932,149**	**2,280,463**

E51 AVERAGE VALUE OF TOTAL LIABILITIES DURING THE ACCOUNTING, BY EXPOSURE CLASS

Credit and counterparty risk (1,000 euros)

Exposure class	**2017**	**2016**
Receivables from the state and central banks	197,845	120,015
Receivables from the regional government and local officials	3,746	3,918
Receivables from the general government and public institutions	3,298	-
Receivables from international development banks	9,741	-
Receivables from international organisations	-	-
Receivables from institutions	120,756	93,444
Receivables from businesses	289,925	208,199
Retail receivables	445,533	401,380
Mortgage-backed receivables	1,325,281	1,185,865
Insolvent liabilities	16,428	15,435
Liabilities associated with a particularly high risk	-	-
Liabilities in the form of covered bonds	35,050	14,179
Securitisation positions	-	-
Receivables from institutions and businesses with short-term credit ratings	-	-
Receivables related to interests or shares in collective investment undertakings (CIU)	48,805	79,933
Equity-based liabilities	27,244	29,134
Other items	39,713	43,122
Total	**2,563,366**	**2,194,625**

E52 MATURITY ANALYSIS OF TOTAL LIABILITIES, BY EXPOSURE CLASS

Credit and counterparty risk (1,000 euros)

	2017					
Exposure class	**Total**	**less than 3 months**	**3-12 months**	**1-5 years**	**5-10 years**	**over 10 years**
Receivables from the state and central banks	387,514	258,809	3,914	19,990	49,044	55,757
Receivables from the regional government and local officials	4,467	100	49	2,905	672	742
Receivables from the general government and public institutions	4,206	-	-	-	3,012	1,194
Receivables from international development banks	18,360	603	212	6,822	7,169	3,554
Receivables from international organisations	-	-	-	-	-	-
Receivables from institutions	105,231	74,767	1,778	10,942	1,535	16,209
Receivables from businesses	357,599	74,058	13,380	59,993	66,548	143,620
Retail receivables	512,384	24,431	18,428	62,824	110,945	295,757
Mortgage-backed receivables	1,418,660	21,213	22,194	134,260	268,371	972,622
Insolvent liabilities	16,511	5,661	42	2,122	3,474	5,212
Liabilities associated with a particularly high risk	-	-	-	-	-	-
Liabilities in the form of covered bonds	36,841	-	-	7,625	29,216	-
Securitisation positions	-	-	-	-	-	-
Receivables from institutions and businesses with short-term credit ratings	-	-	-	-	-	-
Receivables related to interests or shares in collective investment undertakings (CIU)	11,400	-	-	-	-	11,400
Equity-based liabilities	23,350	-				23,350
Other items	35,625	28,102	-	44	-	7,480
Total	**2,932,149**	**487,744**	**59,997**	**307,527**	**539,985**	**1,536,897**

	2016					
Exposure class	**Total**	**less than 3 months**	**3-12 months**	**1-5 years**	**5-10 years**	**over 10 years**
Receivables from the state and central banks	129,501	1,043	1,940	34,479	41,936	50,104
Receivables from the regional government and local officials	3,782	100	2	2,777	26	877
Receivables from the general government and public institutions	-	-	-	-	-	-
Receivables from international development banks	-	-	-	-	-	-
Receivables from international organisations	-	-	-	-	-	-
Receivables from institutions	72,050	62,196	1,162	7,910	150	631
Receivables from businesses	225,461	20,600	12,032	54,037	54,833	83,958
Retail receivables	415,530	15,571	12,432	58,130	89,112	240,286
Mortgage-backed receivables	1,263,838	17,169	25,203	120,246	242,653	858,567
Insolvent liabilities	14,625	6,050	46	732	1,150	6,647
Liabilities associated with a particularly high risk	-	-	-	-	-	-
Liabilities in the form of covered bonds	18,901	-	-	7,192	11,709	-
Securitisation positions	-	-	-	-	-	-
Receivables from institutions and businesses with short-term credit ratings	-	-	-	-	-	-
Receivables related to interests or shares in collective investment undertakings (CIU)	71,193	-	-	-	-	71,193
Equity-based liabilities	27,659	-	-	-	-	27,659
Other items	37,923	12,963	-	70	-	24,890
Total	**2,280,463**	**135,693**	**52,816**	**285,572**	**441,569**	**1,364,812**

E53 TOTAL EXPOSURES, BY EXPOSURE CLASS, BY COUNTERPARTY

Credit and counterparty risk (1,000 euros)

	2017				
Exposure class	**Total**	**Private persons**	**Agriculture**	**Companies**	**Others**
Receivables from the state and central banks	387,514	59,286	852	10,887	316,489
Receivables from the regional government and local officials	4,467	-	55	1,012	3,401
Receivables from the general government and public institutions	4,206	-	1,194	-	3,012
Receivables from international development banks	18,360	-	60	16,796	1,505
Receivables from international organisations	-	-	-	-	-
Receivables from institutions	105,231	263	731	2,030	102,206
Receivables from businesses	357,599	7,936	23,682	193,463	132,518
Retail receivables	512,384	251,698	110,880	130,359	19,447
Mortgage-backed receivables	1,418,660	1,046,834	93,495	192,629	85,702
Insolvent liabilities	16,511	7,382	1,813	7,179	136
Liabilities in the form of covered bonds	36,841	-	-	-	36,841
Securitisation positions	-	-	-	-	-
Receivables from institutions and businesses with short-term credit ratings	-	-	-	-	-
Receivables related to interests or shares in collective investment undertakings (CIU)	11,400	-	-	-	11,400
Equity-based liabilities	23,350	-	-	1,994	21,356
Other items	35,625	-	-	-	35,625
Total	**2,932,149**	**1,373,400**	**232,762**	**556,349**	**769,638**

		2016			
Exposure class	Total	Private persons	Agriculture	Companies	Others
Receivables from the state and central banks	129,501	51,774	1,038	8,515	68,174
Receivables from the regional government and local officials	3,782	-	55	395	3,332
Receivables from the general government and public institutions	-	-	-	-	-
Receivables from international development banks	-	-	-	-	-
Receivables from international organisations	-	-	-	-	-
Receivables from institutions	72,050	266	-	60	71,723
Receivables from businesses	225,461	10,362	15,852	147,091	52,155
Retail receivables	415,530	226,058	55,911	113,575	19,986
Mortgage-backed receivables	1,263,838	967,235	55,607	153,524	87,473
Insolvent liabilities	14,625	8,649	1,307	4,539	131
Liabilities associated with a particularly high risk	-	-	-	-	-
Liabilities in the form of covered bonds	18,901	-	-	-	18,901
Securitisation positions	-	-	-	-	-
Receivables from institutions and businesses with short-term credit ratings	-	-	-	-	-
Receivables related to interests or shares in collective investment undertakings (CIU)	71,193	-	-	-	71,193
Equity-based liabilities	27,659	-	-	3,366	24,293
Other items	37,923	-	-	-	37,923
Total	**2,280,463**	**1,264,344**	**129,769**	**431,066**	**455,285**

E54 GEOGRAPHICAL DISTRIBUTION OF SIGNIFICANT CREDIT EXPOSURES

Credit and counterparty risk (1,000 euros)

	2017		
Exposure class	**Total**	**Finnish**	**Other countries**
Receivables from the state and central banks	387,514	337,518	49,996
Receivables from the regional government and local officials	4,467	4,413	55
Receivables from the general government and public institutions	4,206	4,206	-
Receivables from international development banks	18,360	18,360	-
Receivables from international organisations	-	-	-
Receivables from institutions	105,231	95,358	9,872
Receivables from businesses	357,599	330,991	26,608
Retail receivables	512,384	511,730	655
Mortgage-backed receivables	1,418,660	1,417,803	857
Insolvent liabilities	16,511	16,511	-
Liabilities associated with a particularly high risk	-	-	-
Liabilities in the form of covered bonds	36,841	2,090	34,750
Securitisation positions	-	-	-
Receivables from institutions and businesses with short-term credit ratings	-	-	-
Receivables related to interests or shares in collective investment undertakings (CIU)	11,400	10,739	661
Equity-based liabilities	23,350	22,342	1,009
Other items	35,625	35,625	-
Total	**2,932,149**	**2,807,686**	**124,464**

Exposure class	2016 Total	Finnish	Other countries
Receivables from the state and central banks	129,501	75,011	54,490
Receivables from the regional government and local officials	3,782	3,727	55
Receivables from the general government and public institutions	-	-	-
Receivables from international development banks	-	-	-
Receivables from international organisations	-	-	-
Receivables from institutions	72,050	70,407	1,643
Receivables from businesses	225,461	201,239	24,222
Retail receivables	415,530	414,838	692
Mortgage-backed receivables	1,263,838	1,263,069	770
Insolvent liabilities	14,625	14,625	
Liabilities associated with a particularly high risk	-	-	-
Liabilities in the form of covered bonds	18,901		18,901
Securitisation positions	-	-	-
Receivables from institutions and businesses with short-term credit ratings	-	-	-
Receivables related to interests or shares in collective investment undertakings (CIU)	71,193	36,446	34,747
Equity-based liabilities	27,659	24,707	2,951
Other items	37,923	37,923	-
Total	**2,280,463**	**2,141,993**	**138,470**

E55 TOTAL LIABILITY VALUES BY EXPOSURE CLASS, DIVIDED BY HEDGING COLLATERALS

Credit and counterparty risk (1,000 euros)

	2017				
Exposure class	**Total**	**Financial collateral**	**Real collateral**	**Guarantees**	**Others**
Receivables from the state and central banks	387,514	-	-	71,138	-
Receivables from the regional government and local officials	4,467	-	-	2,204	-
Receivables from the general government and public institutions	4,206	-	-	1,194	-
Receivables from international development banks	18,360	-	-	18,360	-
Receivables from institutions	105,231	-	-	3,464	-
Receivables from international organisations	-	-	-	-	-
Receivables from businesses	357,599	5,847	-	5,169	-
Retail receivables	512,384	9,719	-	-	-
Mortgage-backed receivables	1,418,660	-	1,418,660	-	-
Insolvent liabilities	16,511	110	13,712	-	-
Liabilities associated with a particularly high risk	-	-	-	-	-
Liabilities in the form of covered bonds	36,841	-	-	-	-
Securitisation positions	-	-	-	-	-
Receivables from institutions and businesses with short-term credit ratings	-	-	-	-	-
Receivables related to interests or shares in collective investment undertakings (CIU)	11,400	-	-	-	-
Equity-based liabilities*	23,350	-	-	-	-
Other items	35,625	-	-	-	-
Total	**2,932,149**	**15,677**	**1,432 373**	**101,529**	**-**

*) credit derivatives are not used for hedging

		2016			
Exposure class	**Total**	**Financial collateral**	**Real collateral**	**Guarantees**	**Others**
Receivables from the state and central banks	129,501	-	-	-	-
Receivables from the regional government and local officials	3,782	-	-	-	-
Receivables from the general government and public institutions	-	-	-	-	-
Receivables from international development banks	-	-	-	-	-
Receivables from international organisations	-	-	-	-	-
Receivables from institutions	72,050	-	-	-	-
Receivables from businesses	225,461	957	-	4,097	89
Retail receivables	415,530	10,180	-	64,073	278
Mortgage-backed receivables	1,263,838	-	1,263,508	-	-
Insolvent liabilities	14,625	108	-	380	8
Liabilities associated with a particularly high risk	-	-	-	-	-
Liabilities in the form of covered bonds	18,901	-	-	-	-
Securitisation positions	-	-	-	-	-
Receivables from institutions and businesses with short-term credit ratings	-	-	-	-	
Receivables related to interests or shares in collective investment undertakings (CIU)	71,193	-	-	-	-
Equity-based liabilities*	27,659	-	-	-	-
Other items	37,923	-	-	-	-
Total	**2,280,463**	**11,245**	**1,263,508**	**68,550**	**375**

*) credit derivatives are not used for hedging

E56 LEVEL OF ENCUMBRANCE OF ASSETS

	Bookkeeping value of restricted assets	Fair value of restricted assets	Bookkeeping value of unrestricted assets	Fair value of unrestricted assets
Institution's own funds	373,427	-	2,352,897	-
Equity-based financial instruments	-	-	25,038	25,071
Debt securities	-	-	154,178	154,740
Other assets	373,427	-	2,173,682	-

Restricted assets / collateral received and associated liabilities (December 31, 2017)	Finance received against encumbered assets (liabilities), contingent liabilities or borrowed securities	Assets, received collaterals and debt securities, excluding covered bonds used as collateral and asset-back securities
Bookkeeping value for financial liabilities	-	373,427

E57 OPERATIONAL RISK CALCULATIONS

(1,000 euros)	2017	2016	2015	Own funds, minimum
Gross total	63,211	60,216	51,799	-
Profit level indicator	9,482	9,032	7,770	8,761

(1,000 euros)	2016	2015	2014	Minimum amount of own funds
Gross total	60,216	51,799	31,397	-
Profit level indicator	9,032	7,770	4,710	7,171

The profit level indicator is calculated following the basic method presented in the Solvency regulation, No. 575/2013.

Minimum amount of own funds = the sum of annual positive profit level indicators / the number of years the profit level indicator has been positive.

Operative risks mean the risk of loss that banks may experience as a result of inadequate or deficient internal processes, staff, systems or external factors.

E58 LEVERAGE RATIO

Summary of reconciliation of the total liabilities in the leverage ratio on the balance sheet published in the financial statements

(1,000 euros)	2017	2016
Balance sheet total as published in the financial statements	2,726,325	2,150,294
Adjustments related to units that are consolidated in calculations but are outside regulated consolidation	-	-
Adjustments related to financial derivatives	6,337	4,495
Adjustments related to securities financing transactions	-	-
Adjustments related to off-balance sheet items	57,804	38,488
Other adjustments	-14,081	-9,640
Leverage ratio total liabilities	**2,776,384**	**2,183,637**
Value of leverage ratio total liabilities		
Off-balance sheet liabilities (excl. derivatives, securities financing transactions)		
Balance sheet liabilities (excl. derivatives, securities financing transactions and fiduciary funds but incl. collateral)	2,715,459	2,141,495
(Regulatory adjustments to Tier 1 capital)	-8,271	-4,820
Balance sheet exposures, total (excl. derivatives, securities financing transactions and fiduciary funds)	**2,707,188**	**2,136,675**
Financial derivatives		
Derivatives: market value	5,055	3,979
Derivatives: increased fair value method	6,337	4,495
Derivatives: original acquisition value method	-	-
Derivatives total	**11,392**	**8,474**
Other off-balance liabilities		
Nominal quantity of off-balance liabilities	205,298	130,494
(Adaptations related to conversion figures)	-147,494	-92,006
Other off-balance liabilities	**57,804**	**38,488**

Exceptions based on Article 429 (7 and 14) of the Capital Requirements Regulations

(Exempting the Group's internal liabilities (solo basis) according to the Capital Requirements Regulation (EU) No 575/2013, Article 429(7))

(Exempting liabilities according to Capital Requirements Regulation (EU) No 575/2013, Article 429(14))

(1,000 euros)	2017	2016
Capital and total liabilities		
Tier 1 capital	232,490	215,001
Total liabilities	2,776,384	2,183,637
Leverage ratio		
Leverage ratio	8.37%	9.85%
Classification of the balance sheet exposures (excl. derivatives, securities financing transactions and exempted liabilities)		
Balance sheet exposures, total (excl. derivatives, securities financing transactions and exempted liabilities), of which:	2,715,459	2,141,495
Items belonging to the trading book		
Off-trading book liabilities, of which:	2,715,459	2,141,495
Asset-covered bonds	36,841	18,901
Exposures to general governments	383,835	127,359
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	4,334	3,632
Institutions	93,538	63,514
Mortgage-backed liabilities	1,383,757	1,235,134
Retail liabilities	417,312	338,436
Receivables from businesses	287,254	203,184
Insolvent liabilities	16,450	14,560
Other liabilities (such as equity-based liabilities and other liabilities that do not relate to a credit obligation)	70,375	136,775

In addition to the balance sheet total, off-balance sheet derivatives and financial derivatives are also recognised in the bank's leverage. When calculated this way, Oma Säästöpankki Oyj's exposures total 2,766.38 million euros, which will be proportioned to tier 1 equity.

E59 QUANTITATIVE INFORMATION ON THE LIQUIDITY COVERAGE RATIO

Scope of consolidation, individual Currency and units (1,000 euros)		Unweighted value, total (average)	Weighted value, total (average)			
Quarter of the year, which ends (DD month YYYY)			31 November 2017	30 June 2017	30 September 2017	31 December 2017
The number of data points used to calculate the averages			12	12	12	12
			Adjusted value, total			
21	Liquidity buffer		106,176	115,480	124,822	152,116
22	Net cash outflow, total		92,424	99,741	107,646	116,623
23	Liquidity coverage ratios (%)		132.47%	123.26%	124.82%	138.06%

Signatures on the financial statements and the annual report

Helsinki, February 22, 2018

OMA SÄÄSTÖPANKKI OYJ'S BOARD OF DIRECTORS

Jarmo Partanen
Chairman

Jyrki Mäkynen
Vice chairman

Aila Hemminki

Aki Jaskari

Timo Kokkala

Heli Korpinen

Jarmo Salmi

Pasi Sydänlammi
CEO

Auditor's Note

An audit report has been provided today.

Helsinki, February 22, 2018

APA Juha-Pekka Mylén

Auditor's Report

To the Annual General Meeting of Oma Säästöpankki Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of Oma Säästöpankki Oyj (business ID 2231936-2) for the accounting period January 1–December 31, 2017. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flow and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flow and notes.

In my opinion,

- the consolidated financial statements give a true and fair view of the group's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU,
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

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

Basis for opinion

I conducted the audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

In my best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services we have provided have been disclosed in note K23 to the consolidated financial statements (note K23).

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures, and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality is based on my assessment of the magnitude of misstatements that could, individually or in aggregate, reasonably be expected to have influence on the economic decisions of the users of the financial statements. I have also taken into account misstatements and/or possible misstatements which in my opinion are material for qualitative reasons to the users of the financial statements.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significant in my audit of the financial statements of the current period. These matters were addressed in the context of audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

I have also addressed the risk of management override of internal controls. This includes an assessment of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Loans to customers – valuation **Notes K2, K5 and K25 to the financial statements**	
• Loans and advances to the public and general government, totalling 2,138 million euros, is the most significant item on Oma Säästöpankki Group's balance sheet, accounting for 78% of the balance sheet total. • The impairment of loans and receivables is recognised on an individual basis and on collective basis. Significant receivables are assessed individually. For other receivables, the need for impairment is assessed individually based on objective evidence. Loan-specific impairment losses are recognised when there is objective evidence that the receivable cannot be recovered in full. Determining collective impairments is based on the calculation model used by Oma Säästöpankki Oyj. • The valuation of receivables involves management judgement, especially with regard to the valuation of collaterals, the amount of impairments as well as the date of recognition. • Due to the significance of the balance sheet values, and management judgment involved relating to impairment review the valuation of receivables is a key audit matter.	• We assessed the compliance with lending guidelines and the appropriateness of policies relating to the recognition and valuation of receivables, and tested controls over the valuation of loan receivables and collaterals as well as the recognition and monitoring of impairments. • We obtained an understanding of the key controls and data systems related to lending on the basis of received assurance reports. • We utilised data analyses in credit auditing. • In addition, we assessed the appropriateness of the notes concerning receivables and impairments.
Valuation of investment assets **Notes K2, K3, K7 and K32 to the financial statements**	
• The balance sheet value of investment assets is 194.3 million euros, of which financial assets valued at fair value are 184.0 million euros, which accounts for 7% of Oma Säästöpankki Group's balance sheet. • The balance sheet value of investment properties is 8.4 million euros, and they are measured at cost less depreciation and impairment. • The fair value of financial instruments is determined by utilising price quotes obtained from active markets or, if active markets do not exist, utilising the Bank's valuation methods. The determination of fair value and impairment of investment properties involves management judgement, particularly with regard to investments whose market value is not derived from public market quotations.	• We evaluated the appropriateness of Oma Säästöpankki's measurement policies and compliance with the applicable accounting standards. • The audit procedures included, among others, the testing of controls over the valuation of financial assets measured at fair value and the evaluation of the balance sheet values of investment properties. • During the year-end audit, we compared the fair values used to measure investment assets with market quotations and other external price sources. • In addition, we assessed the accuracy of the notes on the investment assets.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

My objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in the auditor's report unless a law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

I was first appointed as an auditor by the Annual General Meeting on April 9, 2016, and my appointment represents a total period of uninterrupted engagement of two years.

Other information

The Board of Directors and Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the annual report but does not include the financial statements and the auditor's report thereon. My opinion on the financial statements does not cover the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, my responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In my opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work I have performed on the other information received before the issuance of the Auditor´s report, I conclude that there is a material misstatement of the other information, I am required to report that fact. I have nothing to report in this regard.

Helsinki, February 22, 2018

Juha-Pekka Mylén
Authorised Public Accountant, KHT

Oma Säästöpankki Oyj Group

Interim Report, September 30, 2018

omasp
Lähellä ja läsnä

Contents

This Interim Report includes corrections in core capital and solvency calculations on issued shares to employees. The corrected Interim Report has been made public on November 15, 2018.
Interim Report, January 1-September 30, 2018, is a translation of the original Finnish version "Osavuosikatsaus 1.1.-30.9.2018". If discrepancies occur, the Finnish version is dominant.

CEO'S REVIEW

"This is the first time we are publishing the bank's Q3 results. The bank's strong performance continues as expected. We have experienced very rapid growth compared to the market. In the beginning of the year, profit before taxes showed an increase compared to the same time the previous year, amounting to 20.5 million euros. Our main sources of income, net interest income, fee and commission income, continued to show strong growth. Our net interest income grew by 25% to reach 35.9 million euros. Fee and commission income grew by 20.9% to 19.4 million euros. Demand for credit remained steady, and payment card and payment transaction fees showed an increase. Operating expenses increased by 15.7%, to 33.8 million euros. As expected, the bank's investments were reflected in the increase in personnel, marketing, and IT development expenses. The balance sheet total was 2.84 billion euros, showing an increase of 550 million euros (24%) compared to the end of September 2017."

Pasi Sydänlammi

CEO

KEY EVENTS IN JULY–SEPTEMBER

- At its meeting on August 9, 2018, Oma Säästöpankki's Board of Directors decided to review and evaluate the potential listing of the company's shares on the Helsinki Stock Exchange.
- In August, the bank announced the opening of a new branch office in Oulu by the end of 2018.
- On August 31, 2018, the bank acquired a 25% share of PP-Laskenta Oy from Samlink Ab. PP-Laskenta Oy provides the bank with accounting, payroll and supervisory reporting services.
- Oma Säästöpankki rebranded the bank's payment cards. The new payment cards were introduced in August.
- In July, the bank announced plans to expand the operations of its branch office in Jyväskylä together with a move to new premises in the city centre. These plans are expected to take place in summer 2019.
- In September, the bank signed an agreement on the acquisition of new premises to be completed in Seinäjoki 2019. The contract price was in total 2.3 million euros.

MAIN EVENTS IN THE ACCOUNTING YEAR 2018

- In early 2018, the bank implemented an organisational reform to ensure the bank's development and growth in the future. In connection with the organisational reform, the bank established a new customer operations group, Yrityspankki, aimed at the bank's business customers.
- In the last few years, employee training has been one of the main priorities in the development of the bank's operations. In February 2018, 13 banking experts and managers graduated from the first OmaSp Master Programme organised in collaboration with the University of Tampere.
- The bank expanded its digital banking services by launching the new OmaKonttori and OmaVahvistus mobile applications in the first half of 2018. 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.
- On June 1, 2018, the bank signed a new loan agreement with the European Investment Bank for Finnish SMEs.
- In June 2018, the bank issued a covered bond worth 100 million euros as part of the bank's bond programme. The bond was added to the previous bond issued in December 2017 under Oma Säästöpankki's bond programme worth 1,500,000,000 euros.
- In June, the bank increased its share in SAV-Rahoitus; and since June 30, 2018 its shareholding is now 50.7%.

OPERATING ENVIRONMENT

Oma Säästöpankki operates in a stable, business-friendly environment in Finland, under the common rules and regulations of the European Banking Union. The gross domestic product (GDP) of Finland has shown strong growth since 2015, increasing by 2.1% in 2016 and by 3.0% in 2017. GDP is expected to continue to grow. According to the estimates, GDP will grow by 1.8% per year on average between 2018–2020[1]. In the bank's view, the business environment in Finland is also stable in terms of household indebtedness and house prices. In Finland, house prices have been rising steadily, showing an annual growth of 1.8% between 2008–2017[2]. During the same period, house prices relative to household disposable income have decreased by 0.5%[3].

The rapid change in customer behaviour and increased utilisation of digital banking services have created their own challenges to the financial sector's ability to meet customer expectations. According to a survey carried out by Finance Finland (FFI), almost half of customers expect a personal advisory service. An increasing number of customers expect services to be available on weekday evenings, and more than a quarter expect services to also be available on Saturdays. These findings are presented in Finance Finland's report "Saving, borrowing and paying in Finland, 2017". Oma Säästöpankki has responded to these challenges by developing new digital solutions, such as the personal identification number application OmaVahvistus, and the OmaKonttori application. Customers can use the Omakonttori mobile application to interact face-to-face with their banking agent and to carry out their banking activities without visiting a branch office. Oma Säästöpankki has met the challenges set by the changing operational environment with a high level of success. Oma Säästöpankki has extended its opening hours in order to meet customer expectations, and almost all of the city branches are open on weekday evenings as well. In addition, appointments are increasingly often arranged according to the customer's wishes, at the customer's preferred location and time.

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1 Source: IMF

2 Source: Eurostat

3 Source: Eurostat (house prices) and the OECD (household disposable income defined as annual gross household disposable income, including the net change in household pension funds)

FINANCIAL HIGHLIGHTS

The comparable period for income statement items is January 1–September 30, 2017. The comparable period for the balance sheet and solvency period is December 31, 2017.

Results

Oma Säästöpankki Group's profit before taxes amounted to 20.5 million euros (19.9).

Net interest income grew by 25.0% to 35.9 million euros (28.7). The increase in interest income resulting from the increase in the loan portfolio contributed to the increase in net interest income.

Commission income (net) increased by 20.9 % to 19.4 million euros (16.0) compared to the same time the previous year. In addition to increased lending, the increase in commission income was also partly due to the increase in card payments and payment transaction fees.

Operating income totalled 57.8 million euros (50.0), showing a growth of 15.7%. 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 33.8 million euros (29.2). Expenses grew by 15.7% from the comparable period last year. A significant amount of the increase consisted of the 1.8 million euro increase in personnel expenses and the 2.1 million euro increase in other operating expenses. The increase in other operating income results from increased marketing and IT development costs. The Group's cost-to-income ratio was 58.5% (58.5%), remaining on the same level as in 2017. This is due to the increase in both operating income and expenses in 2018.

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 the increased personnel expenses. Oma Säästöpankki opened a new branch office in Jyväskylä in November 2017, and the bank has announced the opening of new offices in Helsinki, Turku and Oulu by the end of 2018 and in early 2019. The increase in personnel expenses was mainly due to the recruitment of employees for the new branches. In 2018, the average number of employees was 287 (266) at the end of the reporting period.

Impairment losses on financial assets include the expected credit losses, final credit losses and reversals of credit losses on customer loans calculated according to the IFRS 9 Financial Instruments standard. Impairment losses on financial assets amounted to 3.5 million euros (0.8) during the accounting period. Net credit losses resulting from the impairment losses on financial assets amounted to 1.4 million euros (1.7).

Balance sheet

The Group’s balance sheet total was 2,841.9 million euros (2,726.6). The increase in the balance sheet was 4.2% and the key items on the balance sheet have developed in comparison to December 31, 2017, as follows:

Lending

The Group’s total lending at the end of the review period was 2 415.6 million euros (2 137.9), which shows an increase of 277.8 million euros (13.0%). The increase consisted mostly of loans to small business, home loans, and consumer credit.

Deposits

The largest share of the Group's borrowing consisted of deposits from the public. The deposits at the end of the review period were 1 728.9 million euros (1 639.3). Deposits grew by 89.6 million euros, or 5.5%, during the review period.

Other borrowing

Other borrowings consisted of issued bonds, deposit certificates, debenture loans and loans from the Nordic Investment Bank and the European Investment Bank. At the end of the period they amounted to 819.3 million euros (801.0). The amount of other borrowings increased by 18.4 million euros, or 2.3%.

THE GROUP'S KEY FIGURES

The Group's key figures (1 000 euros)	**1-9/2018***	**1-9/2017**	**1-12/2017**
Operating income/loss	65 804	57 972	84 921
Net interest income	35 925	28 744	39 317
% of operating income/loss	54,6 %	49,6 %	46,3 %
Total operating income	57 806	49 959	74 091
Total operating expenses	- 33 797	- 29 215	- 41 112
Cost/income ratio	58,5 %	58,5 %	55,5 %
Impairment losses on financial assets, net	- 3 549	- 835	- 2 600
Profit before taxes	20 460	19 910	30 379
% of operating income/loss	31,1 %	34,3 %	35,8 %
Profit/loss for the accounting period	16 603	16 041	24 087
Balance sheet total	2 841 945	2 291 432	2 726 567
Equity	254 633	237 693	241 484
Return on assets (ROA) %	0,8 %	1,0 %	1,0 %
Return on equity (ROE) %	8,9 %	9,3 %	10,4 %
Earnings per share (EPS), euro	32,92	32,74	49,22
Average number of shares (excluding own shares)	501 816	490 960	491 859
Number of shares at the end of the year (excluding own shares)	501 825	490 960	501 744
Equity ratio	9,0 %	10,4 %	8,9 %
Total of own funds (TC) relative to risk-weighted items (%)**	17,5%[1)]	18,8 %	18,9%[1)]
Core capital (CET1) relative to risk-weighted items (%)**	16,6%[1)]	18,5 %	17,6%[1)]
Tier 1 capital (T1) relative to risk-weighted items (%)**	16,6%[1)]	18,5 %	17,6%[1)]
Liquidity coverage ratio (LCR) %***	138,6 %	107,9 %	280,3 %
Average number of employees	287	266	256

The calculation principles of the key figures are described on page 53-54 of the interim report.

** 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 1-9/2018–6/2018, calculated at group level. The data from previous years have been calculated at the parent company level.*

**** Liquidity coverage ratio, calculated at the parent company level.*

1) The figure is according to corrected Interim Report. The bank has corrected its core capital and solvency calculations on issued shares to employees.

SOLVENCY AND RISK STATUS

In its solvency calculations, Oma Säästöpankki Group applies the standard method for credit risks and the basic method for operative risks. In the standard method, exposures are divided into exposure classes and the minimum limits for credit spreading are determined in the retail receivables class. 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. Solvency and risk management as well as risks are covered in more detail in Oma Säästöpankki's financial statement as of 31 December 2017.

On the basis of the structural risks of Finland's financial system, the Finnish Supervisory Authority imposed a capital buffer requirement on 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 on Oma Säästöpankki Oyj. This 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 30 September 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 Oyj forms an integral part of the Group. The figures of the Group and the parent company are therefore broadly comparable. Solvency calculations as of 30 September 2018 and as of 31 December 2017 do not in every part reply to calculations given in the interim report and audited financial statement since the bank has corrected its core capital and solvency calculations on issued shares to employees. Shares subscribed for in the personnel issue are not included in core capital according to the EU solvency regulations.

Oma Säästöpankki Group's own funds (TC) totalled 258.3 million euros (247.7), when the minimum requirement for the bank's own funds was set at 154.8 million euros (137.6). In addition to the minimum capital requirement (8%), the capital requirement includes a fixed capital buffer (2.5%) and a countercyclical capital buffer. Tier 1 capital (T1) was 244.0 million euros (229.9), consisting entirely of core capital (CET1). Tier 2 capital (T2) was 14.3 million euros (17.8), consisting of debenture loans. The increase in the Group's own funds was primarily due to the improved profit performance of the Group.

Oma Säästöpankki Group's solvency ratio (TC) remained at a good level, equaling 17.5% (18.9) at the end of the period. The ratio of Tier 1 capital (T1) and core capital (CET1) to risk-weighted items was 16.6 (17.6). The most significant factor impacting the ratios was the increase in risk-weighted items resulting from the increase in the loan portfolio. The leverage ratio was 8.4% (8.3) at the end of the period. A summary of Oma Säästöpankki Group's solvency is presented in note K14.

POTENTIAL REFORM TO THE IT SYSTEMS

Together with other shareholders of Samlink, Oma Säästöpankki has explored possible ways to reform Samlink's banking system. Oma Säästöpankki has analysed the need for reform and different options for implementing the reform in order to improve competitiveness and reduce IT costs. The potential reform is currently in the planning and negotiation stage and thus far no decisions have been made regarding the implementation or schedule of the project. However, the bank has identified the best ways to implement the reform. Given the time spent on planning and negotiating and the progress of the negotiations during recent weeks, it is possible that the decision will be made promptly, assuming that all parties agree on the details, schedule, and costs of the reform.

The reform would be a major project, and according to the estimates, the reform would cost the bank approximately 20–30 million euros in total. On the other hand, the bank predicts that the investment will generate savings both directly and indirectly as a result of which the bank's total expenses would not change significantly. According to current information, the costs of the reform will be shared between the banks involved in the project, and Oma Säästöpankki will capitalise the costs of the investment on the bank's balance sheet and depreciations will be performed over at least 10 years. The details of the potential reform are still being finalised and the bank does not have detailed information about the implementation schedule, final costs of the reform, the distribution of costs or the amount of potential savings, and the current estimates may still change. However, the bank's objective is to cover all, or at least most of the costs of the potential reform with savings and other profits that may arise from the reform.

SIGNIFICANT EVENTS SINCE THE INTERIM REPORT DATE

On October 18, 2018, Oma Säästöpankki and the Nordic Investment Bank (NIB) signed an agreement on a seven-year loan programme worth 35 million euros, targeted at small and medium-sized companies and small midcaps in Finland. The programme will also provide financing for small-scale environmental investments. This is the second loan programme established by Oma Säästöpankki and NIB. A press release on the loan programme was issued on October 18, 2018.

Oma Säästöpankki has announced the opening of new branch offices in Helsinki and Oulu by the end of 2018, and an expanded office in Turku in early 2019.

At the end of October, due to externally imposed requirements, the bank had to modify existing account numbers in order to unify the customers' account numbers. This was an extensive project, and a considerable change for the customers. However, with the unified account numbers, the bank will be able to develop its services more effectively in the future.

OUTLOOK FOR THE ACCOUNTING PERIOD OF 2018

According to the bank's estimates, the profit before taxes excluding net income from financial assets and liabilities will increase in the accounting period of 2018 compared to the previous year. In 2017, net income from financial assets and liabilities were highlighted in Oma Säästöpankki's profit, affecting the result by approximately 10.8 million euros. In 2017, profit before taxes excluding net income from financial assets and liabilities was 19.6 million euros.

FINANCIAL GOALS

Oma Säästöpankki's Board of Directors has confirmed the following financial goals in September 2018:

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

OMA SÄÄSTÖPANKKI GROUP'S INTERIM REPORT

Condensed consolidated income statement

The Group's income statement (1 000 euros)	**1-9/2018**	**1-9/2017**	**2018 Q3**	**2017 Q3**	**1-12/2017**	**Note**
Interest income	40 961	34 157	14 313	11 604	46 579	
Interest expenses	- 5 036	- 5 414	- 1 493	- 1 543	- 7 262	
Net interest income	**35 925**	**28 744**	**12 820**	**10 063**	**39 317**	**K8**
Fee and commission income	22 336	18 622	7 390	6 338	24 814	
Fee and commission expenses	- 2 963	- 2 598	- 1 073	- 986	- 3 569	
Fee and commission income and expenses, net	**19 374**	**16 023**	**6 317**	**5 352**	**21 245**	**K9**
Net income on financial assets and liabilities	832	2 905	540	335	10 780	**K10**
Other operating income	1 675	2 288	129	406	2 748	
Total operating income	**57 806**	**49 959**	**19 806**	**16 154**	**74 091**	
Personnel expenses	- 11 322	- 9 545	- 3 728	- 3 096	- 13 137	
Other operating expenses	- 20 414	- 18 302	- 6 228	- 5 721	- 25 470	
Depreciation and impairment losses on tangible and intangible assets	- 2 061	- 1 368	- 722	- 450	- 2 504	
Total operating expenses	**- 33 797**	**- 29 215**	**- 10 678**	**- 9 266**	**- 41 112**	
Impairment losses on financial assets, net	- 3 549	- 835	- 1 737	- 583	- 2 600	**K11**
Profit before taxes	**20 460**	**19 910**	**7 391**	**6 305**	**30 379**	
Income taxes	- 3 856	- 3 869	- 1 402	- 1 254	- 6 292	
Profit/loss for the accounting period	**16 603**	**16 041**	**5 988**	**5 052**	**24 087**	
Of which:						
Oma Säästöpankki Plc's shareholders'	16 520	16 076	5 954	5 077	24 208	
Non-controlling interests	83	- 36	35	- 27	- 120	
Total	**16 603**	**16 041**	**5 988**	**5 052**	**24 087**	
Earnings per share (EPS), euros	**32,92**	**32,74**	**11,86**	**10,34**	**49,22**	

The implementation of the Financial Instruments standard on January 1, 2018, affects the figures for the period 1-9/2018. The figures from the comparable year have not been recalculated.

Condensed comprehensive consolidated income statement

The Group's comprehensive income statement (1 000 euros)	1-9/2018	1-9/2017	2018 Q3	2017 Q3	1-12/2017
Profit/loss for the accounting period	**16 603**	**16 041**	**5 988**	**5 052**	**24 087**
Other items of comprehensive income before taxes	**-630**	**2 732**	**-1 149**	**1 649**	**-4 808**
Items that will not be reclassified through profit or loss	9	-	5	-18	-149
Gains and losses on redefining benefit pension plans	9	-	5	-18	-149
Interest in associated companies' items of comprehensive income	-	-	-	-	-
Items that may later be reclassified through profit or loss	-639	2 732	-1 155	1 667	-4 659
Measured at fair value	-639	2 735	-1 155	1 670	-4 655
Cash flow hedge	-	-3	-	-3	-4
			-	-	
Income taxes	**126**	**-546**	**230**	**-329**	**962**
For items that will not be reclassified as profit or loss	-2	-	-1	4	30
Gains and losses on redefining benefit pension plans	-2	-	-1	4	30
For items that may later be reclassified as profit or loss	**128**	**-546**	**231**	**-443**	**932**
Measured at fair value	128	-547	231	-444	931
Cash flow hedge	-	1	-	1	1
Other items of comprehensive income for the accounting period after taxes	**-504**	**2 187**	**-919**	**1 321**	**-3 846**
			-	-	
Comprehensive income for the accounting period	**16 100**	**18 227**	**5 070**	**6 372**	**20 241**
			-	-	
Interests of the owners of the parent company	16 017	18 263	5 035	6 398	20 361
Non-controlling interests	83	-36	35	-27	-120
Total	**16 100**	**18 227**	**6 070**	**6 372**	**20 241**

Condensed consolidated balance sheet

Assets (1 000 euros)	**30.9.2018**	**31.12.2017**	**30.9.2017**	**Note**
Cash and cash equivalents	40 025	280 718	6 471	
Financial assets valuated at fair value through profit or loss	-	332	332	
Loans and advances to credit institutions	59 155	58 394	53 582	**K3**
Loans and advances to the public and public sector entities	2 415 624	2 137 868	1 917 531	**K3**
Financial derivatives	1 812	1 676	2 132	**K4**
Investment assets	267 236	194 253	271 049	**K5**
Shares of companies consolidated by the equity method	175	-	-	
Intangible assets	5 288	6 515	4 858	
Tangible assets	16 915	17 348	16 607	
Other assets	34 403	28 337	17 804	
Deferred tax assets	1 313	1 128	1 067	
Total assets	**2 841 945**	**2 726 567**	**2 291 432**	

Liabilities (1 000 euros)	**30.9.2018**	**31.12.2017**	**30.9.2017**	**Note**
Liabilities to credit institutions	59 629	35 993	34 062	**K6**
Liabilities to the public and public sector entities	1 728 865	1 639 304	1 512 107	**K6**
Financial derivatives	2 038	2 222	-	**K4**
Debt securities issued to the public	734 698	736 961	455 072	**K7**
Subordinated liabilities	25 000	28 000	12 800	
Provisions and other liabilities	16 772	22 042	19 630	
Deferred tax liabilities	19 977	19 119	19 465	
Income tax liabilities	333	1 441	602	
Total liabilities	**2 587 312**	**2 485 083**	**2 053 738**	

Equity (1 000 euros)	**30.9.2018**	**31.12.2017**	**30.9.2017**
Share capital	24 000	24 000	24 000
Reserves	107 688	110 268	113 603
Retained earnings	122 230	106 439	99 228
Controlling interests in parent company, total (equity)	**253 919**	**240 706**	**236 831**
Oma Säästöpankki Plc's shareholders'	253 919	240 706	236 831
Non-controlling interests	715	778	862
Equity, total	**254 633**	**241 484**	**237 693**
Total liabilities and equity	**2 841 945**	**2 726 567**	**2 291 432**

Group's off-balance sheet commitments

Off-balance sheet commitments (1 000 euros)	**30.9.2018**	**31.12.2017**	**30.9.2017**
Guarantees and pledges	19 659	14 972	12 640
Other commitments given to a third party	415	471	521
Commitments given to a third party on behalf of a customer	**20 073**	**15 443**	**13 161**
Undrawn credit facilities	201 188	188 634	156 974
Irrevocable commitments given to a customer	**201 188**	**188 634**	**156 974**
The Group's off-balance sheet commitments, total	**221 261**	**204 077**	**170 135**

Condensed consolidated cash flow statement

Cash flow statement (1,000 euros)	1-9/2018	1-9/2017	1-12/2017
Cash flow from operating activities			
Profit/loss for the accounting period	16 603	16 041	24 087
Adjustments to the profit/loss of the accounting period	9 497	5 896	10 938
Changes in fair value	-213	-223	69
Depreciation and impairment losses on investment properties	9	325	317
Depreciation and impairment losses on tangible and intangible assets	2 061	1 368	2 504
Gains and losses on fixed assets	402	-57	-57
Impairment losses	3 549	1 088	2 596
Income taxes	3 856	3 869	6 292
Adjustments to impairment losses	-	-254	4
Other adjustments	-168	-221	-787
Cash flow from operations before changes in receivables and liabilities	**26 101**	**21 936**	**35 025**
Increase (-) or decrease (+) in business funds			
Debt securities	-69 611	-22 483	-2 882
Loans and advances to credit institutions		-785	-1 176
Loans and advances to customers	-282 456	-127 549	-349 626
Derivatives and hedge accounting	16	-48	-48
Investment assets	-4 134	11 264	60 508
Other assets	-5 992	-5 674	-16 208
Total	**-362 177**	**-145 275**	**-309 432**
Increase (+) or decrease (-) in business debts			
Liabilities to credit institutions	23 636	-5 581	1 736
Liabilities to customers	89 779	30 240	154 509
Debt securities issued to the public	-2 263	102 022	383 911
Subordinated liabilities	-	-	15 200
Provisions and other liabilities	-5 990	-4 993	-2 227
Total	**105 162**	**121 689**	**553 129**
Paid income taxes	**-3 960**	**-1 521**	**-2 470**
Total cash flow from operating activities	**-234 875**	**-3 171**	**276 252**

Cash flow from investments	1-9/2018	1-9/2017	1-12/2017
Investments in tangible and intangible assets	-552	-1 561	-5 317
Proceeds from sales of tangible and intangible assets	603	767	1 187
Acquisition of associated companies	-175	-	-
Total cash flow from investments	**-124**	**-794**	**-4 130**

Cash flows from financing activities			
Subordinated liabilities, increases	200	-	-
Subordinated liabilities, decreases	- 3 000	- 4 800	- 4 800
Acquisition of non-controlling interests [1]	- 45	- 76	- 76
Other monetary increases in equity items	24	-	2 577
Dividends paid	- 2 112	- 1 576	- 1 576
Total cash flows from financing activities	**- 4 933**	**- 6 452**	**- 3 875**
Net change in cash and cash equivalents	**- 239 932**	**- 10 418**	**268 247**
Cash and cash equivalents at the beginning of the reporting period	339 111	55 409	55 409
Cash and cash equivalents at the end of the reporting period	99 180	44 991	323 658
Cash and cash equivalents are formed by the following items:			
Cash and cash equivalents	40 025	6 471	280 718
Cash and cash equivalents, other arrangements [2]	-	-	15 453
Receivables from credit institutions repayable on demand	59 155	38 521	58 393
Total	**99 180**	**44 991**	**339 111**
Received interests	**32 217**	**27 261**	**39 645**
Paid interests	**- 1 882**	**- 2 330**	**- 5 941**
Dividends received	**985**	**929**	**966**

(1 In the cash flow statement published in the financial statements of 2017, an item of -76,000 euros was included as "Increases in other investments" under "Cash flow from investments". In this cash flow statement, the said item has been transferred to "Acquisitions of non-controlling interests" under "Cash flows from financing".

(2 Oma Säästöpankki opened a TARGET2 account at the Bank of Finland in September 2017. The bank's minimum reserve deposit was transferred to the Bank of Finland in October 2017. In the financial statements of 2017, the minimum reserve deposit was recognised under "Loans and advances to credit institutions". The figure provided on 31 December 2017 has been adjusted retrospectively in the interim report of 30 September 2018 and transferred to the balance sheet item "Cash and cash equivalents". In the cash flow statement, this item is recognised under "Cash and cash equivalents, other arrangements".

Condensed Statement of changes in equity of the group

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	Number of non-controlling interests	Equity, total
Equity, December 31, 2017	24 000	106 087	4 181	-0	0	110 268	106 439	240 706	778	241 484
Impact of IFRS9, January 1, 2018			-2 181			-2 181	1 432	-749	-131	-880
Equity, January 1, 2018	**24 000**	**106 087**	**1 999**	**-0**	**0**	**108 086**	**107 871**	**239 957**	**647**	**240 604**
Comprehensive income										
Profit/loss for the accounting period	-	-	-	-	-	-	16 520	16 520	83	16 603
Other items of comprehensive income	-	-	-511	-	-	-511	7	-504	-	-504
Total comprehensive income	**-**	**-**	**-511**	**-**	**-**	**-511**	**16 527**	**16 017**	**83**	**16 100**
Transactions with owners										
Acquisition of own shares	-	-	-	-	-	-	-26	-26	-	-26
Share capital increase	-	50	-	-	-	50	-	50	-	50
Distribution of dividends/profit	-	-	-	-	-	-	-2 112	-2 112	-	-2 112
Acquisition of non-controlling interests	-	-	62	-	-	62	-30	33	-15	17
Transactions with owners, total	**-**	**50**	**62**	**-**	**-**	**112**	**-2 168**	**-2 056**	**-15**	**-2 071**
Equity, total, September 30, 2018	**24 000**	**106 137**	**1 551**	**-0**	**0**	**107 688**	**122 230**	**253 919**	**715**	**254 633**

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	Number of non-controlling interests	Equity, total
Equity, January 1, 2017	**24 000**	**103 510**	**7 905**	**3**	**0**	**111 418**	**84 740**	**220 158**	**913**	**221 071**
Comprehensive income										
Profit/loss for the accounting period	-	-	-	-	-	-	16 076	16 076	-36	16 041
Other items of comprehensive income	-	-	2 188	-3	-	2 185	-	2 185	-	2 185
Total comprehensive income	**-**	**-**	2 188	**-3**	**-**	**2 185**	**16 076**	**18 262**	**-36**	**18 227**
Transactions with owners										
Profit distribution	-	-	-	-	-	-	-1 576	-1 576	-	-1 576
Other changes	-	-	-	-	-	-	-13	-13	-	-13
Acquisition of subsidiary, where the amount of non-controlling interests	-	-	-	-	-	-	-	-	-14	-14
Transactions with owners, total	**-**	**-**	**-**	**-**	**-**	**-**	**-1 589**	**-1 589**	**-**	**-**
Equity, total, September 30, 2017	**24 000**	**103 510**	**10 093**	**-**	**0**	**113 603**	**99 228**	**236 831**	**862**	**237 693**

NOTES TO THE CONDENSED INTERIM REPORT

K1 Accounting principles for the financial statements

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

Oma Säästöpankki Group comprises a parent company (Oma Säästöpankki Oyj) and its two subsidiaries (Real Estate company Lappeenrannan Säästökeskus and SAV-Rahoitus Oyj) and a joint venture (PP-Laskenta Oy).

This interim report is Oma Säästöpankki Group's first third quarter interim report prepared in accordance with IAS 34 standard. The Group has also published a half-yearly report during the current accounting period. Figures from the first quarter are therefore not included in the tables or presented as comparative information.

At its meeting on November 4, 2018, the Board approved the interim report for the period of January 1–September 30, 2018.

1.1. About the accounting principles

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.

On August 31, 2018, Oma Säästöpankki acquired a 25% share of PP-Laskenta Ltd from Samlink Ab. The investment will be consolidated as a joint venture by using the equity method.

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 the amount of Oma Säästöpankki Group's 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 the table or the calculation. The accounting and functional currency of the Group and its companies is the euro.

1.2. Changes related to the IFRS 9 implementation to the paragraph Financial instruments of the accounting principles for the financial statements

1.2.1. Classification and valuation of financial assets

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

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

Financial assets are classified in one of 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.

1.2.2. Financial assets valuated at amortised cost

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

1.2.3. Financial assets valuated at fair value through other comprehensive income

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

1.2.4. Financial assets valuated at fair value through profit or loss

Financial assets are primarily valuated at a fair value through profit or loss, but the bank may, under IFRS 9, choose to measure an individual asset at an amortised cost or fair value through other 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 valuated at fair value through profit or loss.

1.3. Equity-based instruments

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

Oma Säästöpankki has no equity-based investments recognised in items of other comprehensive income at fair value.

1.4. 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.

1.5. Cash flow testing

In a case where 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 test requirements of the SPPI (solely payments of principal and interest) contractual cash flow characteristics.

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.

1.6. Impairment of financial assets

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

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

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

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

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

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

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

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

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

1.6.1. Significant increase in credit risk

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

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

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

1.6.2. Definition of default

Under IFRS 9, Oma Säästöpankki considers a default to have occurred when:

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

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

1.6.3. Expected credit loss calculation parameters and inputs

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

For determining the ECL parameters for business loans, the bank has used a statistical model based on a transition matrix describing the credit rating changes specified by the company. A 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*PD*LGD. Loan-specific data from the market database is used as the source for calculating PDs. In addition, the bank applies a low credit risk exception for debt security investments with a credit rating of at least *investment grade* in the reporting date. In these cases, the allowance for credit loss will be measured at an amount equal to the 12-month expected credit losses.

The EAD parameter represents the amount of loan funds in the reporting date (exposure at default). When assessing the value of the EAD parameter, 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, if necessary, refines the calculation parameters at its discretion.

1.6.4. Changing of contractual cash flows

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

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

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

1.7. Recognition of the final credit loss

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

1.8. Classification and valuation of financial liabilities

Accounting for financial liabilities remains unchanged after the implementation of IFRS9. The new requirements only affect the accounting of 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.

1.9. 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.

1.10. Adjustments to revenue recognition principles

1.10.1 Interest income and expenses

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

When the impairment losses have been recognised in the agreement included in the financial assets, the original effective rate will be used to calculate the interest income, and the interest will be calculated on the loan balance less the impairment.

1.10.2 Fee and commission income and expenses

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

1.11 Accounting principles for the financial statements requiring the management's discretion and factors of uncertainty related to the 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 on the number 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 the best current perceptions of the management, it is possible that the actual figures may deviate from the estimates used in the interim report.

Compared to the financial statements in 2017, there are no significant changes in the accounting principles requiring the 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.

1.12 New standards and interpretations not yet in effect

The new IFRS 16 *Leases* (must be complied with as of January 1, 2019, or for accounting periods beginning thereafter). The standard will replace IAS 17 and IFRIC 4 Determining Whether an Arrangement Contains a Lease. IFRS 16 requires the lessees to recognise the lease agreements as lease liabilities and right-of-use assets in the balance sheet. Recognition is very similar to the accounting policies and disclosures applicable to leases set out in IAS 17. IFRS 16 includes two accounting exemptions that relate to short-term lease agreements (12 months or less in duration) and low-value assets (new assets with a value of 5,000 USD or less). Accounting policies remain substantially the same for the lessors. The group is still evaluating the impacts of the standard.

Other published changes in the standards and interpretations have no significant impact on the bank’s consolidated financial statements.

K2 Categorisation of financial assets and liabilities

Assets 30.9.2018 (1 000 euros)	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
Cash and cash equivalents	40 025	-	-	-	40 025	40 025
Loans and advances to credit institutions	59 155	-	-	-	59 155	59 155
Advances to customers	2 415 540	-	84	-	2 415 624	2 415 624
Derivatives, hedge accounting	-	-	-	1 812	1 812	1 812
Debt instruments	-	222 337	184	-	222 521	222 521
Equity-based instruments	-	-	37 520	-	37 520	37 520
Total assets	**2 514 720**	**222 337**	**37 788**	**1 812**	**2 776 656**	**2 776 656**
	-	-	-	-	-	
Investment properties					7 371	9 006
Non-financial assets					57 918	57 918
Assets 30.9.2018	**2 514 720**	**222 337**	**37 788**	**1 812**	**2 841 945**	**2 843 581**

Liabilities 30.9.2018 (1 000 euros)	Other liabilities	Hedging derivatives	Bookkeeping value, total	Fair value
Liabilities to credit institutions	59 629	-	59 629	59 629
Liabilities to customers	1 728 865	-	1 728 865	1 728 865
Derivatives, hedge accounting	-	2 038	2 038	2 038
Debt securities issued to the public	734 698	-	734 698	734 698
Subordinated liabilities	25 000	-	25 000	25 000
Total liabilities	**2 548 192**	**2 038**	**2 550 230**	**2 550 230**
Non-financial liabilities			37 082	37 082
Liabilities 30.9.2018	**2 548 192**	**2 038**	**2 587 312**	**2 587 312**

Assets 30.9.2017 (1 000 euros)	Loans and receivables	Held to maturity	Recognised at fair value through profit or loss	Hedging derivatives	Available for sale	Bookkeeping value, total	Fair value
Cash and cash equivalents	6 471	-	-	-	-	6 471	6 471
Assets recognised at fair value through profit and loss	-	-	332	-	-	332	332
Loans and advances to credit institutions	53 582	-	-	-	-	53 582	53 582
Loans and advances to customers	1 917 531	-	-	-	-	1 917 531	1 917 531
Financial derivatives	-	-	-	2 132	-	2 132	2 132
Investment assets	-	1 989	-	-	269 060	271 049	273 206
Debt securities	-	1 989	-	-	171 632	173 621	173 621
Shares and other equity instruments	-	-	-	-	88 655	88 655	88 655
Investment properties	-	-	-	-	8 772	8 772	10 930
Total financial assets	**1 977 584**	**1 989**	**332**	**2 132**	**269 060**	**2 251 096**	**2 253 254**
Non-financial liabilities						40 336	40 336
Assets 30.9.2017	**1 977 584**	**1 989**	**332**	**2 132**	**269 060**	**2 291 432**	**2 293 589**

Liabilities 30.9.2017 (1 000 euros)	Hedging derivatives	Other financial liabilities	Bookkeeping value, total	Fair value
Liabilities to credit institutions	-	34 062	34 062	34 062
Liabilities to the public and general government	-	1 512 107	1 512 107	1 512 107
Debt securities issued to the public	-	455 072	455 072	455 072
Subordinated liabilities	-	12 800	12 800	12 800
Total financial liabilities	-	**2 014 041**	**2 014 041**	**2 014 041**
Non financial liabilities	-		39 697	39 697
Liabilities 30.9.2017	**-**	**2 014 041**	**2 053 738**	**2 053 738**

K3 Loans and other receivables

Loans and other receivables (1 000 euros)	30.9.2018	31.12.2017	30.9.2017
Loans and advances to credit institutions			
Repayable on demand	59 155	58 394	38 521
Minimum reserve deposit	-		15 062
Loans and advances to credit institutions	**59 155**	**58 394**	**53 582**
Loans and advances to the public and general government			
Loans	2 337 918	2 078 443	1 855 249
Used overdraft facilities	53 667	37 425	40 504
Loans intermediated through the state's assets	388	507	595
Credit cards	23 623	21 457	21 129
Bank guarantee receivables	27	36	54
Loans and advances to the public and general government, total	**2 415 624**	**2 137 868**	**1 917 531**
Total loans and other receivables	**2 474 779**	**2 196 262**	**1 971 113**

IAS 39 Impairment losses on loans and other receivables	1-9/2018	1-12/2017	1-9/2017
Impairment losses at the beginning of the period	n/a	**8 334**	**8 334**
+ Impairment losses on loans and other receivables	n/a	1 231	949
- Reversals of Impairment losses	n/a	- 768	- 1 567
+/- Change in impairment losses recorded on collective basis	n/a	- 76	230
Impairment at the end of the period	n/a	**8 720**	**7 945**

Oma Säästöpankki opened a TARGET2 account at the Bank of Finland in September 2017. Oma Säästöpankki's minimum reserve deposit was transferred to the Bank of Finland in October 2017. In the financial statements of 2017, the minimum reserve deposit was recognised under "Loans and advances to credit institutions". The figure provided on 31 December 2017 has been adjusted retrospectively in the interim report of 30 September 2018 and transferred to the balance sheet item "Cash and cash equivalents".

IFRS 9 Expected credit losses – changes in credit loss provision

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

	Stage 1	Stage 2	Stage 3	Total
Expected credit losses 1.1.2018	**1**	**12**	**-**	**13**
Transfer to stage 1	1	-12	-	-11
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
New debt securities	153	-	-	153
Matured debt securities	-0	-	-	-0
Realised credit losses	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	5	-	-	5
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
Expected credit losses 30.9.2018	**160**	**-**	**-**	**160**

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

	Stage 1	Stage 2	Stage 3	Total
Expected credit losses 1.1.2018	**1 001**	**1 658**	**7 090**	**9 749**
Transfer to stage 1	43	-236	-102	-294
Transfer to stage 2	-104	249	-317	-172
Transfer to stage 3	-15	-68	2 732	2 650
New debt securities	800	436	216	1 452
Matured debt securities	-216	-186	-1 743	-2 145
Realised credit losses	-0	-0	-718	-718
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	-55	-14	1 174	1 106
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
Expected credit losses 30.9.2018	**1 455**	**1 840**	**8 333**	**11 628**

Off-balance sheet commitments (1 000 euros)

	Stage 1	Stage 2	Stage 3	Total
Expected credit losses 1.1.2018	**295**	**331**	**84**	**710**
Transfer to stage 1	30	-42	-1	-13
Transfer to stage 2	-3	5	-3	-
Transfer to stage 3	-1	-0	1	-
New debt securities	257	95	51	403
Matured debt securities	-143	-144	-44	-331
Realised credit losses	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	0	-44	1	-42
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
Expected credit losses 30.9.2018	**436**	**201**	**89**	**726**

K4 Financial derivatives

Assets (1 000 euros)	**30.9.2018**	**31.12.2017**	**30.9.2017**
Hedging fair value			
Interest rate derivatives	996	1 470	1 727
Other hedging derivatives			
Share and stock index derivatives	816	206	405
Total derivative assets	**1 812**	**1 676**	**2 132**

Liabilities (1 000 euros)	**30.9.2018**	**31.12.2017**	**30.9.2017**
Hedging fair value			
Interest rate derivatives	2 038	2 222	-
Total derivative liabilities	**2 038**	**2 222**	**-**
Change in the value of hedged object / Fair value hedge	**816**	**598**	**1 860**
Change in the value of hedged object / Other hedging derivatives	**-190**	**437**	**-206**

Nominal values of underlying assets and fair values of derivatives 30.9.2018 (1,000 euros)	**Nominal values / Residual maturity** Less than 1 year	1-5 year	Over 5 year	Total	**Fair values** Assets	Liabilities
Fair value hedge	**5 000**	**365 000**	**-**	**370 000**	**996**	**2 038**
Interest rate derivatives	5 000	365 000	-	370 000	1 056	2 210
CVA and DVA adjustments	-	-	-	-	-60	-171
Other hedging derivatives	**31 677**	**40 566**	**-**	**72 242**	**816**	**-**
Share and stock index derivatives	31 677	40 566	-	72 242	953	-
CVA and DVA adjustments	-	-	-	-	-137	-
Derivatives total	**36 677**	**405 566**	**-**	**442 242**	**1 812**	**2 038**

30.9.2017 (1000 euros)

Nominal values of underlying assets and fair values of derivatives 30.9.2017 (1,000 euros)	**Nominal values / Residual maturity** Less than 1 year	1-5 years	Over 5 years	Total	**Fair values** Assets	Liabilities
Fair value hedge	**15 000**	**20 000**	**-**	**35 000**	**1 727**	**-**
Interest rate derivatives	15 000	20 000	-	35 000	1 851	-
CVA and DVA adjustments	-	-	-	-	-124	-
Other hedging derivatives	**10 289**	**57 900**	**-**	**68 189**	**405**	**-**
Share and stock index derivatives	10 289	57 900	-	68 189	574	-
CVA and DVA adjustments	-	-	-	-	-169	-
Derivatives total	**25 289**	**77 900**	**-**	**103 189**	**2 132**	**-**

K5 Investment assets

Investment assets (1 000 euros)	30.9.2018	31.12.2017	30.9.2017
IFRS 9, As of 1.1.2018			
Recognised at fair value through profit or loss			
Debt securities	184	n/a	n/a
Shares and other equity instruments	37 345	n/a	n/a
Assets recognised at fair value through profit and loss, total	**37 529**	**n/a**	**n/a**
Recognised in items of other comprehensive income at fair value			
Debt securities	222 337	n/a	n/a
Shares and other equity instruments	-	n/a	n/a
Recognised in items of other comprehensive income at fair value, total	**222 337**	**n/a**	**n/a**
IAS 39, until 31.12.2017			
Financial assets available for sale			
Debt securities	n/a	150 647	171 632
Shares and other equity instruments	n/a	33 380	88 655
Financial assets available for sale, total		**184 027**	**260 287**
Investments held to maturity			
Debt securities	n/a	1 989	1 989
Investments held to maturity, total	**n/a**	**1 989**	**1 989**
Investment properties	7 371	8 236	8 772
Total investment properties	**7 371**	**8 236**	**8 772**
Total investment assets	**267 236**	**194 253**	**271 049**

Changes in investment properties	1-9/2018	1-12/2017	1-9/2017
Cost 1.1	**13 671**	**13 863**	**13 863**
+ Increases	36	350	312
- Decreases	-942	-542	-742
+/- Transfers	49	0	0
Cost at the end of the period	**12 814**	**13 671**	**13 433**
Accrued depreciation and impairment losses	**-5 435**	**-4 536**	**-4 536**
+/- Accrued depreciation of decreases and transfers	101	-42	201
- Depreciation	-312	-521	-325
+/- Other changes	201	-336	0
Accumulated depreciation and impairment losses at the end of the period	**-5 444**	**-5 435**	**-4 660**
Bookkeeping value 1.1.	**8 236**	**9 327**	**9 327**
Bookkeeping value at the end of the period	**7 371**	**8 236**	**8 772**

IFRS 9 Expected credit losses – changes in credit loss provision

Debt securities, at amortised (1 000 euros)

	Stage 1	Stage 2	Stage 3	Total
Expected credit losses 1.1.2018	**84**	**11**	**-**	**95**
Transfer to stage 1	1	-7	-	-6
Transfer to stage 2	-1	9	-	9
Transfer to stage 3	-	-	-	-
New debt securities	17	4	-	21
Matured debt securities	-35	-1	-	-36
Realised credit losses	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	-1	-1	-	-2
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
Expected credit losses 30.9.2018	**66**	**15**	**-**	**81**

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

	Stage 1	Stage 2	Stage 3	Total
Expected credit losses 1.1.2018	**389**	**-**	**-**	**389**
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-1	9	-	8
Transfer to stage 3	-	-	-	-
New debt securities	136	9	-	146
Matured debt securities	-	-	-	-
Realised credit losses	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-
Changes in credit risk	-80	-	-	-80
Changes in the ECL model parameters	-	-	-	-
Manual corrections, at credit level	-	-	-	-
Expected credit losses 30.9.2018	**444**	**18**	**-**	**462**

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

30.9.2018	Equity-based				Debt-based				
	Valuated through fair value reserve	Valuated through profit or loss	Valuated at amortised cost	Total	Valuated through fair value reserve	Valuated through profit or loss	Valuated at amortised cost	Total	All total
Quoted									
General government	-	-	-	-	99 387	-	-	99 387	99 387
From others	-	15 955	-	15 955	120 868	-	-	120 868	136 821
Other than quoted									
General government									
From others	-	21 390	-	21 390	2 082	184	-	2 266	23 658
Total	**-**	**37 345**	**-**	**37 345**	**222 337**	**184**	**-**	**222 521**	**259 865**

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

30.9.2017	Debt securities available for sale	Shares and other equity instruments available for sale			Investments held to ma- turity	
	At fair value	At fair value	At cost	Total	At amortised cost	All total
Quoted						
General government	62 227	-	-	-	-	62 227
From others	106 325	68 528	-	68 528	1 989	176 842
Other than quoted						
From others	3 080	11 761	8 366	20 127	-	23 207
Total	**171 632**	**80 289**	**8 366**	**88 655**	**1 989**	**262 276**

K6 Liabilities to the public and public sector entities and liabilities to credit institutions

Liabilities to the public and general government and liabilities to credit institutions (1 000 euros)	**30.9.2018**	**31.12.2017**	**30.9.2017**
Liabilities to credit institutions			
Repayable on demand	14 454	14 644	12 149
Other than repayable on demand	45 175	21 349	21 913
Total liabilities to credit institutions	**59 629**	**35 993**	**34 062**
Liabilities to the public and general government			
Deposits	**1 729 353**	**1 639 422**	**1 509 558**
Repayable on demand	1 539 975	1 420 786	1 275 737
Others	189 377	218 636	233 821
Other financial liabilities	**328**	**479**	**689**
Other than repayable on demand	328	479	689
Changes in fair value in terms of borrowing	**- 816**	**- 598**	**1 860**
Liabilities to the public and general government, total	**1 728 865**	**1 639 304**	**1 512 107**
Liabilities to the public and general government and liabilities to credit institutions, total	**1 788 494**	**1 675 298**	**1 546 169**

K7 Debt securities issued to the public

Debt securities issued to the public (1 000 euros)	30.9.2018	31.12.2017	30.9.2017
Bonds	582 749	583 045	334 703
Certificates of deposit	151 949	153 916	120 370
Total debt securities issued to the public	**734 698**	**736 961**	**455 072**

Maturity of bonds	Nominal Value	Interest	Year of issuance	Due date	Bookkeeping value 30.9.2018	Bookkeeping value 31.12.2017	Bookkeeping value 30.9.2017
Oma Säästöpankki Oyj 16.4.2018	100 000	0,930 % / variable	2015	16.4.2018	-	99 980	99 963
Oma Sp Oyj 6.5.2019	110 000	1,000 % / variable	2016	6.5.2019	109 963	109 916	109 900
Oma Sp Oyj 3.4.2020	125 000	0,880 % / variable	2017	3.4.2020	124 903	124 855	124 839
Oma Sp Oyj 12.12.2022 *	350 000	0,125 % / variable	2017	12.12.2022	347 883	248 294	-
					582 749	**583 045**	**334 703**

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

Maturity of deposit certificates	Less than 3 months	3 - 6 months	6-9 months	9-12 months	Bookkeeping value
30.9.2018	91 984	59 965	-	-	**151 949**
31.12.2017	90 978	56 949	5 988	-	**153 916**
30.9.2017	52 463	45 953	21 953	-	**120 370**

K8 Net interest income

Net interest income (1 000 euros)	**1-9/2018**	**1-9/2017**	**1-12/2017**
Interest income			
Advances to the public and general government	37 260	30 989	42 272
On debt securities	1 633	1 753	2 361
On derivatives	1 496	977	1 344
Other interest income	572	438	602
Total interest income	**40 961**	**34 157**	**46 579**
Interest expenses			
Liabilities to credit institutions	- 557	- 357	- 486
Liabilities to the public and general government	- 1 735	- 1 974	- 2 531
Debt securities issued to the public	- 2 373	- 2 357	- 3 084
On subordinated liabilities	- 363	- 292	- 394
Other interest expenses	- 7	- 435	- 767
Total interest expenses	**- 5 036**	**- 5 414**	**- 7 262**
Net interest income	**35 925**	**28 744**	**39 317**

K9 Fee and commission income and expenses

Fee and commission income and expenses (1 000 euros)	**1-9/2018**	**1-9/2017**	**1-12/2017**
Fee and commission income			
Lending	8 637	5 775	7 754
On deposits	100	201	238
On card and payment transactions	9 112	8 468	11 233
Intermediated securities	80	87	117
On reserves	1 865	1 800	2 374
On legal services	534	502	728
Brokered products	962	969	1 303
Granting of guarantees	450	332	463
Other fee and commission income	597	488	602
Total fee and commission income	**22 336**	**18 622**	**24 814**
Fee and commission expenses			
On card and payment transactions	-2 135	-2 258	-3 056
On securities	-47	-46	-74
Other fee and commission expenses	-781	-295	-439
Total fee and commission expenses	**-2 963**	**-2 598**	**-3 569**
Fee and commission income and expenses, net	**19 374**	**16 023**	**21 245**

K10 Net income on financial assets and liabilities

IFRS 9, as of January 1, 2018	1-9/2018	1-9/2017	1-12/2017
Net income on financial assets recognised at fair value			
On debt securities			
Capital gains and losses	-116	n/a	n/a
Valuation gains and losses	-99	n/a	n/a
Total on debt securities	**-215**	**n/a**	**n/a**
Shares and other equity instruments			
Dividend yields	1 275	n/a	n/a
Capital gains and losses	-77	n/a	n/a
Valuation gains and losses	209	n/a	n/a
Total on shares and other equity instruments	**1 407**	**n/a**	**n/a**
Net income on financial assets recognised at fair value, total	**1 192**	**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	2	n/a	n/a
Difference in valuation reclassified from the fair value reserve to the income statement	161	n/a	n/a
Total on debt securities	**163**	**n/a**	**n/a**
Net income on financial assets recognised in items of other comprehensive income at fair value, total	**163**	**n/a**	**n/a**

IAS 39, until December 31, 2017 (1 000 euros)	1-9/2018	1-9/2017	1-12/2017
Net income from financial assets available for sale			
On debt securities			
Capital gains and losses	n/a	-58	-161
Difference in valuation reclassified from the fair value reserve to the income statement	n/a	454	2 166
Total on debt securities	**n/a**	**396**	**2 005**
Shares and other equity instruments			
Capital gains and losses	n/a	72	-68
Impairment	n/a	-	-
Difference in valuation reclassified from the fair value reserve to the income statement	n/a	1 876	8 249
Valuation loss reclassified from the fair value reserve	n/a	-623	-888
Valuation gain reclassified from the fair value reserve	n/a	2 499	9 138
Dividend yields	n/a	936	972
Total on shares and other equity instruments	**n/a**	**2 883**	**9 154**
Total net income from financial assets available for sale	**n/a**	**3 279**	**11 159**

Net income from investment properties (1000 euros)	1-9/2018	1-9/2017	1-12/2017
Rent and dividend income	621	705	930
Capital gains and losses	-402	53	53
Other gains from investment properties	6	8	10
Maintenance expenses	-692	-598	-831
Depreciation and impairment on investment properties	-9	-325	-317
Rent expenses on investment properties	-1	-1	-12
Total net income from investment properties	**-478**	**-159**	**-168**
Net gains on trading in foreign currencies	**29**	**-187**	**-194**
Net gains from hedge accounting	**-270**	**9**	**-51**
Net income from trading	**197**	**-37**	**34**
Net income on financial assets and liabilities, total	**832**	**2 905**	**10 780**

K11 Impairment losses on financial assets

(1 000 euros)	**1-9/2018**	**1-9/2017**	**1-12/2017**
IFRS 9, as of January 1, 2018			
ECL advances to customer and off-balance sheet items	- 1 878	n/a	n/a
ECL from equity investments	- 224	n/a	n/a
Expected credit losses (IFRS 9), total	**- 2 102**	**n/a**	**n/a**
IAS 39, until January 1, 2018			
Increases in receivable-specific impairments	n/a	- 949	- 1 231
Reversal of receivable-specific impairments	n/a	1 567	768
Changes in category-specific impairments	n/a	230	76
Impairments (IAS 39), total	**n/a**	**848**	**- 386**
Final credit losses			
Final credit losses	- 1 522	- 1 782	- 2 329
Reversals on realised credit losses	74	100	115
Recognised credit losses, total	**- 1 447**	**- 1 683**	**- 2 213**
Impairment on receivables, total	**- 3 549**	**- 835**	**- 2 600**

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 Oma Säästöpankki's operations. These ownerships include shares in Oy Samlink Ab and Säästöpankkien Keskuspankki Suomi Oyj, evaluated using the acquisition cost in the financial statements (level 3).

30/9/2018

Items repeatedly valuated at fair value

Financial assets (1 000 euros)	Bookkeeping value	Level 1	Level 2	Level 3
Valuated at fair value through profit or loss				
Equity-based	37 520	15 952	1 367	20 200
Debt-based	268	184	-	84
Financial derivatives	1 812	816	996	-
Recognised in items of comprehensive income at fair value				
Debt-based	222 337	219 046	-	3 291
Total financial assets	**261 936**	**235 998**	**2 362**	**23 575**

Financial liabilities (1000 euros)	Bookkeeping value	Level 1	Level 2	Level 3
Financial derivatives	2 038	-	2 038	-
Total financial liabilities	**2 038**	**-**	**2 038**	**-**

Amortised cost 30.9.2018

Financial liabilities (1 000 euroa)	Bookkeeping value	Level 1	Level 2	Level 3
Other financial liabilities	799 673	472 787	151 949	174 937
Total financial liabilities	**799 673**	**472 787**	**151 949**	**174 937**

Investment transactions in 2018, categorised to Level 3

Financial assets recognised at fair value through profit or loss (1 000 euros)	**Equity-based**	**Debt-based**	**Total**
Bookkeeping value 31.12.2017	**-**	**332**	**332**
+/- Impact of IFRS9	19 119	386	19 505
Bookkeeping value 1.1.2018	**19 119**	**718**	**19 837**
+ Acquisitions	1 181	-	1 181
- Sales	- 66	-	- 66
- Matured during the year	-	- 532	- 532
+/- Realised changes in value recognised on the income statement	- 54	- 100	- 154
+/- Unrealised changes in value recognised on the income statement	20	- 1	19
+ Transfers to Level 3	-	-	-
- Transfers to Level 1 and 2	-	-	-
Bookkeeping value 30.9.2018	20 200	**84**	20 284

Recognised in items of other comprehensive income at fair value	**Equity-based**	**Debt-based**	**Total**
Bookkeeping value 31.12.2017	**19 119**	**5 712**	**24 831**
+/- Impact of IFRS9	- 19 119	- 4 963	- 24 082
Bookkeeping value 1.1.2018	**-**	**749**	**749**
+ Acquisitions	-	2 991	2 991
- Sales	-	- 6	- 6
- Matured during the year	-	- 451	- 451
+/- Realised changes in value recognised on the income statement	-	-	-
+/- Unrealised changes in value recognised on the income statement	-	-	-
+/- Changes in value recognised in comprehensive income statement items	-	8	8
+ Transfers to Level 3	-	-	-
- Transfers to Level 1 and 2	-	-	-
Bookkeeping value	**-**	**3 291**	**3 291**

Sensitivity analysis for financial assets on Level 3, 30.9.2018 (1 000 euros)

	Hypothetical change	Market value	Potential impact on capital	
Equity-based			Positive	Negative
Recognised at fair value through profit or loss	+/- 15%	20 200	3 030	- 3 030
Recognised in items of other comprehensive income at fair value	+/- 15 %	-	-	-
Total		**20 200**	**3 030**	**- 3 030**

	Hypothetical change	Market value	Potential impact on capital	
Debt-based			Positive	Negative
Recognised at fair value through profit or loss	+/- 15%	84	13	- 13
Recognised in items of other comprehensive income at fair value	+/- 15 %	3 291	494	- 494
Total		**3 375**	**506**	**- 506**

	Hypothetical change	Market value	Potential impact on capital	
			Positive	Negative
Recognised at fair value through profit or loss	+/- 15%	20 284	3 043	- 3 043
Recognised in items of other comprehensive income at fair value	+/- 15 %	3 291	494	- 494
Total		**23 575**	**3 536**	**- 3 536**

30/9/2017

Items repeatedly valuated at fair value 30.9.2017

Financial assets	**Bookkeeping value**	**Level 1**	**Level 2**	**Level 3**
Valuated at fair value through profit or loss	332	-	-	332
Financial derivates	2 132	405	1 727	-
Financial assets available for sale	260 287	234 897	841	24 549
Total financial assets	**262 751**	**235 302**	**2 568**	**24 881**

Financial liabilities	**Bookkeeping value**	**Level 1**	**Level 2**	**Level 3**
Financial derivates	-	-	-	-
Financial liabilities	**-**	**-**	**-**	**-**

At amortised cost 30.9.2017

Financial assets	**Bookkeeping value**	**Level 1**	**Level 2**	**Level 3**
Investments held to maturity	1 989	1 989	-	-
Loans and other receivables	84	-	-	84
Total Financial assets	**2 073**	**1 989**	**-**	**84**

Financial liabilities	**Bookkeeping value**	**Level 1**	**Level 2**	**Level 3**
Other financial liabilities	487 841	124 839	120 370	242 632
Total financial liabilities	**487 841**	**124 839**	**120 370**	**242 632**

Investment transactions in 2017, categorised to Level 3

Recognised in items of income at fair value	**2017**
Bookkeeping value 1.1.2017	576
+Acquisitions	-
-Sales	-
-Matured during the year	-200
+/- Realised changes in value recognised on the income statement	-11
+/- Unrealised changes in value recognised on the income statement	-34
+Transfers to Level 3	-
-Transfers to Level 1 and 2	-
Bookkeeping value 30.9.2017	**332**

Financial assets available for sale	**2017**
Bookkeeping value 1.1.2017	21 762
+Acquisitions	3 360
-Sales	-99
-Matured during the year	-192
+/- Realised changes in value recognised on the income statement	42
+/- Unrealised changes in value recognised on the income statement	-950
+/- Changes in value recognised in comprehensive income statement items	883
+Transfers to Level 3	-
-Transfers to Level 1 and 2	-256
Bookkeeping value 30.9.2017	**24 549**

Sensitivity analysis for financial assets on Level 3 30.9.2017

			Potential impact on capital	
Shares and other equity instruments	Hypothetical change	Bookkeeping value	Positive	Negative
Financial assets available for sale	+/- 15 %	19 294	2 894	-2 894
Total		19 294	2 894	-2 894

			Potential impact on capital	
Interest-bearing securities	Hypothetical change	Market value	Positive	Negative
Financial assets available for sale	+/- 15 %	5 672	851	- 851
Total		**5 672**	**851**	**- 851**

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 members of the bank's management team and the expanded 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 the related parties since December 31, 2017.

Compensation received by key personnel in the management team 01-09/2018

	CEO and Deputy CEO	Board of Directors	Other management team members
Salaries and rewards	457	272	627
Defined contribution pension plans	136	-	-
Defined benefit pension plans	-	-	-

Compensation received by key personnel in the management team 01-09/2017

	CEO and Deputy CEO	Board of Directors	Other management team members
Salaries and rewards	426	318	492
Defined contribution pension plans	53	17	-
Defined benefit pension plans	-	-	-

	30.9.2018		30.9.2017	
	Key personnel and their family members	Other related parties	Key personnel and their family members	Other related parties
Loans	4 859	15 996	2 837	7 644
Deposits	1 157	3 562	1 159	7 016
Guarantees	100	100	100	100
Received interests	26	330	14	180
Paid interests	1	0	2	3
Service fees	3	12	2	12

K14 Summary of solvency

The reporting level regarding solvency calculations changed in the first half of 2018. In the interim report of 30 September 2018, solvency is 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 of 30 September 2018. Solvency and risk management are covered in more detail in Oma Säästöpankki's financial statement as of 31 December 2017. Solvency calculations as of 30 September 2018 and as of 31 December 2017 do not in every part reply to calculations given in the interim report and audited financial statement since the bank has corrected its core capital and solvency calculations on issued shares to employees.

The main items in the solvency calculation (1 000 euros)	Group 30.9.2018*	Parent 31.12.2017**	Parent 30.9.2017**
Core capital before deductions	251 318[1)]	240296[1)]	238 581
Deductions from core capital	-7 336	-10 383	-9 215
Core capital (CET1), total	**243 981[1)]**	**229 912[1)]**	**229 366**
Additional Tier 1 capital before deductions	0	0	0
Deductions from additional Tier 1 capital	0	0	0
Additional Tier 1 capital (AT1), total	**0**	**0**	**0**
Tier 1 capital (T1 = CET1 + AT1), total	**243 981[1)]**	**229 912[1)]**	**229 366**
Tier 2 capital before deductions	14 291	17 766	3 269
Deductions from Tier 2 capital	0	0	0
Tier 2 capital (T2), total	**14 291**	**17 766**	**3 269**
Own funds (TC = T1 + T2), total	**258 272[1)]**	**247 678[1)]**	**232 635**
Risk-weighted items			
Credit and counterparty risk	1 358 198	1 193 120	1 122 518
Adjustment risk of liability (CVA)	4 115	7 104	3 668
Market risk	0	0	21 182
Operational risk	110 887	109 516	89 632
Risk-weighted items, total	**1 473 199**	**1 309 739**	**1 237 000**
Fixed capital buffer in accordance with the Act on Credit Institutions (2.5%)	36 830	32 743	30 925
Core capital (CET1) relative to risk-weighted items (%)	16,56%[1)]	17,55%[1)]	18,54 %
Tier 1 capital (T1) relative to risk-weighted items (%)	16,56%[1)]	17,55%[1)]	18,54 %
Own funds, total (TC) relative to risk-weighted items (%)	17,53%[1)]	18,91%[1)]	18,81 %
Leverage ratio			
Tier 1 capital	243 981[1)]	229 912[1)]	229 366
Total amount of exposures	2 903 332	2 776 384	2 334 012
Leverage ratio	8,4%[1)]	8,28%[1)]	9,83 %

** Information calculated at group level.*

*** Information calculated at parent level.*

1) The figure is according to corrected Interim Report. The bank has corrected its core capital and solvency calculations on issued shares to employees.

K15 Impacts of IFRS9 on the opening balance

Oma Säästöpankki implemented the Financial Instruments standard on January 1, 2018. The comparative data for previous accounting periods were not adjusted, and therefore the adjustments to the bookkeeping values of the financial assets resulting from the implementation of the standard are recognised in the equity of the opening balance. The accounting principles that comply with the standard are presented in the interim report's note K1 Accounting principles.

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

	31.12.2017	Change	1.1.2018
Fair value reserve	4 181		
Revalution			
Expected credit losses		484	
Debt securities, valuaution held to maturity, reclessified		562	
Reclassification			
Fair value reserve seclassification		- 3 773	
Change in deferred tax		545	
Total	**4 181**	**- 2 181**	**1 999**
Retained earnings (loss)	**106 439**		
Revaluation		-	
Impairment withdrawal December 31, 2017			
IAS 39 Realised impairment		7 587	
IAS 39 Impairment on loan and receivable categories		1 222	
Impairment withdrawal, tota 31.12.2017		**8 810**	
Expected credit losses			
IFRS 9 Expected credit losses, lending		- 9 762	
IFRS 9 Expected credit losses, categorised at amortisation		-	
IFRS 9 Expected credit losses, recognised in items of other comprehensive income at fair value		- 484	
IFRS 9 Off-balance sheet commitments		- 710	
Expected credit losses, total		**- 10 956**	
Reclassification			
Fair value reserve reclassification		3 773	
Expected credit losses, total		**3 773**	
Change in deferred tax		**- 325**	
Retained earnings (loss)	**106 439**	**1 301**	**107 740**
Equity, total*	**240 706**	**- 747**	**239 959**
Amount of non-controlling interest	**778**	**- 133**	**645**
Group, total	**241 484**	**- 880**	**240 604**

** Equity, January 1, 2018, also including other items of equity. The 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)

Financial assets	IAS 39 bookkeeping value 31.12.2017	Reclassification	Revaluation	IFRS 9 bookkeeping value 1.1.2018
Amortised cost				
Cash and cash equivalents				
Balance sheet 31.12.2017	265 265			
Revaluation	-	-	-	
Balance sheet 1.1.2018	265 265	-	-	265 265
Loans and advances to credit institutions				
Balance sheet 31.12.2017	73 847			
Revaluation	-	-	-	
Balance sheet 1.1.2018	73 847	-	-	73 847
Loans and advances to the public				
Balance sheet 31.12.2017	2 137 868			
Revaluation	-	-	-711	
Balance sheet 1.1.2018	2 137 868	-	-711	2 137 158
Investments				
Balance sheet 31.12.2017	1 989			
Classification - to be recognised in items of comprehensive income	-	-1 989	-	
Revaluation	-	-	-	
	1 989	-1 989	-	-
Other assets *	29 465	-	521	29 985
	29 465	-	521	29 985
Amortised cost, total	**2 508 433**	**-1 989**	**-190**	**2 506 255**

Financial assets available for sale					
Investments					
Balance sheet 31.12.2017	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 l	-	-	38 455	-	
Classification – amortised cost			-	-	
Balance sheet 1.1.2018	184 027	-	184 027	**-**	**-**
Recognised in items of other comprehensive income at fair value (debt-based)					
Investments					
Balance sheet 31.12.2017	-				
Classification – financial assets available for sale	-		145 572	-	145 572
Classification – financial assets held to maturity	-		1 989	562	2 551
Balance sheet 1.1.2018	**-**		**147 561**	**562**	**148 123**
Recognised in items of other comprehensive income at fair value, tota	**184 027**	**-**	**36 467**	**562**	**148 123**
Recognised at fair value through profit or loss					
Derivative instruments	1 676				1 676
Investments	332				332
Balance sheet 31.12.2017	2 008				2 008
Classification – financial assets available for sale			38 455		38 455
Balance sheet 1.1.2018	**2 008**		**38 455**	**-**	**40 463**
Recognised at fair value through profit or loss, total	**2 008**		**38 455**	**-**	**40 463**
Total financial assets	**2 694 469**	**-**	**0**	**373**	**2 694 841**

Financial liabilities	**IAS 39 Bookkeeping value 31.12.2017**	**Reclassification**	**Revaluation**	**IFRS 9 bookkeeping value 1.1.2018**
Amortised cost				
Liabilities to credit institutions	35 993	-	-	35 993
Liabilities to the public	1 639 304	-	-	1 639 304
Debt securities issued	764 961	-	-	764 961
Other liabilities	42 602	-	807*	43 408
Balance sheet 1.1.2018	2 482 860	-	807	2 483 667
Amortised cost, total	**2 482 860**	**-**	**807**	**2 483 667**
** The item presents the recognised expected credit loss of off-balance sheet items.*				
Recognised at fair value through profit or loss				
Debt securities issued	-	-	-	-
Financial liabilities held for trading	-	-	-	-
Derivative instruments	2 222	-	-	2 222
Balance sheet 1.1.2018	2 222	-	-	2 222
Recognised at fair value through profit or loss, tota	**2 222**	**-**	**-**	**2 222**
Total financial liabilities	**2 485 083**	**-**	**807**	**2 485 890**

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

	Classification IAS 39	Calssification IFRS 9	Bookkeeping value IAS 39 30.12.2017	Bookkeeping value IFRS 9 1.1.2018
Cash and cash equivalents	Loans and other receivables	Amortised cost	265 265	265 265
Loans and advances to credit institutions	Loans and other receivables	Amortised cost	73 847	73 847
Loans and advances to the public	Loans and other receivables	Amortised cost	2 137 869	2 137 158
Derivative instruments	Recognised at fair value through profit or loss	Recognised at fair value through profit or loss	1 676	1 676
Investments	Loans and other receivables	Amortised cost	38 456	38 456
Investments	Financial assets available for sale	Recognised at fair value through profit or loss	145 572	145 572
Investments	Recognised at fair value through profit or loss	Amortised cost	332	332
Investments	Investments held to maturity	Recognised at fair value through profit or loss	1 989	2 552
Investments	Financial assets available for sale	Amortised cost	-	-
Other assets			29 465	29 986
Total assets*			**2 694 469**	**2 694 841**

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

	Classification IAS 39	Calssification IFRS 9	Bookkeeping value IAS 39 30.12.2017	Bookkeeping value IFRS 9 1.1.2018
Liabilities to credit institutions	Other financial liabilities	Amortised cost	35 994	35 994
Liabilities to the public	Other financial liabilities	Amortised cost	1 639 305	1 639 305
Debt securities issued	Other financial liabilities	Amortised cost	764 961	764 961
Derivative instruments	Recognised at fair value through profit or loss	Recognised at fair value through profit or loss	2 223	2 223
Other liabilities			42 602	43 409
Total liabilities*			**2 485 083**	**2 485 890**

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

K16 Significant events since the interim report date

On October 18, 2018, Oma Säästöpankki and the Nordic Investment Bank (NIB) signed an agreement on a seven-year loan programme worth 35 million euros, targeted at small and medium-sized companies and small midcaps in Finland. The programme will also provide financing for small-scale environmental investments. This is the second loan programme established by Oma Säästöpankki and NIB. A press release on the loan programme was issued on October 18, 2018.

Oma Säästöpankki has announced the opening of new branch offices in Helsinki and Oulu by the end of 2018, and an expanded office in Turku in early 2019.

At the end of October, due to externally imposed requirements, the bank had to modify existing account numbers in order to unify the customers' account numbers. This was an extensive project, and a considerable change for the customers. However, with the unified account numbers, the bank will be able to develop its services more effectively in the future.

CALCULATION OF KEY FIGURES

Operating income/loss	=	Interest income, Fee and commission income, Net income on financial assets and liabilities, Other operating income	
Operating net income, total	=	Net interest income, Net fee and commission income and expenses, Net income on financial assets and liabilities, Other operating income	
Total operating expenses	=	Personnel expenses, other operating expenses, depreciation, amortisation and impairment losses on tangible and intangible assets	
Liquidity coverage ratio (LCR)	=	Minimum liquidity buffer relative to net cash and collateral outflows in a 30-day stress scenario	
Cost/income ratio, %	=	Total operating expenses / Total operating income	x100
Return on equity (ROE) %	=	Operating profit/loss - Income taxes / Equity (average of the beginning and the end of the year)	x100
Return on assets (ROA) %	=	Operating profit/loss - Income taxes / Average balance sheet total (averages from the beginning and the end of the year)	x100
Equity ratio, %	=	Equity / Balance sheet total	x100
Solvency ratio (TC) %	=	Own funds, total (TC) / Risk-weighted items, total	x100
Core capital ratio, (CET1) %	=	Core capital (CET1) / Risk-weighted items, total	x100

$$\textbf{Tier 1 equity ratio, (T1) \%} = \frac{\text{Tier 1 capital (T1)}}{\text{Risk-weighted items, total}} \times 100$$

$$\textbf{Earnings per share (EPS), EUR} = \frac{\text{Profit/loss for the parent company owners}}{\text{Average number of shares outstanding}}$$

omasp
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Independent Auditor's Report on Review of Condensed Consolidated Interim Report of Oma Savings Bank plc

To the Board of Directors of Oma Savings Bank plc

Introduction

I have reviewed the accompanying condensed consolidated interim report of Oma Savings Bank plc which comprise the condensed consolidated balance sheet as at 30 September 2018, condensed consolidated income statement, statement of comprehensive income, changes in equity, and cash flows for the nine months ended 30 September 2018 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 interim report in accordance with IAS 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this condensed consolidated interim financial information based on my review.

Scope of review

I conducted my 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 me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying condensed consolidated interim report of Oma Savings Bank plc as at 30 September 2018 and for the nine month period ended 30 September 2018 has not been prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Helsinki 16 November 2018

Juha-Pekka Mylén
Authorised Public Accountant, KHT

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AUDITOR'S REPORT ON A PROFIT FORECAST INCLUDED IN THE PROSPECTUS

To the Board of Directors of Oma Savings Bank plc

In accordance with the Commission Regulation (EC) No 809/2004 Annex I item 13.2 I report on the profit forecast set out in the section "Operating and Financial Review - Outlook" of the prospectus dated 16 November, 2018. The prospectus contains a profit forecast compiled by the board of directors of Oma Savings Bank plc; "According to the Company's estimates, the profit before taxes excluding net income on financial assets and liabilities will increase in the accounting period of 2018 compared to the previous year".

The responsibility of the Board of Directors

The board of directors is responsible for the compilation of the profit forecast and for the factors and assumptions made therein, in accordance with the Commission Regulation (EC) No 809/2004.

Auditor's responsibility

It is the auditor's responsibility to express an opinion, as to the proper compilation of the profit forecast on the basis stated and on the consistency of the basis of accounting with the accounting policies of the issuer.

I have conducted my work in accordance with the Finnish Institute of Authorised Accountants' recommendation "Profit Forecasts and Estimates – Guidance for Auditors". I have not performed an audit or review of the profit forecast or the underlying financial information or assumptions.

I have planned and performed my work so as to obtain the information and the explanations I considered necessary in order to provide me with reasonable assurance that the profit forecast has been properly compiled on the basis stated and that the basis of accounting used for a profit forecast has been consistent with the accounting policies of the issuers.

Opinion

In my opinion, the profit forecast included in the prospectus has been properly compiled on the basis stated and the basis of accounting is consistent with the accounting policies of Oma Savings Bank plc's consolidated financial statements.

Disclaimer and restriction on the distribution of the report

The future actual outcome may differ from the forecasted as the assumptions relating to future usually do not realize as expected and the differences may be material.

This report is required by the Commission Regulation (EC) No 809/2004 and it is given for the purpose of complying with that requirement and for no other purpose. My work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Helsinki 16 November 2018

Juha-Pekka Mylén
Authorised Public Accountant, KHT

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