Oma Säästöpankki

Annual Report 2017

Contents 2017

Oma Säästöpankki Oyj's
ANNUAL REPORT 2017

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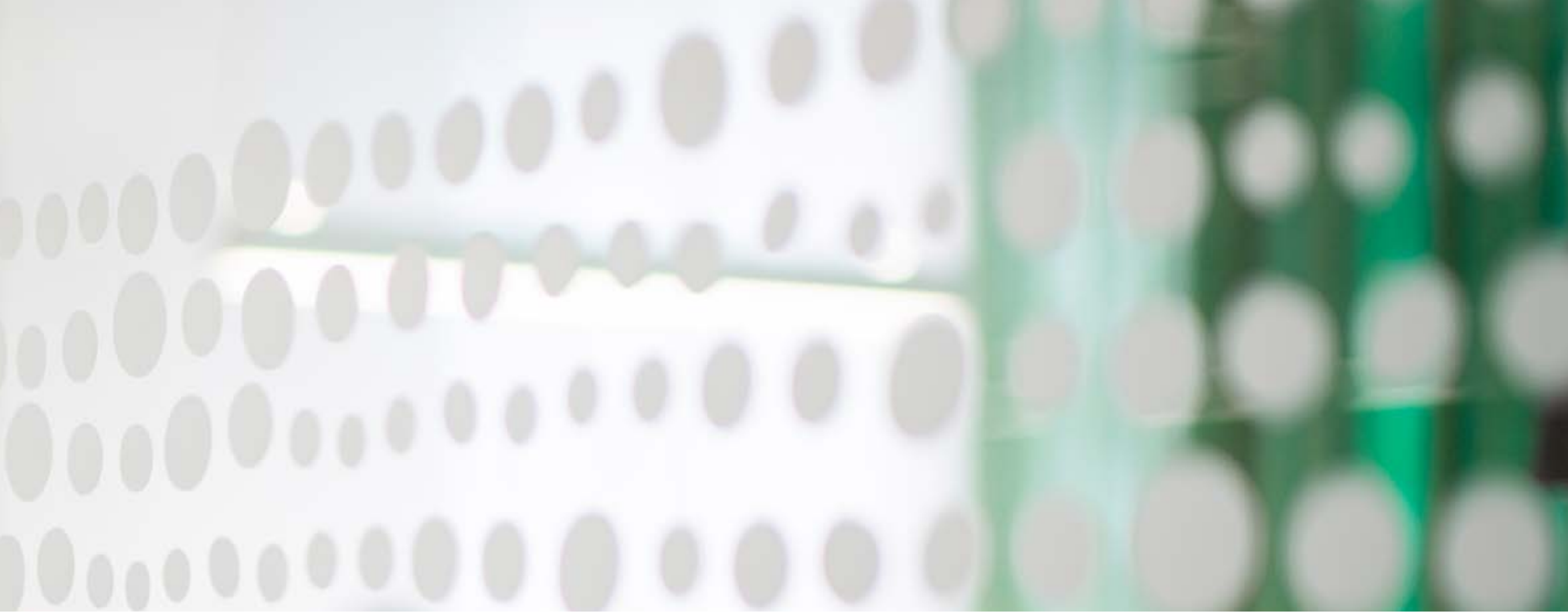


Annual Report 2017

Corporate Governance

Financial Statements

OmaSp sailing in favourable winds

A year of significant successes

PHOTO MARI WAEGELEIN

The year 2017 was the most profitable year in Oma Säästöpankki's history. We had great success with our customers.

More and more customers chose OmaSp as their banking partner, and our volumes increased in all key areas. The best results in our bank's history were achieved partly due to the updated IFRS standards (International Financial Reporting Standards) and the realisation of investments made along with them. The final number on the balance sheet increased to over 2.7 billion euros and earnings before taxes amounted to 30.4 million euros.

In 2017, we opened new offices in Lahti and Jyväskylä, and new service desks in Espoo, Kajaani and Turku. Customers value OmaSp's personalised service.

The skills and competencies of our staff have improved significantly during the year. For example, we launched an OmaSp Master training program intended for our bank's supervisors and specialists. In late 2017, OmaSp issued shares to employees to commit and motivate employees.

The most notable events in 2017 included entering into a two-year contract of guarantee with the European Investment Fund and expanding our operations to mortgage banking. Trade of our bank's bond commenced for the first time in Helsinki Stock Exchange. Standard & Poor confirmed OmaSp's credit ratings of BBB+ for long-term borrowing and A-2 for short-term borrowing with stable prospects. In the beginning of December, the customers from small and medium-sized company operations as well as the agriculture and forestry operations of S-Pankki were transferred to us.

Finland's economy saw positive development towards the end of 2017, providing a good starting point for the year 2018. My warmest thanks to the Oma Säästöpankki customers, employees, owners and partners. Together we make the bank successful.

Pasi Sydänlammi
CEO

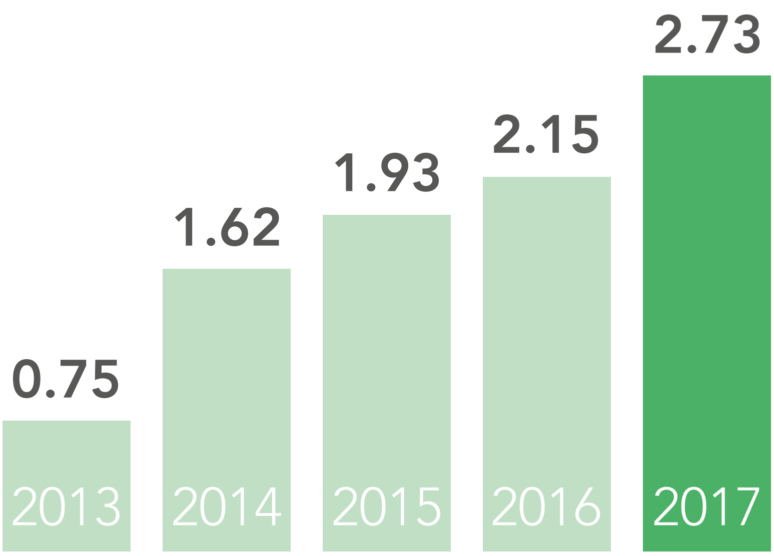
The main events of the banking year

- We entered into a two-year contract of guarantee with the European Investment Fund which covers 50 million euros for business loans that the bank can grant under certain criteria to growth-oriented small and medium-sized companies.
- Trade of our bank's bond, worth 125 million euros, commenced for the first time in Helsinki Stock Exchange.
- Standard & Poor confirmed OmaSp's credit ratings of BBB+ for long-term borrowing and A-2 for short-term borrowing with stable prospects.
- Expansion of our operations to mortgage banking and commencing our operations with issuing bonds worth 250 million euros as part of our bond program (Standard & Poor's credit rate AAA).
- Oma Säästöpankki conducted an issuance of shares to employees. The participation rate was well over 70%. In the future, the employees will be working in a bank they partially own, which increases the employees' commitment and motivation to work.
- In the beginning of December, the customers from small and medium-sized company operations as well as the agriculture and forestry operations of S-Pankki were transferred to Oma Säästöpankki.
- In 2017, new offices were opened in Lahti and Jyväskylä, and three new service desks were opened in Espoo, Kajaani and Turku in the end of the year.


High-quality daily operations are reflected in unprecedented growth.

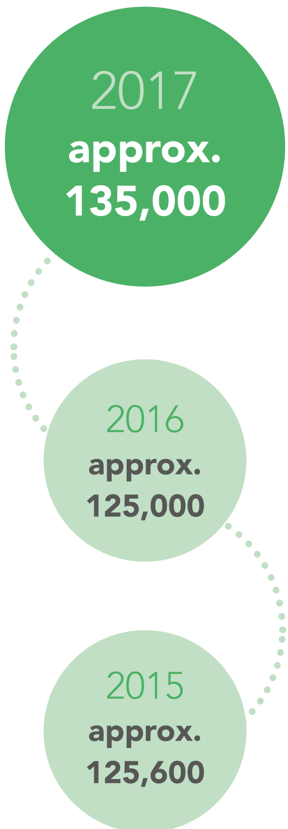
Rapidly growing bank

Oma Säästöpankki's key figures 2017



Balance sheet total

billion euros



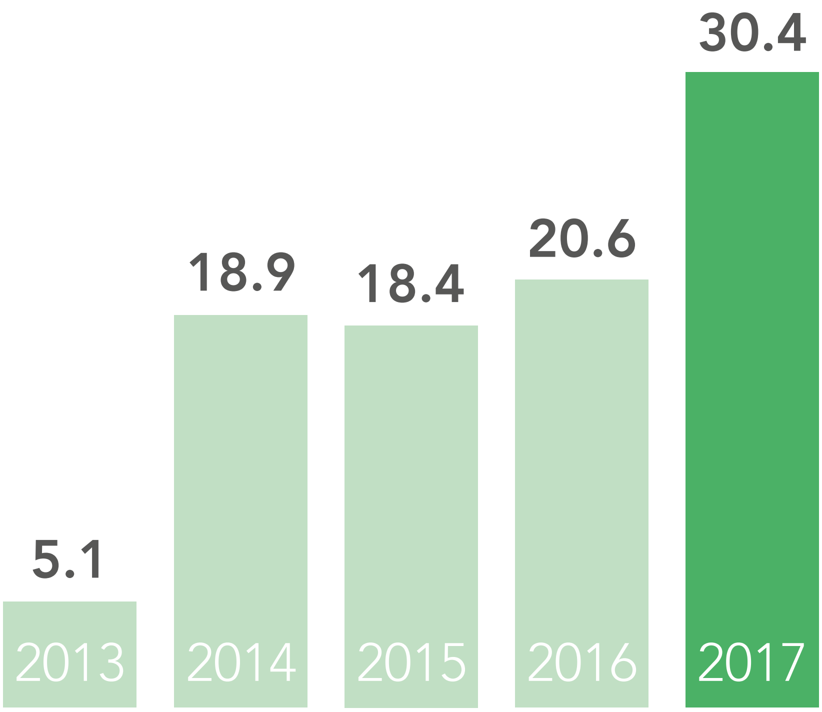
Customers

Office network

in 2017

Personnel

in 2017



Earnings before taxes

million euros

Year of changes

Effectiveness and development

More and more customers expect service to be available on weekday evenings, and more than a quarter expect service to be available also on Saturdays.

Growth in consumption has been strong over the past year. Oma Säästöpankki operates in a time of changing customer behaviour.

Finland's economy developed in a favourable manner during 2017. Between January and September, the gross domestic product grew by 3.2 per cent compared to the previous year. In November 2017, the unemployment rate decreased from the previous year's 8.1 per cent to 7.1 per cent, and the number of employed workforce increased by 83,000 persons compared to the previous year.

High confidence in economy

Consumption increased by 1.8 per cent compared to the previous year. Growth in services was 2.3 per cent. Growth prospects for private consumption have been strengthened by the increase in real household disposable income, the increase in employment, and consumers' confidence in their own economy (Confederation of Finnish Industries (EK) Economy Review, December 2017).

Lending development

Despite the low interest rate and the pick-up in economic growth, demand for mortgages increased moderately in Finland, compared to pre-recession years. Growth in mortgage lending in Finland is relatively slow compared to the rest of the Euro zone. In Finland, the annual growth rate of housing loans was 2.3 per cent in November. To a certain extent, households' indebtedness increases the growth in demand for non-home mortgages. Annual growth in corporate loans was 4.7 per cent in November (Bank of Finland).

Loans granted by Oma Säästöpankki totalled 2,137.9 million euros at the end of the year. The bank's loan portfolio increased by 19.7 per cent in a year. The growth included 22.9 million euros of transferred loans from Aktia Real Estate Mortgage Bank and 140 million euros worth of loans transferred in business acquisition.

Traditional banks are challenged

In addition to strong competition, burdens resulting from increased banking regulations also impact banks' operational environment. Alternative payment providers are expected alongside traditional banking firms, intensifying the competition for customer relationships. The rapid change in customer behaviour and increased utilisation of digital banking services have created their own challenges to the industry's ability to meet customer expectations. According to a survey carried out by Finance Finland (FFI), almost half of the customers expect personal advisory service. More and more customers expect service to be available on weekday evenings, and more than a quarter expect service to be available also on Saturdays. These findings are set out in Finance Finland's annual report "Saving, borrowing and paying in Finland, 2017".

Modern customer service

In 2017, Oma Säästöpankki 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.

Oma Säästöpankki has met the challenges set by the changing operational environment with a high level of success. Reorganisation of bank operations, implementation of a new customer service model, and investments in digital banking experiences have made it possible for Oma Säästöpankki to operate successfully amidst change.

Consistent structural development

Establishment of Oma Säästöpankki Oyj

May 2008
Töysän Säästöpankki and **Kuortaneen Säästöpankki** conclude a merger agreement

September 2009
Oma Säästöpankki Oy's name is established for the operation after Kuortaneen Säästöpankki and Töysän Säästöpankki join forces

July 2012
Parkanon Säästöpankki and Oma Säästöpankki Oy conclude a merger agreement

April 2013
Parkanon Säästöpankki's business operations are transferred to Oma Säästöpankki Oy

September–October 2013
Kantasäästöpankki Oy and Oma Säästöpankki Oy conclude a merger agreement

March 30, 2014
Kantasäästöpankki merges with Oma Säästöpankki Oy

September 2014
Joroisten Osuuspankki issues a letter of intent for the transfer of business operations to Oma Säästöpankki Oy

January 2015
Pyhäselän Osuuspankki issues a letter of intent for the transfer of business operations to Oma Säästöpankki Oy

September 30, 2015
The business operations of **Joroisten Osuuspankki** and **Pyhäselän Osuuspankki** are transferred to Oma Säästöpankki Oyj

December 2016

Oma Säästöpankki purchases **SAV-Rahoitus Oyj** shares

December 2016

SAV-Rahoitus Oyj becomes a subsidiary of Oma Säästöpankki

April 2017

S-Pankki and Oma Säästöpankki enter into an agreement about the transfer of S-Pankki's company and agricultural operations to Oma Säästöpankki

December 1, 2017

S-Pankki's small and medium-sized operations as well as the agricultural and forestry operations are transferred to Oma Säästöpankki Oyj

January 2014

Decision on Savings Banks Group, Oma Säästöpankki decides to be excluded from the group

May 2015

Oma Säästöpankki Oyj leaves the Savings Banks' Union Coop

November– December 2013

Suodenniemen Säästöpankki and Oma Säästöpankki Oy conclude a merger agreement

May 30, 2014

Suodenniemen Säästöpankki's business operations are transferred to Oma Säästöpankki Oy

November 2013– January 2014

Etelä-Karjalan Säästöpankki Oy and Oma Säästöpankki Oy conclude a merger agreement

November 30, 2014

Etelä-Karjalan Säästöpankki merges with Oma Säästöpankki Oy

Flexible services

A Finnish bank with happy customers

We bring banking services to homes, workplaces and companies.

Oma Säästöpankki has over 135,000 customers all over Finland. Our 250 experts in 39 branches provide you with high-quality services at different stages of life. We want our private and business customers to be able to frequent our bank when it suits their schedules. We provide various communication channels to meet the needs of all customers – customers can interact with our bank at the office, by phone, online or via mobile banking. Our various branches serve our customers locally.

Your own banker can help you with all your banking needs. You can find personal contact information at omasp.fi.

Extensive service hours and cashier service on all weekdays.

Oma Säästöpankki provides extensive solutions for agricultural and forestry operators as well.

PRIVATE CUSTOMERS

ACCOUNTS

Current account
Savings deposit account
Investment deposit
OmaTuotto deposit
ASP account

CARDS

Visa Credit/Debit
Visa Debit
Visa Credit
Visa Electron

LOANS

Mortgage
Consumer credit
Flexible credit
Student loan
ASP loan
Loan insurance

ONLINE SERVICES

Online banking
OmaMobiili mobile service
Mobile ID
E-invoices
E-salary
Chat service
Video service

SAVING

Reserves
Savings insurance
Investing in stocks
Retirement savings
Debenture loan
Asset management insurance

BUSINESS CUSTOMERS

ACCOUNTS AND CARDS

Payment transaction account
Savings deposit
Investment deposit
OmaTuotto deposit
Visa Business Debit

FINANCING

Company account
Bond loan
Bank guarantee
Loan insurance for companies
Trade Finance

INVESTMENTS

Reserves
Shares
Debenture loan
Insurance saving

ONLINE SERVICES

Corporate online banking
Payment transaction services
Online payment
Identification service
OmaMobiili mobile service

PARTNERS

Our partners include Finnvera Oyj,
Garantia Insurance Company Ltd, Nordic Investment Bank (NIB),
The European Investment Fund (EIF) and Forex Bank

Customers' thoughts

Oma Säästöpankki is customer-friendly

A record of 7,676 people replied to Oma Säästöpankki's customer survey. Oma Säästöpankki is the primary bank for the majority of the respondents (88%).

4.3/5*
My affairs are taken care of

4.8/5*
Satisfied with own contact person

4.4/5*
Satisfied with overall service

4.3/5*
Overall grade to OmaSp

4.4/5*
Employees always serve with a positive attitude

* Best service study 12/2017

Bank as a partner

Solid agricultural business

TEXT SUSANNA KORKIATUPA PHOTO VALTTERI SALO

Today, agricultural companies are managed and developed purposefully. Mikko and Vuokko Kraatari see the changing agricultural structure as an opportunity. However, clear plans are needed. Having a reliable financing partner is incredibly important in a capital binding industry.

Mikko and Vuokko Kraatari: We have been pleased with the cooperation with Oma Säästöpankki.

Mikko Kraatari begins his day at the coffee table as the children leave for school and wife Vuokko leaves for her day job at the Finnish Institute for Enterprise Management in Kauhava. The Kraatari family lives in Ylipää, Lappajärvi, in South Ostrobothnia. The family has 135 hectares of arable land, of which 30 hectares is reserved for starch potatoes, 45 hectares for crops, and the rest for grass.

The family has another agricultural facility in Alajärvi, ten kilometres from Ylipää; a beef cattle farm where there are approximately 200 animals at a time. Calves are kept at the farm for approximately five and a half months.

"I start my mornings by going to the cowshed, making sure that the animals have food, water and other necessities. After that, I drive back home and in wintertime, I carry out business planning or paper work. In summertime, I spend my days working in the field," tells Mikko Kraatari.

Vuokko is able to help more at the cowshed in the summer due to the school holiday season.

A good bank understands that agriculture is not a field of quick profit.

Dreams into reality

Mikko and Vuokko have run the farm for fourteen years, but Mikko began his full-time career as an agricultural entrepreneur two years ago. Mikko worked towards full-time farming for about ten years before achieving the goal.

"Our farm is called 'Vuokon kotitila' (Vuokko's farm). I grew up in a dairy farm, so having a farm was a natural solution. Vuokko's father was a farmer who also had another day job. When we got the opportunity to buy a bigger production facility and became contract farmers, we decided to seize the opportunity," Mikko says.

"It all started when I sent an email to Oma Säästöpankki, telling the bank about our plans. We immediately received a positive and enthusiastic response," he continues.

Mikko and Vuokko both worked at ProAgria in the past, so they had previous experience in agriculture.

"However, banks play an important role in our line of business. A good bank understands that agriculture is not a field of quick profit. Agriculture is a slow business, binding large amounts of capital. We have been pleased with the cooperation with Oma Säästöpankki. Both sides have always lived up to their ends of the bargain," Mikko says.

"An approachable bank with friendly people. Interaction is easy," Vuokko adds.

Kraataris' own local bank is located in Alajärvi. According to Mikko and Vuokko, doing business, electronically or in person, is pleasant when interacting with familiar faces.

"We actually frequent the bank only when we need to sign loan documents. Our boys may sometimes come with us to empty their coin banks," Mikko says.

The couple also has 7-, 9- and 12-year-old sons.

Stronger agricultural knowledge

Oma Säästöpankki has always possessed a strong knowledge in agriculture and forestry. In December 2017, Oma Säästöpankki purchased S-Pankki's small and medium-sized operations as well as the agricultural and forestry operations.

"This change allows us to expand our banking operations nationwide in the agriculture and forestry sector. Our already strong expertise of the industry was extended in one go. We have also opened new branches. Services were expanded especially in the capital region, in Turku, and the Kainuu and North Karelia regions," says Oma Säästöpankki's Project Director Harri Karjalainen.

We received additional resources at a perfect time, since amendments to the law concerning the corporatisation of agriculture came into force in early 2018.

"We are now well prepared for an increasing number of corporatisations. We have both the expertise and resources. We have developed the mobile technology in our banking services, so we are also able to bring our services directly to the farms. Service is flexible but personal," he adds.

Oma Säästöpankki's agriculture and forestry experts are often cultivators themselves, many possessing a degree in agriculture and forestry, so they have a quite comprehensive understanding of the industry.

Continues on the next page

Corporate acquisition

Corporate acquisition was a smart move

Oma Säästöpankki stood out from the start when S-Pankki began to look for potential partners. The reasons behind the transfer of S-Pankki's small and medium-sized operations and agricultural and forestry operations had to do with S-Pankki's aim to redefine its strategy and to secure and develop the services of an important customer base.

The transfer process lasted over six months before concluding the agreement in April.

"Oma Säästöpankki was the most realistic, clear and inspired choice for a partner," tells S-Pankki's CEO **Pekka Ylihurula**.

S-Pankki's operations were transferred to Oma Säästöpankki on December 1, 2017. Oma Säästöpankki gained a good customer and loan base as well as a committed staff in the transfer. Ylihurula stresses that Oma Säästöpankki made a good strategic move.

"Great potential is transferred at once, guaranteeing growth. Experienced workers ensured a well-planned transition. We can be proud of how well we work together," Pekka Ylihurula concludes.

We can bring our services directly to the farms.

Agricultural entrepreneur in the midst of change

Mikko Kraatari is not dreaming about corporatisation. Partnership has felt like the best option, at least so far. However, the Kraataris are well aware of the structural changes in agriculture.

"The world is changing, and so it should. I see change more as an opportunity than a challenge. We are living a time of constant and ever faster change. Entrepreneurs must stay alert and bear in mind that things change all the time," Mikko states.

"There is no point in complaining about how things used to be better. In the 80s, farmers probably thought that farming is simply a part of life. New generation farmers know that it is about true entrepreneurship. In the future, we need to find new ways to implement things. Numeracy skills are also needed to know what should be done and how. Now we need innovative approaches, which, luckily, new entrepreneurs already seem to have," Vuokko says.

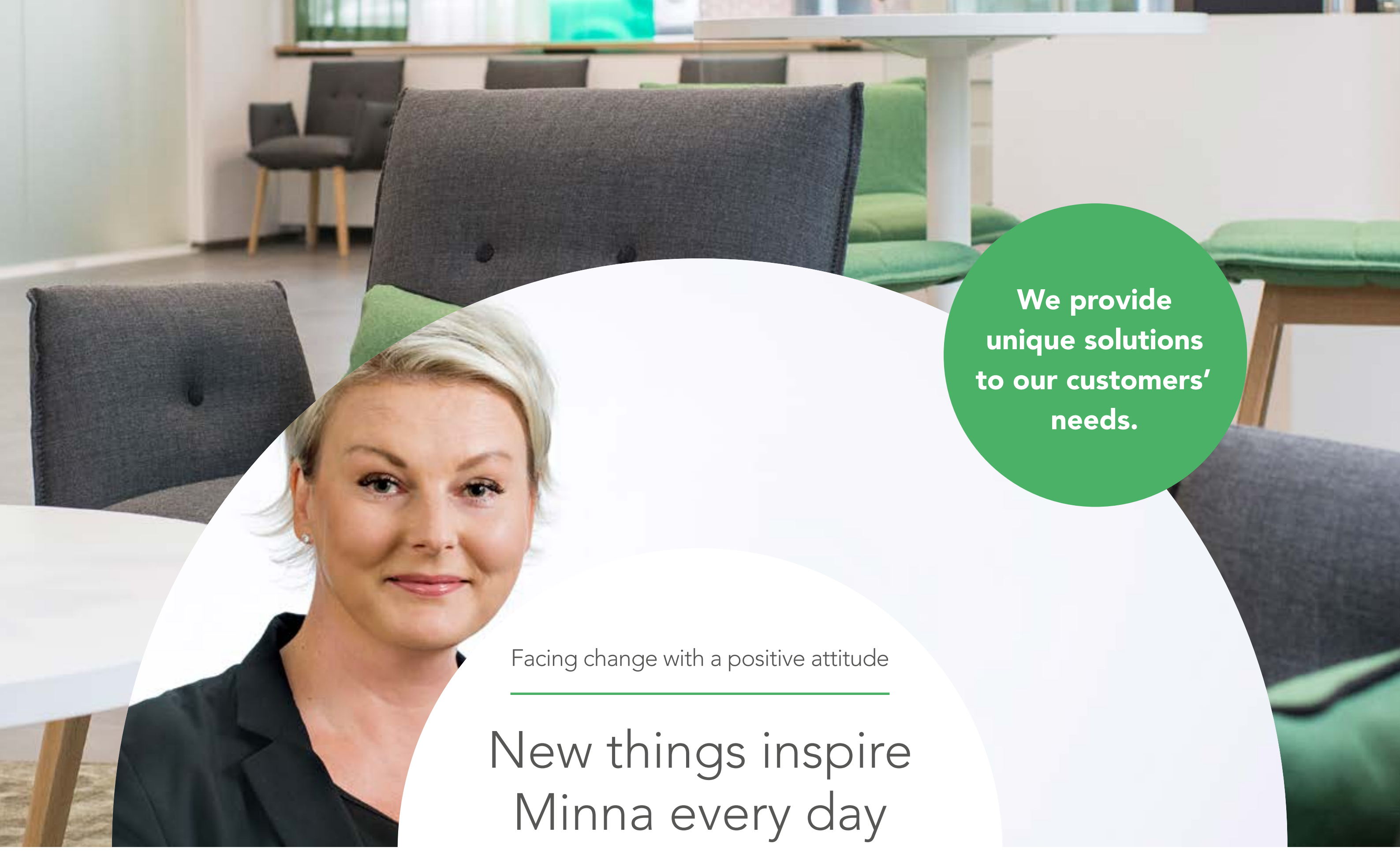
Oma Säästöpankki aims to provide comprehensive services to its customers. In addition to being the financier, the bank often takes part in the planning and timing of procurements.

"Typically, farm and forest owners approach the bank when they need working capital or when they are planning investments. We help our customers and assess the situation as a whole. For example, we make sure that the customer has taken into account certain things in taxing. This is how we bring added value to our customers' business," explains Harri Karjalainen.

Savings bank foundations and cooperatives do good deeds

Mikko Kraatari is involved in foundation activities. He serves as the vice chairman of the delegation of Töysän Säästöpankkisäätiö. Oma Säästöpankki is owned by local savings banks foundations and Oma cooperatives. Foundations and cooperatives receive annual dividends which they use for various purposes that benefit the community and promote savings bank principles by providing grants and aids. The grants and aids are aimed at, for example, youth work, town associations, club activities, culture, education or research on economic development. For example, Töysän Säästöpankkisäätiö has granted the 4H association in Alajärvi three thousand euros for organising animal welfare training for school aged children. Töysän Säästöpankkisäätiö supports many other activities as well and organises local events.

Foundations and cooperatives manage assets worth 200 million euros. They are important actors in their own respective areas. Savings bank foundations aim to promote saving, support local communities and preserve locally important banking traditions. Foundations implement their purposes by supporting, for example, the promotion of economic growth as well as work that supports regional vitality. Oma cooperatives aim to provide their members competitive and diversified banking services and secure their availability.



We provide unique solutions to our customers' needs.

Facing change with a positive attitude

New things inspire Minna every day

TEXT MILLA MAJANDER PHOTO LIISA KARLING

The bank is going digital at a fast pace. After a thirty-year career in banking, Minna Kärkkäinen believes that customer service and expertise will always be needed in one form or another.

What do you do at Oma Säästöpankki?
I work as a corporate/company specialist at OmaSp's Tampere branch. I manage business customers' payment transactions, finance and entrepreneurs' personal banking affairs.

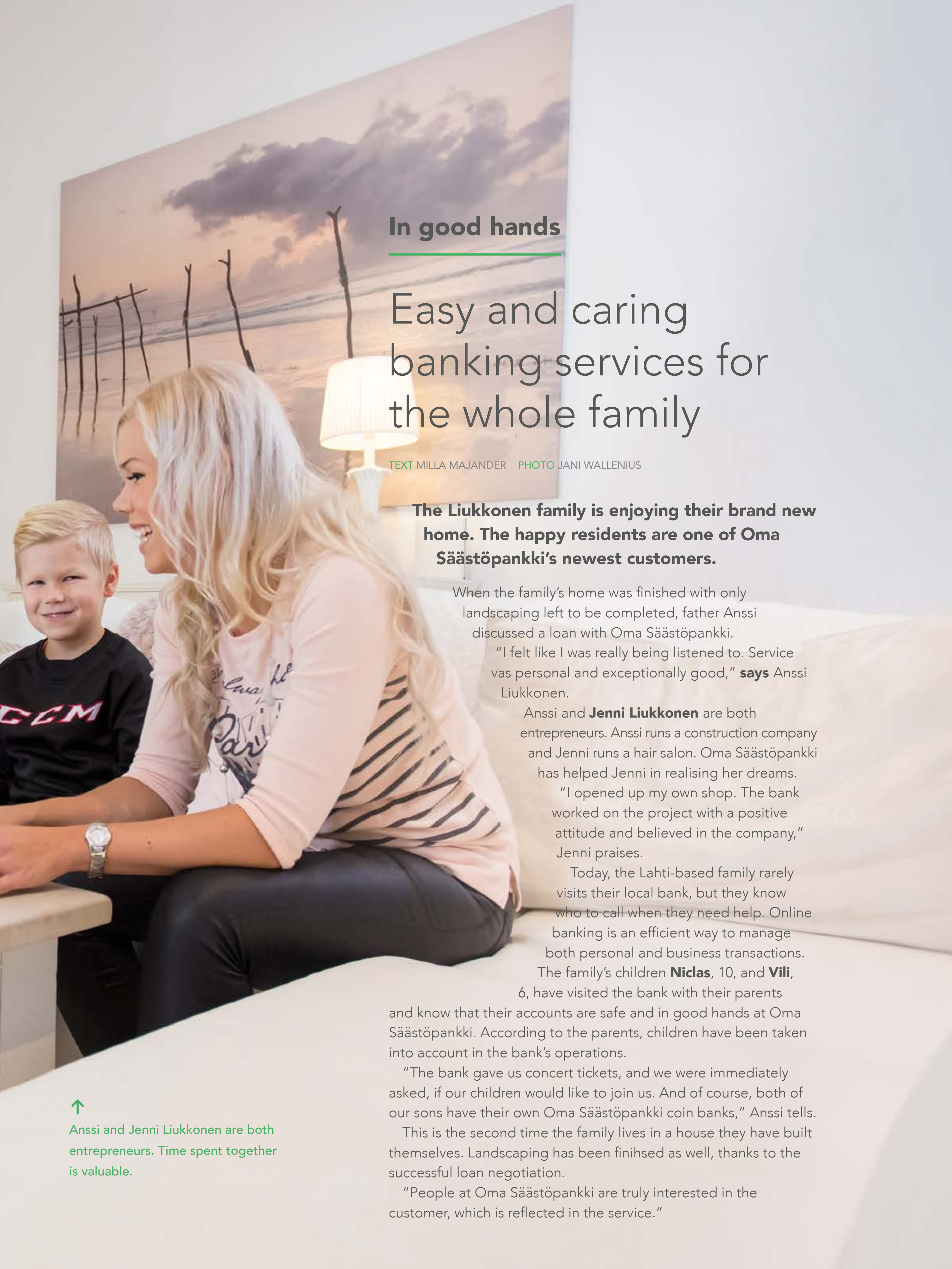
Digital services are becoming more common. How do they contribute to helping business customers and their lives?
For example, payment transactions are managed in cloud-based systems which didn't even exist a decade ago. Innovations are always developed on the basis of customers' needs. Both private and business customers can still choose the communication channel.

Is providing personal service important?
Personal banking services are still needed, and that is what customers want. Initially, we arrange face-to-face meetings with new business customers, at the bank or their company, after which interaction is likely to be carried out through online media. Younger private customers may initially contact us through our chat service. We must always be able to provide a variety of options to meet our customers' different needs.

Service modes have diversified. Can you give us an example of a developed banking service?
Mobile Bank is a great service. Managing finances on a mobile device is a given for young people, which is an option for business customers as well. Mobile bank services are developing at a fast pace.

You serve business customers. What do they think about the innovations?
Business customers have successfully deployed e-invoicing, including sending and receiving invoices, and are very happy with the service. Electronic invoices facilitate entrepreneurs' work and helps them to get paid faster.

What inspires you in the development of banking operations?
Entrepreneurs' payment flows have always been an interest of mine. They are getting more interesting all the time. It won't be long before all payments, even to Europe, become real-time transactions. I myself am very eager to see where these spectacular developments will take us in the future.



In good hands

Easy and caring banking services for the whole family

TEXT MILLA MAJANDER PHOTO JANI WALLENIUS

The Liukkonen family is enjoying their brand new home. The happy residents are one of Oma Säästöpankki's newest customers.

When the family's home was finished with only landscaping left to be completed, father Anssi discussed a loan with Oma Säästöpankki.

"I felt like I was really being listened to. Service vas personal and exceptionally good," **says** Anssi Liukkonen.

Anssi and **Jenni Liukkonen** are both entrepreneurs. Anssi runs a construction company and Jenni runs a hair salon. Oma Säästöpankki has helped Jenni in realising her dreams.

"I opened up my own shop. The bank worked on the project with a positive attitude and believed in the company," Jenni praises.

Today, the Lahti-based family rarely visits their local bank, but they know who to call when they need help. Online banking is an efficient way to manage both personal and business transactions.

The family's children **Niclas**, 10, and **Vili**, 6, have visited the bank with their parents and know that their accounts are safe and in good hands at Oma Säästöpankki. According to the parents, children have been taken into account in the bank's operations.

"The bank gave us concert tickets, and we were immediately asked, if our children would like to join us. And of course, both of our sons have their own Oma Säästöpankki coin banks," Anssi tells.

This is the second time the family lives in a house they have built themselves. Landscaping has been finihsed as well, thanks to the successful loan negotiation.

"People at Oma Säästöpankki are truly interested in the customer, which is reflected in the service."

↑
Anssi and Jenni Liukkonen are both entrepreneurs. Time spent together is valuable.

Meeting place

OmaSp Stadion brings people together

Where else do thousands of people get together to spend their spare time?

TEXT MILLA MAJANDER PHOTO JUKKA KUUSISTO

The great Southern Ostrobothnian achievement, the football stadium called OmaSp Stadion, turned Seinäjoki into a European football city. The bank wants to be where customers have fun.

In two years, the stadium has become a popular meeting place in Ostrobothnia. Getting a multipurpose stadium to Seinäjoki had been a long-term dream.

"A world-class stadium allows us to enjoy professional football and organise various events in Seinäjoki. It's a big deal that the European Under-19 Championship tournament will be held at the OmaSp Stadion and Vaasa in 2019," tells one of the stadium's financiers, **Raimo Sarajärvi**.

The implementation of the project required strong cooperation between partners.

"The stadium is a great Ostrobothnian achievement, especially because the project was privately financed," Oma Säästöpankki's Deputy CEO and Customer

Operations Director **Pasi Turtio** proudly describes Finland's greatest stadium.

A uniting meeting place

OmaSp, aiming to become the number one bank in Finland, is an active and dynamic partner in bold projects.

"Oma Säästöpankki definitely wanted to be involved in doing something completely new in Finland," Turtio says.

The stadium has livened up the region's business and increased the bank's brand value in the area. As promised, the bank is close to its customers, in every match.

"There is strength in sports, it unites people and companies. Finnish national championship league games gather four to five thousand people together. What other event moves masses to the same extent as football?" Turtio wonders.

Sarajärvi, Turtio and Seinäjoen Jalkapallokerho (SJK) football team's Manager **Teemu Virtanen** think that cooperation has been a successful solution to all parties. The men emphasise the importance of teamwork, openness and straightforwardness. In partnership, it is imprtant to make sure that all parties benefit.

"Partnership is networking, visibility and collaborate planning of events. Together, we think about how we can make events attractive to our existing and potential customers," Sarajärvi says.

Genuine goodwill

Social responsibility is Oma Säästöpankki's and OmaSp Stadion's home team SJKs common denominator.

"We truly want to support the local businesses and create, through common ventures, enjoyable events, networking possibilities and vitality for the region," Teemu Virtanen says.

For example, during the football season, the bank arranges customised events for its customer groups before and after the games. These side events deepen the relationships between stakeholders.

"The bank's brand is clearly visible in the stadium: in the name, uniforms and materials. I believe that the stadium has brought people closer to Oma Säästöpankki and its operations."

Ten-year partners create experiences

The Finnish national championship league teams SJK's home stadium was opened in 2016. Oma Säästöpankki is the stadium's main partner and they have concluded a ten-year contract. The stadium is available for use throughout the year, and the stadium has already witnessed competitions from biathlon to the Finnish Snowcross Championship race. Eppu Normaali and ZZ Top have given concerts on the stadium stage. The stadium has a capacity of 6,000 people for sports events, and 10,000 during concerts. The stadium provides conference facilities and restaurant services.

Having a bank as a partner makes it easy to plan the future.

Reformed Nyberg Oy

Bank involved in change and growth

TEXT MILLA MAJANDER PHOTO ANTTI HAIKOLA

Together with her team, the entrepreneur Sanna Juvonen provides humane service to customers during sensitive and sentimental times. Sanna feels that she receives the same kind of service at her local bank.

Sanna Juvonen was not afraid of entrepreneurship when she stepped up to the manager's position one year ago. The flower shop and funeral home was formerly run by Sanna's uncle, so Sanna had followed the company operations since childhood. Previous work had also developed her sense of responsibility.

"Of course, it has taken time to learn the industry, and I have had to do things over and over for them to become second nature. The year has gone by fast. I enjoy the richness and diversity of my work. Alternately, and according to need, our work includes customer service, transportation of the deceased, paper work, making funeral wreaths, wrapping roses and taking care of all other related work. Whatever comes up and needs to be done," describes Nyberg Oy' Manager Sanna Juvonen.

Running a successful business requires careful planning. Sanna possesses good planning skills – and many development ideas for the ten-year-old business. Having a bank as a partner makes it easy to plan the future.

"Now, we focus on developing one thing in a month together with the staff. With bigger ideas, I turn to my bank for loan consultation," she tells.

Bank as a partner for development

Sanna has been Oma Säästöpankki's customer since childhood, and now she is also the bank's business customer. When she became the manager of Nyberg Oy, she visited the bank a few times to meet with her own bank representative. After taking care of the initial matters related to entrepreneurship, such as opening a business account, transaction with the bank has continued smoothly. For an entrepreneur, transaction means communication by email and phone.

"Running bank errands is so easy. I can rely on the help of the bank experts, and my questions are always answered. As an entrepreneur, I value smoothness and flexibility in customer service.

Smooth cooperation with the bank does not require visits to the branch office. Even if it is local and close.

"The bank is fifty metres away," she laughs when describing the distance from her shop in Lappeenranta to the bank.

TEXT MILLA MAJANDER PHOTO MIKKO MÄNTYNIEMI

Changing values will be reflected in future bank operations

Customers expect seamless and channel-independent service around the clock.

"The pace of change in the banking business will accelerate," believes Sales Management Trainer **Mika D. Rubanovitsch**. Bank customers are happy when value-driven forces drive the changes.

"Relationship to ownership will change and life will become internationalised. These are the megatrends of urbanisation which the bank cannot ignore," Rubanovitsch states.

A generation is emerging where people do not measure their self-worth by their possessions. People operate more globally and are skilled internet users. Young people may steer the whole family's banking behaviour. Applications and international services are only a click away.

"Even though adults take care of payments, younger family members can influence, for example, the choice of payment methods. A world-changing generation is entering the labour market and coming to lead the banks," says Rubanovitsch.

Reliability in key position

Oma Säästöpankki has made an appealing promise with regard to the future.

"Oma Säästöpankki is a strong local actor that emphasises personal customer experience. The image of being a people-centric bank that is close to its customer works well in the bank's market areas.

Rubanovitsch wants to remind that people-centric service does not necessarily require face-to-face interaction.

"Well executed online services can deliver a great customer experience as well. At the same time, customers can, without waiting in line, ask questions, make comparisons, read or watch useful contents, and receive people-centric service from their own bank representative.

Values change and bank services change with them.

So how can we bring a personal aspect to new service channels?

"The experience has to be as good as face-to-face encounters at best. The same feeling must be conveyed online or through an application. This requires service design from the bank's part.

Everyone sells at the bank

A traditional bank operator needs to establish a strong relationship with its customers in growing competition. Every bank representative must remember the importance of data. Entrepreneurs operating in the digital industry can build a good social relationship with customers with the help of collected information. In traditional banks, it is more challenging to move to a more automated service concept.

"Observing and understanding customer behaviour enables the provision of personal service.

A 360-degree customer view is necessary for creating a great customer experience. Each customer service representative in the bank needs to know what transactions the customer has carried out in each channel."

Mika Rubanovitsch (M.Sc.) is a sales management trainer, the Managing Director of Johtajatiimi, an entrepreneur and a non-fiction writer specialised in sales. He has trained OmaSp's sales specialists in the OmaSp Master program on topics of sales management and social selling.

We are close and here to support our customers, with their life and their dreams.

Reliable banking operations

Oma Säästöpankki's management principles

The bank seeks to conduct its operations with reasonable and carefully considered risks.

General meeting

Shareholders exercise their voting power at the general meeting, which is the bank's highest decision-making body. The bank's shares are owned by local savings bank foundations and cooperatives: The savings bank foundations of Hauho, Renko, Töysä, Kuortane, Parkano, South Karelia and Suodenniemi as well as Joroisten Oma Osuuskunta, Pyhäselän Oma Osuuskunta and the bank's 141 employees who acquired shares upon the issuance of shares in November 2017.

Oma Säästöpankki's general meetings are held on a date determined by the Board of Directors each year. In accordance with the Companies Act, the general meeting decides on matters such as financial statements, the actions indicated by the profit reported in the balance sheet and granting freedom from liability to the Board of Directors and the CEO. The general meeting elects the Board members and auditors, and decides on their remuneration.

Audit

According to the Articles of Association, the bank must have one or two auditors, who must be authorised auditors or audit firms, as well as a deputy auditor if only one auditor has been selected and this one auditor is not an auditing firm approved by the Central Chamber of Commerce. The auditors are elected annually at the general meeting until further notice. In the general meeting held on April 22, 2017, APA Juha-Pekka Mylén was selected as the bank's main auditor, and the APA organisation KPMG Oy Ab was selected as the deputy auditor.

Internal control and risk management

Internal control and risk management are a part of the bank employees' everyday tasks. The purpose of internal control is to ensure compliance with laws, official regulations and internal instructions. The aim is to ensure that the financial and operational reporting is reliable and sufficient, while maintaining effective operations and supporting the achievement of strategic objectives.

The bank seeks to conduct its operations with reasonable and carefully considered risks. The bank's profitability is dependent on the organisation's ability to identify, manage and price risks. The purpose of risk management is to reduce the probability of unforeseen losses and threats to the reputation of the bank as well as to contribute to increased profitability. A risk control evaluation function that is independent of the business operations ensures that risk-taking is carried out in accordance with the rules and principles defined by boards.

Compliance with regulations and monitoring

Independent monitoring of the bank's compliance with regulations is performed by the bank's compliance function, risk management assessment function and credit risk evaluation. The compliance function monitors the bank and ensures that the policies and instructions are in compliance with relevant legislation and that laws, official regulations and internal instructions are always complied with. The compliance function's findings are regularly reported to both the top level management and the effective management. Risk management assessments maintain the risk management policies and framework and promote a healthy risk culture by supporting the company in its risk management procedures.

PHOTO MARI WAEGELEIN

Oma Säästöpankki Oyj's

Board of Directors

The Board of Directors shall represent the bank and direct its activities in accordance with the law and its Articles of Association.

Board of Directors is responsible for the bank's management and for ensuring that the activities are properly organised. The Board of Directors is also responsible for far-reaching operational and strategic policies and for ensuring the adequacy of risk control and the functionality of management systems. The Board is also responsible for appointing the CEO. The Board of Directors shall constitute a quorum when more than half of its members are present.

The assessment of the board members' independence is carried out according to the Financial Supervisory Authority's regulations. When elected, and later on annually, the Board members must provide a report of the communities in which they operate. In addition, the CEO must provide a suitability and reliability report in accordance with the Financial Supervisory Authority's regulations when accepting the position.

Board members as of April 22, 2017:

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

Oma Säästöpankki Oyj's

CEO and Management team

PHOTO MARI WAEGELEIN

The Oma Säästöpankki Oy Management team consists of nine people, including the CEO.

The CEO is responsible for the bank's day to day administration and that it is managed in accordance with the law, the Articles of Association, official regulations and the Board of Directors' instructions and specifications. In addition, the CEO is responsible for implementing the decisions of the Board of Directors. The CEO reports to the Board on a regular basis.

The assessment of the CEO's independence is carried out according to the Financial Supervisory Authority's regulations. When elected, and later on annually, the CEO must provide a report of the communities in which he/she operates. In addition, the CEO must provide a suitability and reliability report in accordance with the Financial Supervisory Authority's regulations when accepting the position.

The Management team assists the CEO in his duties and acts in an advisory role. Each member of the Oma Säästöpankki Oyj's Management team has their own area of responsibility.

Management team 2017

Pasi Sydänlammi
Pasi Turtio
Helena Juutilainen
Sarianna Liiri
Kari-Mikael Markkanen
Jussi Pohto
Erkki Rämä
Minna Sillanpää
Teemu Tuukkanen

Members of the Management team as of January 1st, 2018

Pasi Sydänlammi
CEO, born 1974
Master of Administrative Sciences, MBA

Sydänlammi has been the CEO of Oma Säästöpankki since 2007. Previously, he was the CEO of Lappajärven Osuuspankki.

Pasi Turtio
Deputy CEO, Customer Operations Director, born 1974
Agrologist

Turtio has been the customer operations director of Oma Säästöpankki since 2018. Previously, he worked as regional director and bank manager of Oma Säästöpankki and as bank manager of Kuortaneen Säästöpankki and Lammin Osuuspankki.

Helena Juutilainen
Head of Legal, born 1958
Master of Laws,
trained on the bench

Juutilainen has worked as Head of Legal of Oma Säästöpankki since February 2017. This position is new in the bank. Previously, she worked as legal counsel for Kuntien Tiera Oy and Oy Samlink Ab.

Sarianna Liiri
Chief Administrative Officer 1981
Master of Economic Sciences

Liiri has been Oma Säästöpankki's administrative officer since 2015. Previously, she worked in expert and manager positions in Oma Säästöpankki and Etelä-Karjalan Säästöpankki.

Kari-Mikael Markkanen
Chief Information Officer, born 1973
eMBA, Master of Science in Technology

Markkanen has been Oma Säästöpankki's chief information officer since 2014. He has worked in managerial positions at Kuntien Tiera Oy and at the Finnish Innovation Fund, and as a department manager in Oy Samlink Ab.

Minna Sillanpää
Communications Chief Officer, born 1970
Industrie- und Aussenhandelsassistent, Gross- und Aussenhandelskaufmann, graduate of a commercial institute, international trade

Sillanpää has worked as the Communications Chief Officer since April 2017. This position is new in the bank. Previously, she worked as the Managing Director of Etelä-Pohjanmaan Yrittäjät and other similar managerial positions.

Extended Management team

Harri Karjalainen
Regional Director, born 1987
secondary school graduate

Karjalainen has worked as Regional Director of Oma Säästöpankki since the beginning of 2018. Previously, he worked as project director, office director and service director for Oma Säästöpankki.

Jussi Pohto
Regional Director, born 1982
GeMBA

Pohto has worked as Regional Director of Oma Säästöpankki since 2014. Previously, he worked as bank manager and deputy managing director of Lammin Osuuspankki.

Erkki Rämä
Head of corporate bank, born 1956
Master of Economic Sciences

Rämä has worked as Regional Director of Oma Säästöpankki since 2016. Earlier in his career, he was a regional manager and held other similar managerial positions at Danske Bank.

FINANCIAL STATEMENTS

Report of Board of Directors

Strategy and financial goals

In its operations, Oma Säästöpankki Oyj focuses on retail banking operations. The bank's key customer groups are private customers, small and medium-sized companies as well as agricultural and forestry entrepreneurs. The bank's aim is to strengthen its market position in its respective area and among all the above-mentioned customer groups. However, growth is sought in business areas where growth can be achieved within the framework of the bank's business profitability and risk management objectives.

The bank's key competitive strategy is to stand out in terms of customer experience and service. In addition, attention is paid to cost-efficiency and comprehensive risk management. Oma Säästöpankki has been one of the most profitable and effective banks in Finland already for years, and the bank aims to maintain this position in the future as well. The development of business volumes is based on organic growth, but reorganisations are also possible in the future.

The bank's operations

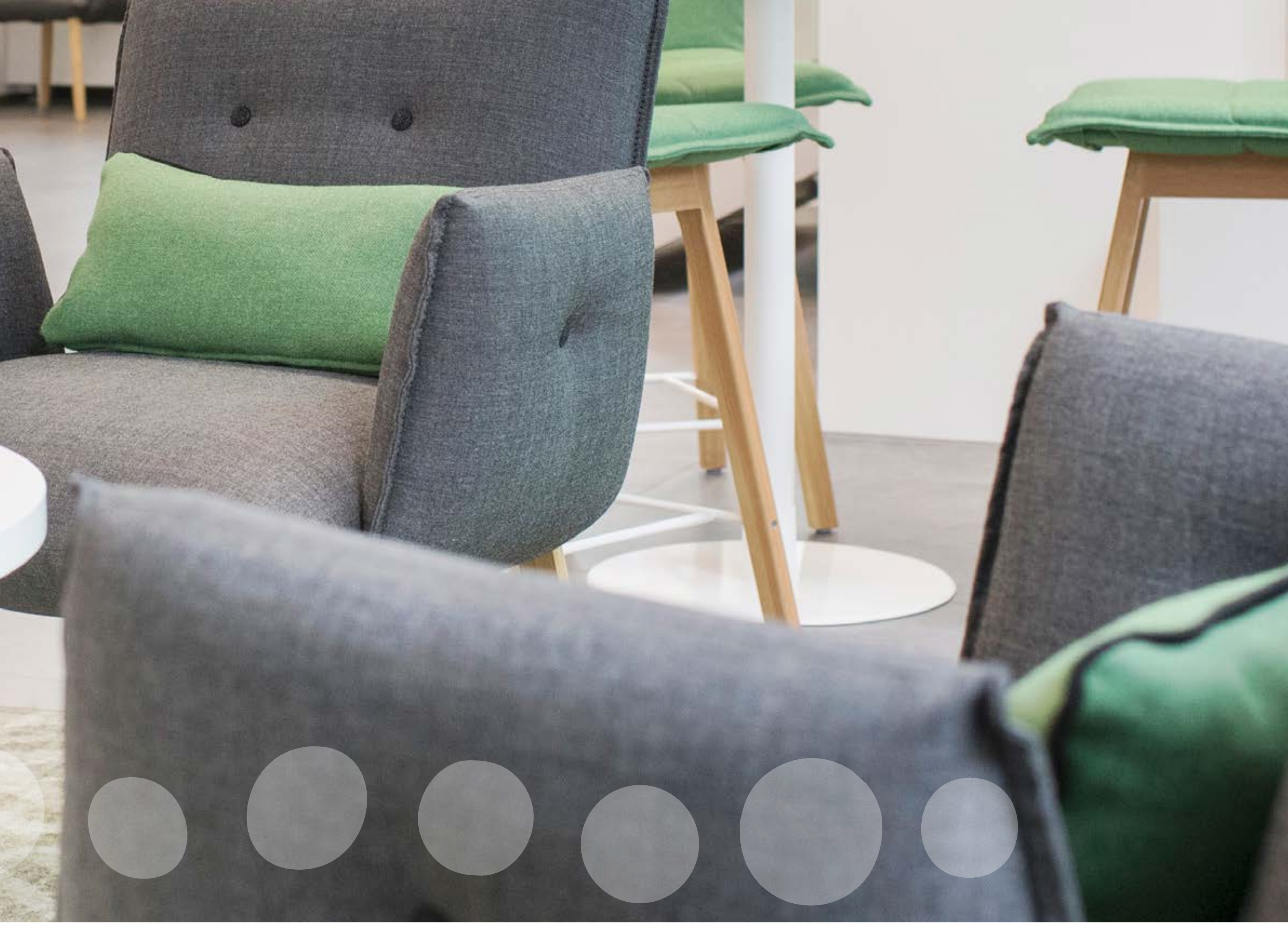
Starting mortgage bank operations

The Financial Supervisory Authority granted Oma Säästöpankki an authorisation to conduct mortgage bank operations on September 14, 2017. The mortgage bank will operate as part of Oma Säästöpankki's banking operations.

In July 2017, Standard & Poor's confirmed OmaSp's credit ratings of BBB+ for long-term borrowing and A-2 for short-term borrowing.

In November, the bank established a EUR 1.5 billion covered bond programme. Under the programme, the bank issued covered bonds worth 250 million euros in December. S&P Global Ratings granted a credit rating of AAA for the bond.

As part of starting mortgage bank operations, the bank applied to become a monetary policy counterparty and a TARGET2 counterparty. The bank's TARGET2 account was opened at the Bank of Finland in September 2017.



Significant corporate acquisition
In April, Oma Säästöpankki Oyj and S-Pankki Oy agreed on transferring S-Pankki's small and medium-sized company operations as well as agriculture and forestry operations to Oma Säästöpankki Oyj. The implementation of the trade took place on December 1, 2017. Approximately 140 million euros worth of loans and 90 million euros worth of deposits were transferred to the bank. In connection to the transfer, 15 employees were transferred to Oma Säästöpankki from S-Pankki.

Comprehensive solutions for customers' needs
Oma Säästöpankki Oyj engages in basic bank operations and, in addition to offering its customers various bank services by way of its own balance, it also brokers products offered by its collaboration partners. The brokered products from our collaboration partners include credit, investment and insurance products.

In January, the bank entered into a two-year contract of guarantee with the European Investment Fund. The contract covers 50 million euros of company credit which the bank can grant, under certain criteria, to growth-oriented small and medium-sized companies. Cooperation with the Nordic Investment Bank (NIB) continued. The bank's financial services were complemented also by the products of partners, such as loan insurances and various conditional guarantees. During the year, the bank introduced its customers a new loan insurance product, Balanssi, together with Sp-Henkivakuutus Oy. The bank's partners also include AXA and Garantia Insurance Company Ltd.

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

The bank provided OmaTuotto deposit as a saving and investment solution to its customers. In addition, the bank issued a debenture loan of 15 million euros in November. In terms of investment products, the bank's product selection also included the investment and saving products of its partners Sp-Rahastoyhtiö Oy and Sp-Henkivakuutus Oy.

For securities services, the bank's partner was FIM, with the Central Bank of Savings Banks Finland Plc acting as the account operator. At the end of the year, the bank's customers owned investment and insurance savings worth 278.9 million euros, the products having been brokered by the bank.

During the year, the bank introduced new solutions to its business customers to promote foreign trade. The bank extended its product selection to include Trade Finance. The bank offered this new product selection in collaboration with Danske Bank.

Changes in the office network

The bank's office network changed significantly during the year. As part of the reorganisation of operations, smaller units were combined with local branches between late 2016 and mid 2017.

Being present in the largest growth centres is an important part of the bank's strategy. The bank opened a full-service office in Lahti in May, and a new service desk in Jyväskylä in November. As part of the banks' expansion plans, new service desks were also opened in Espoo, Turku and Kajaani in December.

The development of services

The development of the bank's digital service channels remained strong. During the year, the bank piloted video-conferencing, and the first video-conferences with customers took place in the spring. In the spring 2017, the bank introduced a new mobile banking application to its customers. Developing digital communication channels is one of the bank's key development objectives for the year ahead. The bank intends to establish new service models that will make banking services even more efficient and easy to use.

Oma Säästöpankki signed a cooperation agreement with LähiTapiola Group regarding SME customers as well as agriculture and forestry customers. The aim of the agreement is to strengthen regional cooperation between insurance companies and financial services. During 2017, cooperation was established in Jyväskylä, Lappeenranta and Seinäjoki. LähiTapiola's 20 regional companies decide autonomously on their participation in cooperation.

Operating environment

Finland's economy developed in a favourable manner during 2017. Between January and September, the gross domestic product grew by 3.2 per cent compared to the previous year. In November 2017, the unemployment rate decreased from the previous year's 8.1 per cent to 7.1 per cent, and the number of employed workforce increased by 83,000 persons compared to the previous year.

Despite the low interest rate and the pick-up in economic growth, demand for mortgages increased moderately in Finland, compared to pre-recession years. Growth in mortgage lending in Finland is relatively slow compared to the rest of the Euro zone. In Finland, the annual growth rate of housing loans was 2.3 per cent in November. To a certain extent, households' indebtedness increases the growth in demand for non-home mortgages. Annual growth in corporate loans was 4.7 per cent in November (Bank of Finland).

Results

Oma Säästöpankki Group's profit before taxes amounted to 30.4 million euros (20.6 million euros in 2016) for the accounting period. The profit before taxes increased by 9.8 million euros from the previous year and accounted for 35.8 (28.9) per cent of the turnover. The bank's expense-to-income ratio was 55.5 (58.9) per cent.

The Group's net interest income was 39.3 million euros (36.5). The net interest income grew by 7.6 per cent compared to the previous accounting period. The net interest income was increased by the hedging effects of derivatives, whose share of the net interest income was 1.3 million euros (2.4).

The amount of interest income was 46.6 million euros (43.9), showing a growth of 2.6 million euros from the previous year (6%). Interest expenses totalled 7.3 million euros (7.4). Interest expenses decreased by 0.1 million euros compared to the previous accounting period.

Net commission income was 21.2 million euros (17.7), of which the share of commission income was 24.8 million euros (21.2). The share of commission expenses was 3.6 million euros (3.5). Commission income includes commissions gained from brokered products, totalling 3.8 million euros (3.2). The most significant fees and commissions derived from lending, worth 7.8 (6.6) million euros, and from payment transactions, worth 11.2 (8.9) million euros. The strong growth in these business areas and changes in fee structures were the main factor in the increase of commission income.

The net income from investments was 11 million euros (2.3). The total includes approximately 10 million euros of non-recurring profits from shares which were sold due to changes in investment strategy and investment portfolio allocation.

Group's key figures

Group's key figures (in thousands of euros)	December 31, 2017	December 31, 2016
Operating income/loss	84,921	71,239
Net interest income	39,317	36,547
% of operating income/loss	46.3%	51.3%
Profit before taxes	30,379	20,611
% of operating income/loss	35.8%	28.9%
Total operating income	74,091	60,339
Total operating expenses	-41,112	-35,531
Cost/income ratio	55.5%	58.9%
Balance sheet total	2,726,567	2,150,768
Equity	241,484	221,071
Return on assets (ROA) %	1.0%	0.8%
Return on equity (ROE) %	10.4%	7.6%
Equity ratio	8.9%	10.3%
Solvency ratio (TC) %	19.1%	19.1%
Core capital ratio, (CET1) %	17.8%	18.6%
Tier 1 equity ratio, (T1) %	17.8%	18.6%
Impairment losses on loans and other receivables	-2,600	-4,197
Average number of employees	256	246
Liquidity coverage ratio (LCR)	280.3%	111.3%
Earnings per share (EPS), EUR	48.01	32.68

Oma Säästöpankki Oyj reports solvency at bank level.

Other operating income amounted to 2.7 million euros (3.7). Dividends received were 1.0 million euros (1.0), same as the previous year. Net income from investment properties equalled -0.2 million euros (-1.0). Personnel expenses consisted of salary expenses as well as pensions and other long-term benefits. The total amount of these expenses was 13.1 million euros (14.1), which was 6.7 per cent less than the previous year. In 2016, a non-recurring item totalling 1.4 million euros was recognised in the expenses, as a result of contracts concerning the efficiency-enhancement program.

Other operating expenses amounted to 25.5 million euros (19.3). Expenses consisted mainly of other administrative expenses, worth 18.2 (13.4) million euros, the majority being data administration and IT expenses 11.0 (8.3). The increase in these management expenses was due to several larger projects. The transfer of S-Pankki operations was a major ICT project, and 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.

Depreciation, amortisation and impairment losses on tangible and intangible assets worth 2.5 (2.0) million euros were recognised.

Depreciation of loans and other receivables were 2.6 (4.2) million euros. More detailed itemisation can be found in note K25.

Balance sheet

Balance sheet

The Group's balance increased by 26.8 per cent in 2017 and was 2,726.6 million euros by the end of the year (2,150.7). Loans on the balance sheet totalled 2,137.9 (1,785.4) million euros. The amount of deposits was 1,639.3 (1,482.8) million euros. Compared to two previous years, the key items on the Group's balance sheet have developed as follows:

Lending

The total amount of the Group's lending was 2,137.9 million euros (1,785.4) at the end of the accounting period. Lending includes loans on the bank's balance sheet, worth 2,078.4 million euros (1,728.6), account credits and credit card receivables, worth 58.9 (55.9) million euros, and loans brokered from government funds, worth 0.5 million euros (0.7). The net increase of lending was 352.5 million euros, or 19.7 per cent. Approximately 22.9 million euros of the lending increase were due to the transfer of loans from Aktia Hypoteekkipankki's balance sheet to the bank's own balance sheet, and approximately 140 million euros were due to the transaction with S-Pankki.

Off-balance sheet commitments

Off-balance sheet commitments included commitments given in favour of a third party on behalf of a customer and irrevocable commitments given in favour of a customer. Commitments given in favour of a third party on behalf of a customer, 13.6 million euros (13.6), are mainly bank guarantees and other guarantees. Irrevocable commitments given in favour of customers, totalling 188.6 million euros (116.8) at the end of the period, consist mainly of granted but undrawn loans.

Investments

The group's investments consist mainly of deposits in other credit institutions, debt securities, shares and other equity as well as properties that are included in the balance sheet item Tangible assets. Tangible assets are itemised in note K9. The Group had deposits in other credit institutions worth 73.8 million euros (61.9). The amount was 11.9 million euros more than the previous year. Investments in debt securities consisted of money market securities and bonds. They totalled 150.6 million euros (148.5) at the end of the period, which was 1.4 per cent more compared to the previous year. Investments in shares and other equity totalled 33.4 million euros (97.5) at the end of the period. The decrease in the amount of shares and other equity was due to the changes in investment strategy and investment portfolio allocation. The Group does not possess publicly quoted shares that it would use in active trading. The value of the Group's property assets was listed as 23.2 million euros (24.3) on the balance sheet. Of this amount, the value of properties in the Group's own use was 15.0 million euros (15.0) and the value of investment properties was 8.2 million euros (9.3). The fair values of investment properties are listed in note K3.

Derivative contracts

The Group utilises derivative contracts to hedge its interest risks. At the end of the period, the positive fair value of derivatives in the item Derivate Contracts on the Assets side of the balance sheet totalled 1.7 million euros (2.6), all of which consisted of derivatives hedging the fair value. The Group utilised fair value hedging to protect the deposit portfolio with interest rate swaps and stock derivatives. Derivative contracts are itemised in note K6. In solvency calculations, derivatives are included in the solvency requirement of the credit and counterparty risk.

Deposits

The largest share of the Group's borrowing consisted of deposits from the public. The amount of deposits amounted to 1,639.3 million euros (1,482.8) at the end of the year. Deposits increased by 156.5 million euros, or 10.6 per cent, during the year, including the deposits transferred from S-Pankki, worth 90 million euros.

Other liabilities

Other liabilities comprised mainly debts to credit institutions and issued promissory notes. Issued promissory notes consisted of certificates of deposit, bonds and subordinated debentures, which are subordinated to the bank's other liabilities. Debts to credit institutions totalled 36.0 million euros (34.2). This item includes a loan from the Nordic Investment Bank (NIB) and deposits made in the bank by other credit institutions. During the year, the bank issued bonds worth 375.0 million euros. At the end of the accounting period, the amount of issued promissory notes on the balance sheet was altogether 737.0 million euros (353.0). The total includes certificates of deposit in the amount of 153.9 (93.3) million euros. Issued promissory notes are itemised in note K13. Other liability items were mostly short-term payment transfer items and adjustments to items relating to the amortisation of income and expenses on the financial statements.

Equity and appropriations

The total of the Group's equity and appropriations was 241.5 million euros (221.1), of which the non-controlling interests' portion was 0.8 million euros (0.9). During the period, the parent company's share of equity increased by 20.5 million euros (18.0).

Oma Säästöpankki issued new shares worth 2.6 million euros in 2017. The amount was entered into the reserve for invested non-restricted equity in accordance with share issuance terms.

Voluntary and statutory reserves

Deposit guarantee

The Financial Stability Authority is responsible for the deposit guarantee of Oma Säästöpankki's deposit funds. The deposit guarantee protects the customers' funds in case the bank runs into permanent payment difficulties.

A deposit is a bank account opened in the depositor's own name or a fixed-term account in a bank system. The deposit guarantee fund protects the deposit maker's assets, interests and unregistered receivables waiting for payment up to a hundred thousand euros.

The deposit guarantee covers, for a fixed term of six months, assets obtained from the sale of a residence if the assets are to be used to acquire a new residence for the depositor's own use. The claim is paid in full if the depositor can reliably verify that the claim is based on assets which the depositor has received from the sale of a residence in his own use and that the assets will be used to acquire a new residence for the depositor's own use.

Investors' Compensation Fund

The Investors' Compensation Fund covers customer's financial assets and instruments held with banks, investment firms and fund management companies providing asset management services. The Fund pays a maximum compensation of 20,000 euros to non-professional investors.

The compensation does not apply to losses arising from securities price changes or service provider's bad advice. Such losses are always the customer's own liability.

The Group's solvency management and risk management

Solvency management

Oma Säästöpankki Oy has introduced a solvency management process, whose objective is to secure the bank's risk-bearing capacity relative to all substantial operational risks. To reach this objective, the bank comprehensively identifies and evaluates operational risks and matches its risk-bearing capacity to the combined extent of risks to the bank. To secure its solvency, the bank sets risk-based equity objectives and creates an equity plan to reach those 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 bank estimates the amount of capital sufficient to cover any unexpected losses emerging from risks that are external to Pillar I.

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

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

Oma Säästöpankki Oy 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, published semi-annually.

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 (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 profits made over the accounting period. Tier 2 capital (T2) equalled 20.0 million euros (4.8), consisting of debenture loans. Risk-weighted items totalled 1,309.7 million euros (1,153.1 million euros). Risk-weighted items increased by 13.6% per cent compared to the end of 2016. The most significant factor impacting the increase of risk-weighted items was the increase in loans.

The bank's solvency ratio was 19.11% (19.06 %), and core solvency ratio was 17.75% (18.64%). Since 2015, the total capital requirement for banks in Finland has been 10.5 per cent of risk-weighted assets. The varying additional capital requirement varies between zero and 2.5 per cent. On a quarterly basis, the Board of the Financial Supervisory Authority decides on the imposition and level of a countercyclical capital buffer requirement on the basis of its macroprudential analysis. In 2017, the Financial Supervisory Authority decided not to impose a countercyclical capital buffer requirement to Finnish credit institutions.

The binding application of the liquidity coverage ratio, LCR, began at the level of 60% on October 1, 2015, after which it will be gradually increased to 100% by January 1, 2018. After the monitoring period, the EU will decide on the content and the extent to which the permanent borrowing requirement (NSFR) and the minimum equity ratio will be binding. Based on the information currently available, these will not become binding requirements until 2018 at the earliest.

Oma Säästöpankki reports its solvency per each bank. In solvency reporting, the consolidation limit of subsidiaries and associated companies is not exceeded for companies owned by Oma Säästöpankki. 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 10 million euros or the total amount on the balance sheet exceeds 10 per cent of the parent company's capital.

The main items in the solvency calculation of Oma Säästöpankki

Assets (1,000 euros)	2017	2016
Core capital before deductions	242,873	221,401
Deductions from core capital	-10,383	-6,400
Core capital (CET1), total	**232,490**	**215,001**
Additional Tier 1 capital before deductions	-	-
Deductions from additional Tier 1 capital	-	-
Additional Tier 1 capital (AT1), total	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**232,490**	**215,001**
Tier 2 capital before deductions	17,766	4,765
Deductions from Tier 2 capital	-	-
Tier 2 capital (T2), total	**17,766**	**4,765**
Own funds (TC = T1 + T2), total	**250,255**	**219,766**
Risk-weighted items, total	**1,309,739**	**1,153,138**
of which the share of credit risk	1,193,120	1,039,867
of which the adjustment risk of liability (CVA)	7,104	3,756
of which the share of market risk (exchange rate risk)	-	19,883
of which the share of operational risk	109,516	89,632
Core capital (CET1) relative to risk-weighted items (%)	17.75%	18.64%
Tier 1 capital (T1) relative to risk-weighted items (%)	17.75%	18.64%
Own funds, total (TC) relative to risk-weighted items (%)	19.11%	19.06%

Leverage ratio

The leverage ratio of Oma Säästöpankki was 8.4% (9.9%). The leverage ratio has been calculated in accordance with current regulations and describes the ratio of the Bank's Tier 1 capital to total liabilities. Oma Säästöpankki monitors excessive indebtedness as part of its solvency management process.

Leverage ratio	2017	2016
Tier 1 capital	232,490	215,001
Total amount of exposures	2,776,384	2,183,637
Leverage ratio	8.4%	9.9%

Financial Supervisory Authority supervision

Oma Säästöpankki is supervised by the Finnish Financial Supervisory Authority. The Finnish Financial Supervisory Authority has not set up a discretionary additional capital requirement applied under the Act on Credit Institutions for Oma Säästöpankki.

Resolution plan

The Directive of the European Parliament and of the Union 2014/59/EU on the recovery and resolution framework of credit institutions and investment service firms was brought nationally into force as of January 1, 2015 (Resolution Act). To implement the Resolution Act, the Financial Stability Authority was established (Authority Act, 1195/2014). The Financial Stability Authority confirmed Oma Säästöpankki's resolution plan in December 2017. The Financial Stability Authority has not set a minimum requirement of own funds and eligible liabilities (MREL) for the bank.

Risk Management

The objective of risk management is to ensure that the risks stemming from the bank's operations have been identified, evaluated and scaled to an acceptable level, that the risks are monitored and that they are commensurate with the bank's ability to bear risk. The essential areas of risk management are credit risks, market risks including interest rate and price risks, financing risks, property risks as well as strategic and operational risks. The bank monitors the interdependence of various risks on a risk map.

Principles and organisation

Risk management means the identification, assessment, measurement, restriction and monitoring of risks resulting from and closely related to business operations. Through risk management, the bank attempts to minimise the likelihood of unexpected losses and threats to the bank's reputation. Oma Säästöpankki Oyj's risk management strategy is based on the objective and business strategy, risk management instructions, authorisation system, and a risk and deviation report of the most essential business sectors, all of which are confirmed by the Board to the bank. In accordance with its strategy, the bank operates in the low-risk area of retail banking activities. In terms of its financial bearing capacity, the bank does not have too extensive customer or investment risk concentrations and, as per its strategy, the bank will not take such risks either.

The bank's Board sets the level of willingness to take risks by approving risk area-specific risk strategies and the necessary risk limits and monitoring limits. The realisation of the risk strategy is monitored through the control of risk limits and monitoring limits and reporting, which are performed independently of business operations. The bank maintains its solvency at a safe level. The bank's solvency and risk bearing ability are fortified with profitable operations. The board is regularly provided information about the various risks to the bank as well as an assessment of the level of each risk. The board also accepts authorisations and frameworks for risk-taking by determining the approved levels of credit and market risks.

Within the limits of authorisation, the responsibility for the daily risk monitoring and surveillance belongs to management. Management utilises system-produced reports on the various areas of risk. Systems and policies intended for risk reporting and monitoring meet the requirements set for risk management, taking into consideration the character and extent of the bank's operations.

The bank has established independent operations to ensure efficient and comprehensive internal control.

Independent operations:

- Independent risk control
- Ensuring compliance with regulations (compliance function)
- Internal audit

Risk management and compliance arrangements

Independent risk control and compliance monitoring is performed by the risk management assessment function, the bank's compliance function and the credit risk evaluation function. The risk management assessment function maintains the risk management policies and framework and promotes a healthy risk culture by supporting the company in its risk management processes. The purpose of the independent risk control is to ensure and monitor that the bank's risk management is conducted on a sufficient level in terms of the quality, extent, diversity and risks of the bank's business operations. In addition, all new and essential previously unknown risks will be included in the bank's risk management.

The credit risk evaluation function promotes the proactive and systematic management of credit risk. The compliance function is responsible for ensuring compliance with regulations. The compliance function monitors the bank and ensures that the policies and instructions are in compliance with relevant legislation, and ensures perpetual compliance with laws, official regulations and internal instructions. The risk control and the compliance function report directly to the CEO. Through its independent operations, the internal audit ensures that the bank's Board of Directors and Executive Management have access to a correct and comprehensive picture of the bank's profitability and efficiency, the status of internal audit and the various operative risks. The internal audit presents its reports to the bank's Board of Directors.

Credit ratings

In July 2017, Standard & Poor's confirmed Oma Säästöpankki's credit ratings of BBB+ for long-term borrowing and A-2 for short-term borrowing.

Pillar II publication principles

In accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council, Oma Säästöpankki Oyj will publish information listed in Part 8, Title II and it will do so annually at the time of preparing financial statements. The extent of the bank's operations does not require publishing the information more often. The bank's independent operations evaluate and authenticate the relevance of the published information at the time of publication. At the time of approving the financial statements, the bank's Board will assess the presentation of independent operations to determine whether the published details give the market parties a comprehensive picture of the bank's risk profile.

Administration and personnel

The savings bank's Annual General Meeting took place on April 22, 2017. The 2016 financial statements were approved at the Annual General Meeting and the members of the Board of Directors as well as the CEO were granted exemption from liability. In terms of the bank's funds eligible for profit distribution, a decision was made to allocate 1,575,981.60 euros to profit distribution, and the rest were transferred to the bank's own non-restricted equity reserve.

Oma Säästöpankki Oyj's Board of Directors consists of seven members. The board convened 11 times during the year.

Board members:

Chairman of the Board	Jarmo Partanen
Vice chairman	Jyrki Mäkynen
Member	Aila Hemminki as of April 23, 2017
Member	Aki Jaskari
Member	Timo Kokkala
Member	Heli Korpinen
Member	Jarmo Salmi
Member	Ari Yli-Kaatiala until April 22, 2017

APA Juha-Pekka Mylén was selected as the main auditor, and the APA organisation KPMG Oy Ab was selected as the bank's deputy auditor.

Audit Partners Oy served as the internal reviewer for the bank.

In 2017, the bank employed 250 people.

The bank's administration and control system

The general meeting is the highest decision-making organ in the limited liability company. At the Annual General Meeting, the previous year's financial statements, dividends and the exemption from liability are discussed and members of the Board of Directors are elected.

The bank's Board of Directors makes decisions on the bank's business operations and strategic matters. Additionally, it is the Board of Director's responsibility to make decisions on the most significant matters related to the bank's operations and to select the bank's CEO. The Board of Directors approves the company's objectives and risk management principles, ensures the effectiveness of the management system, and is responsible for the appropriate arrangement of the control of the company's accounts and finances. The board's activities are based on approved instructions. The Board of Directors has decided to establish a nomination and rewards committee in 2018 which will be responsible for preparing proposals related to the election and remuneration of Board members.

The bank's CEO is in charge of the day-to-day management in accordance with the instructions received from the Board of Directors.

An assessment of the CEO's and the board members' independence is carried out according to the Financial Supervisory Authority's regulations. When elected, and subsequently on an annual basis, the board members and the CEO must provide a report on the communities in which they operate. In addition, the Board members must provide a suitability and reliability report in accordance with the Financial Supervisory Authority's regulations when accepting the position.

Reward schemes

The bank's board of directors is responsible for the general reward system principles applied to both the effective management and all of the personnel.

The Board of Directors supervises compliance with the reward scheme and regularly evaluates its functionality.

The reward system works in accordance with the bank's business strategy, objectives and values, while also corresponding to the bank's long-term interests. The reward system is in harmony with the bank's good and efficient risk management and risk bearing capability and it promotes these policies.

Oma Säästöpankki has established a personnel fund for employee remuneration. The Bank's Board of Directors decides annually on the amount of the profit-sharing bonus to be distributed to the personnel fund and the objectives behind the distribution. The personnel fund rules determine how the bonus gets distributed to the personnel fund members.

Salaries and rewards for the financial year are presented in note K22 (personnel expenses).

Social responsibility

Oma Säästöpankki Oy's social responsibility means that the bank is responsible for the impact of its business operations on the society in which it operates as well as the company's stakeholders. Responsible operations are evident in the way the bank acts in terms of its customers, personnel, collaboration partners, authorities, the bank’s operating area and other stakeholders. As a local bank, it is important to Oma Säästöpankki Oy to manage its share of the responsibility for the surrounding society. Oma Säästöpankki Oyj complies with its employer obligations. In 2017, the bank paid business income tax on its profits, amounting to 3.9 (2.1) million euros. Oma Säästöpankki is owned by local savings bank foundations and cooperatives. The owners are important actors in their respective areas and they give annual donations to non-profit purposes that promote the savings bank ideology and benefit their own operating areas.

Events after 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.

Development of business operations in 2018

Finland's economy is expected to continue its strong growth in 2018, which will show as improved business profitability and a lower unemployment rate. Household purchasing power will increase and consumer confidence will remain high. The bank's reorganisation implemented in recent years, improved cost-efficiency and the benefits resulting from the change in organisational structure will significantly strengthen the bank's competitiveness and viability in 2018. The corporate acquisition carried out during the previous year brings new opportunities for business development and strengthens the bank's net interest income, even though interest rates remain low in general. In 2017, non-recurring items from investments were highlighted in the bank's profit, affecting the result by approximately 10 million euros. The profit from continuing operations, excluding the aforementioned non-recurring items, is expected to increase during the financial year 2018.

Proposals for the 2018 Annual General Meeting

On the basis of the financial statements of 2017, the Board proposes that a dividend of 4.21 euros per share will be issued to shareholders for the year 2017.

There have not been significant changes in the bank's financial standing after the accounting period ended. The bank's solvency is at a good level and it is the Board of Directors' view that the proposed distribution of profits will not jeopardise the bank's solvency.

Contents of the numeric section of the financial statements

CONSOLIDATED FINANCIAL STATEMENTS

OMA SÄÄSTÖPANKKI OYJ'S FINANCIAL STATEMENTS

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**

	2016		
Exposure class	**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

Audit report

To Oma Säästöpankki Oyj's Annual General Meeting

FINANCIAL STATEMENT AUDIT

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 supplementary report given to the board.

BASIS FOR OPINION

I conducted the audit in accordance with good auditing practices 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.

According to my best knowledge, and in my view, 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 are presented in 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 determined materiality has affected the scope of the audit. Materiality has been determined on the basis of my professional judgement and it provides a frame for the determination of the nature, timing and scope of the audit, and the assessment of the effects of detected misstatements on the financial statements. The level of materiality is based on my assessment of the magnitude of misstatements that could, individually or collectively, reasonably be expected to affect the financial statement users' decisions. I have also taken into account misstatements which I find relevant to the financial statement users for qualitative reasons.

KEY AUDIT MATTERS

Key audit matters are matters which, according to my professional judgement, have been the most significant in the audit of the financial statements of the period under review. These matters have been taken into account in the audit of financial statements, and in forming an opinion on the financial statements, I will not give a separate statement on these matters. The significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 are included in the description of key audit matters below.

In the audit, I have considered the risk of management override of controls. This has included an assessment of whether there are any indicators that the financial statements may be at risk of material misstatement due to fraud.

Responsibility of the Board of Directors and Managing Director

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

KEY AUDIT MATTERS	HOW KEY AUDIT MATTERS WERE ADDRESSED IN AUDIT
Advances to customers - valuation Appendices K2, K5 and K25 of the financial statement	
• Loans and advances to the public and general government, totalling 2,138 million euros, is the most significant item on Oma Säästöpankki's balance sheet, accounting for 78% of the balance sheet total. • The impairment of loans and other receivables is recognised by receivable and by receivable category. Significant receivables are assessed individually. For other receivables, the need for impairment is assessed by receivable based on objective evidence. Loan-specific impairment losses are recognised when there is objective evidence that the receivable cannot be recovered in full. Determining category-specific impairments is based on the calculation model used by Oma Säästöpankki Oyj. • The valuation of receivables involves management's judgement, especially with regard to the valuation of collaterals and the amount of impairments and the date of recognition. • Due to the management's judgement of the significance of the balance sheet value and valuation, the valuation of receivables is a key audit matter.	• We have assessed the compliance with lending guidelines and the appropriateness of policies relating to the recognition and valuation of receivables, and tested controls related to the valuation of loan receivables and collaterals as well as the recognition and monitoring of impairments. • We have identified the key controls and data systems related to lending on the basis of received assurance reports. • We have utilised data analyses in credit auditing. • In addition, we have assessed the appropriateness of the notes on receivables and impairments.
Valuation of investment assets Appendices K2, K3, K7 and K32 of the financial statement	
• 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. • The balance sheet value of investment properties is 8.4 million euros, and they are valuated at acquisition 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 discretion, particularly with regard to investments whose market value is not derived from public market quotations.	• We have evaluated the appropriateness of Oma Säästöpankki's accounting policies and compliance with the applicable accounting standards. • The audit has included, among others, the testing of controls related to the valuation of financial assets valued at fair value and the evaluation of the balance sheet values of investment properties. • During the audit, we have compared the fair values used to measure investment assets with market quotations and other external price sources. • In addition, we have assessed the accuracy of the notes on the investment assets.

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 Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit 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. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my 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.

I decide which matters communicated with those charged with governance were most significant in the audit of the financial year under review and are therefore the key audit matters. I will 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 OBLIGATIONS

Information about the audit

Selected by the Annual General Meeting, I have served as the auditor for two consecutive year since April 9, 2016.

Other information

The Board of Directors and Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and the annual report besides the financial statements and the relevant audit report. 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 carrying out 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 audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Helsinki, February 22, 2018

Juha-Pekka Mylén
KHT

Calculation of key figures

OPERATING INCOME/LOSS

Interest income, fee and commission income, net income from trading (including net income from hedge accounting), net income from investments, other operating income

OPERATING NET INCOME, TOTAL

Net interest income, Net fee and commission income and expenses, Net income from trading (including net income from hedge accounting), Net income from investments, Other operating income

TOTAL OPERATING EXPENSES

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

COST/INCOME RATIO, %

$$\frac{\text{Total operating expenses}}{\text{Total operating income}} \times 100$$

RETURN ON EQUITY (ROE)

$$\frac{\text{Operating profit/loss - Income taxes}}{\text{Equity (average of the beginning and the end of the year)}} \times 100$$

RETURN ON ASSETS (ROA)

$$\frac{\text{Operating profit/loss - Income taxes}}{\text{Average balance sheet total (average from the beginning and the end of the year)}} \times 100$$

EQUITY RATIO, %

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

SOLVENCY RATIO (TC) %

$$\frac{\text{Own funds, total (TC)}}{\text{Minimum requirements for own funds, total}} \times 8\%$$

CORE CAPITAL RATIO, (CET1) %

$$\frac{\text{Core capital (CET1)}}{\text{Minimum requirements for own funds, total}} \times 8\%$$

TIER 1 EQUITY RATIO, (T1) %

$$\frac{\text{Tier 1 capital (T1)}}{\text{Minimum requirements for own funds, total}} \times 8\%$$

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