

omasp

Q4/2019

Oma Savings Bank Group

Financial Statements Release

31 December 2019



Oma Savings Bank Group's financial statements release

January–December 2019

Best result in the history

- Net interest income grew in October–December by 11.9% and in January–December by 16.6% compared to the same period last year.
- Home mortgage portfolio grew strongly: by 4.4% during October–December and 20.3% in January–December. At the same time, the corporate loan portfolio increased 6.2% and 21.3% respectively.
- Deposit stocks grew during the final quarter by 0.6% while growth for the entire year amounted to 13.9%.
- The 'Fee and commission income and expenses (net)' item increased in October–December by 32.2% compared to the same period last year. The comparative period item was strained with the cost of IPO. Growth for the whole year amounted to 5.2%.
- Total operating income grew by 26.0% in October–December and came to a total of EUR 23.0 (18.2) million. Total operating income for the entire year grew by 22.0% and came to a total of EUR 92.6 (76.0) million.
- Impairment losses on financial assets were EUR 3.6 (0.2) million in October–December. The corresponding item in January–December was EUR 9.6 (3.7) million.
- The cost/income ratio improved clearly compared to 2018 and came to 59.5% (74.0%) in October–December and 54.4% (62.2%) for the whole year. The comparative cost/income ratio was 56.7% (61.1%) for the whole year.
- The Q4 profit before taxes grew 25.0% compared to the comparative period, totalling EUR 5.6 (4.5) million. Profit before taxes for the whole year was EUR 32.7 (25.0) million, an increase of 30.9% year-on-year.
- Comparative profit before taxes for October–December decreased by 11.4% compared with the comparative period to EUR 5.8 (6.6) million. During the fourth quarter, changes were made to the calculation of expected credit losses with an impact of EUR -0.9 million. The effect of the change has not been taken into account in a comparative result. Comparative profit before taxes for the whole year increased by 7.0% to EUR 28.0 (26.2) million.

Outlook for 2020

Provided that profitable growth continues, the company estimates that the Group's comparative profit before taxes and profit before taxes for 2020 will remain unchanged or grow compared to the previous accounting period.

The Group's key figures (1,000 euros)	1-12/2019	1-12/2018	Δ %	2019 Q4	2018 Q4	Δ %
Net interest income	57,522	49,351	17%	15,020	13,426	12%
Fee and commission income and expenses, net	25,414	24,158	5%	6,327	4,785	32%
Impairment losses on financial assets, net	-9,567	-3,746	155%	-3,644	-196	1757%
Profit before taxes	32,684	24,976	31%	5,646	4,516	25%
Cost/income ratio, %	54.4%	62.2%	-13%	59.5%	74.0%	-20%
Balance sheet total	3,416,530	2,914,661	17%	3,416,530	2,914,661	17%
Equity	319,865	290,330	10%	319,865	290,330	10%
Return on assets (ROA) %	0.9%	0.7%	20%	0.5%	0.5%	3%
Return on equity (ROE) %	9.0%	7.6%	18%	5.7%	5.5%	4%
Earnings per share (EPS), EUR	0.93	0.78	19%	0.16	0.13	19%
Common Equity Tier 1 (CET1) capital ratio %	16.8%	18.4%	-9%	16.8%	18.4%	-9%
Comparative profit before taxes	28,045	26,210	7%	5,835	6,583	-11%
Comparative cost/income ratio, %	56.7%	61.1%	-7%	57.0%	66.1%	-14%
Comparative return on equity (ROE) %	7.4%	8.0%	-8%	5.9%	7.9%	-26%



CEO's review

Best result in the history

The year was a success and we achieved our best result in the history. We succeeded in increasing our operating income by 21.9% and our balance sheet increased during the accounting period by more than 17%, coming to almost EUR 3.5 billion. The sale of Samlink's shares increased returns by EUR 5.3 million. The cost structure was impacted by, amongst other things, the investments in new offices and non-recurring costs for co-operation negotiations. Our profit before taxes for January–December was EUR 32.7 million, up 30.9%. Our comparative profit before taxes grew by 7.0% and was EUR 28.0 million.

The final quarter of the year was good, as expected, and we gave a positive profit warning concerning the earnings outlook for the entire accounting period. We increased operating income by 26.0% and at the same time we were able to curb the growth of operating expenses. Demand for home mortgages and corporate credit continued to be strong and the average loan margin remained practically unchanged. During the fourth quarter, changes were made to the calculation of expected credit losses with an impact of EUR -0.9 million. The Q4 profit before taxes grew 25.0% and was EUR 5.6 million. The comparative profit decreased by 11.4% to EUR 5.8 million.

Focusing on improving competitiveness

We have strengthened our position in key growth centres in Helsinki, Jyväskylä, Oulu and Turku. We moved into the new OmaSp bank building in Seinäjoki in December. As a result of the co-operation negotiations, which ended in December, a decision was made to merge six smaller office branches with nearby full-service branches.

We continuously explore the growth drivers of business and one key viewpoint is the continuous improvement of customer service. Development of digital services continues determinedly, and during the end of the year, new products were launched especially in mobile payments.

The development project for the next-generation banking platform has been ongoing for just under a

year. For customers, the renewal of the banking platform based on Temenos technology means new products and services at a faster pace and an improved service experience in our diverse service channels.

Excellent foundation for a new decade

It is interesting to keep up with the changing financial sector operating environment, which offers our bank numerous opportunities. In our view, interest rates will remain exceptionally low in the next few years. We are well prepared for the future and our business is built so that we will be able to succeed, no matter what the interest rate level. We are waiting for structural changes to take place in the sector and we would be happy to take part in discussions on the topic.

Despite a changing operating environment, OmaSp's financial standing and foundation for 2020 are excellent. We can count on OmaSp to succeed as an efficient and straightforward operator, no matter what the circumstances, although we are slightly concerned as we monitor the development of Finland's national economy.

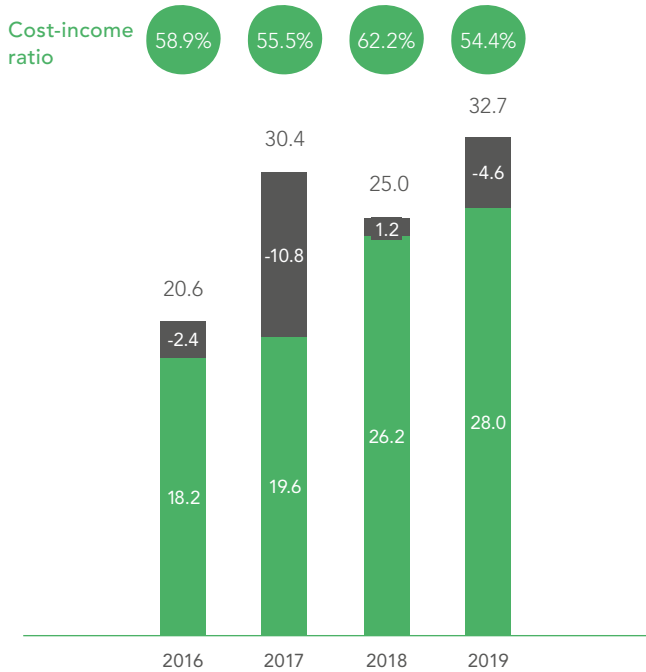
At the core of our strategy can be found satisfied customers and skilled personnel. Our successes have established our position as the Nordics' fastest growing bank and we expect our profitable growth to continue also going forward. This profitable work also reflects positively on OmaSp's market value. We foster a good customer experience, which for us means the best banking services.

We would like to offer our customers, personnel, owners and partners a heartfelt thank you for 2019!

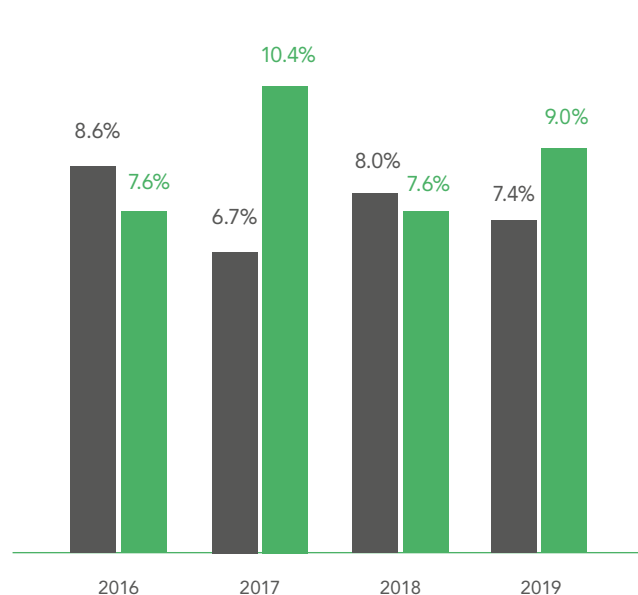
Pasi Sydänlammi
CEO

A profitably growing Finnish bank

Profit before taxes, EUR mill.



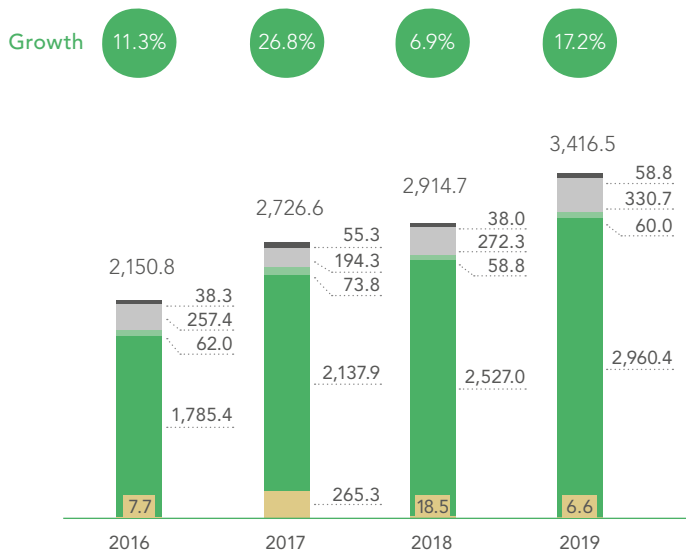
Return on equity (ROE) %



■ Comparative profit before taxes. Comparative result before taxes for 2016-2017 is the result before taxes less financial assets and net debt. Net income from financial assets and liabilities corresponds to the year 2016-2017 financial statements for the items "Net income from trading" and "Net investment income".

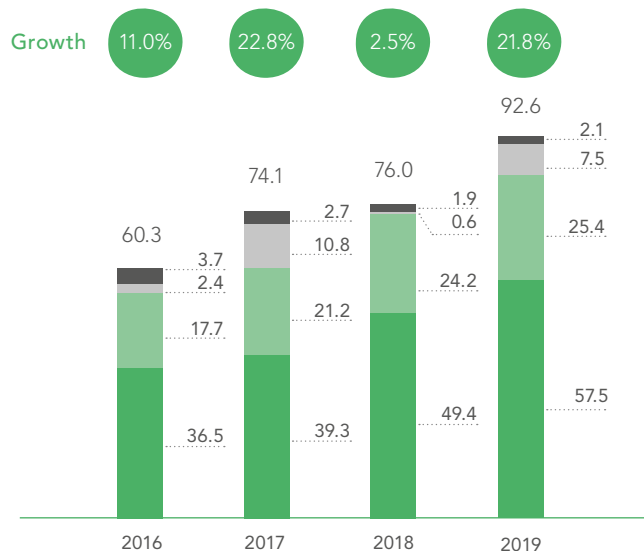
■ Total items affecting comparability

Balance sheet total, EUR mill.



■ Cash and cash equivalents ■ Investment assets
 ■ Loans and advances to the public and public sector entities ■ Other assets
 ■ Loans and advances to credit institutions

Total operating income, EUR mill.



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

Significant events during 2019

- On 7 November 2019, Oma Savings Bank gave a positive profit warning and raised its profit guidelines for the current year in terms of profit before taxes. The company estimates that the profit before taxes for 2019 will increase significantly compared to the previous accounting period. The comparative profit before taxes for 2019 will increase compared to the previous accounting period. The improved earnings outlook is driven by speedy growth in business volumes and improved cost-effectiveness.
- In November, Oma Savings Bank started co-operation negotiations concerning preparations for changes in the operating environment. The co-operation negotiations dealt with the mergers of branches and the skills and recruitment needs brought by the changing operating environment and new operating models. As a result of the negotiations, six smaller branches were merged with nearby larger branches and the debt collection of branch group 3 was reorganised. The planned measures led to a reduction of eight jobs and nine people were offered an internal transfer to the receiving branches. During the negotiations, new skills and recruitment needs were identified in the corporate customer business and IT operations. The changes are estimated to have a savings impact of EUR 1 million on expenses at an annual level. Non-recurring costs related to the reorganisation came to EUR 1.3 million and these were recognised in the final quarter.
- On 27 November 2019, Oma Savings Bank was invited by Nasdaq to ring the bell at New York's Times Square to celebrate its first year on the Helsinki Stock Exchange and its tenth anniversary. The ceremony was broadcast on several television channels and as a direct broadcast around the world.
- In August, Oma Savings Bank published its first CSR Report. The report describes the most important social, environmental and economic impacts of the company's operations. CSR efforts are based on the company's values, Code of Conduct, stakeholder expectations and megatrends that affect its operations. Based on these, the company has defined four key sustainability themes: we are local and close to the customer, we take care of our personnel, we promote collective well-being and we contribute sustainable development.
- In April, Oma Savings Bank sold its 15.45% holding in Oy Samlink Ab to Cognizant Technology Solutions Finland Oy. At the same time, the Group signed an agreement with Oy Samlink Ab to develop a new banking platform based on the Temenos T24 and Temenos Payment Hub software, and a 10-year service agreement for the provision and maintenance of basic banking services. The delivery of the basic banking platform will cost about EUR 20 million. The aim is to roll out the platform in 2021.
- In March, the company issued a EUR 300 million covered bond as part of its bond program. The bond's maturity is 5 years and its maturity date is 3 April 2024.
- In December 2019, the Finnish Financial Supervisory Authority (FIN-FSA) imposed on Oma Savings Bank Plc the first supervisory review and evaluation process (SREP) requirement of 1.5% based on the supervisory authority's assessment. The requirement will enter into force starting on 30 June 2020 and should be covered by the common equity tier 1 capital. A buffer requirement in case of structural systemic risk entered into force on 1 July 2019. A systemic risk buffer of 1% to be covered by the consolidated common equity tier 1 capital was set for Oma Savings Bank Plc.
- In October 2019, Oma Savings Bank expanded its payment service offering, introducing Google Pay to its customers. Google Pay allows customers to pay using their Android phones. Oma Savings Bank wishes to offer its customers the opportunity to select their payment method: card, cash or phone. During the accounting period, the company made further investments in improving its customer service in its digital channels by launching OmaBotti for its customers in September. OmaBotti is a chatbot on the bank's website, serving customers when the other services are not open.
- In December, Oma Savings Bank's Seinäjoki branch moved to the newly completed OmaSp bank building. During 2019, also the Jyväskylä, Joensuu and Kurikka Jalasjärvi branches moved to new premises. Investing in office space is part of Oma Savings Bank's continuous investments in developing the customer experience, in both the branch network and in digital channels.

- Oma Savings Bank Plc's Annual General Meeting was held on 29 April 2019. Re-elected as Board members were Aila Hemminki, Aki Jaskari, Timo Kokkala, Heli Korpinen, Jyrki Mäkynen and Jarmo Salmi, and Jaana Sandström was elected as a new member. The Board elected Jarmo Salmi as Chairman.
- The four largest shareholders (according to the shareholder register on 1 June 2019) appointed the following persons to Oma Savings Bank Plc's Nomination Committee: Raimo Härmä, appointed by Etelä-Karjalan Säästöpankkisäätiö, Ari Lamminmäki, appointed by Parkanon Säästöpankkisäätiö, Aino Lamminmäki, appointed by Töysän Säästöpankkisäätiö, Jukka Sysilampi, appointed by Kuortaneen Säästöpankkisäätiö, Jukka Kuivaniemi, appointed by Hauhon Säästöpankkisäätiö and Jarmo Salmi, Chairman of the Board, as an expert member. The Nomination Committee's task is to prepare proposals pertaining to the appointment and remuneration of the members of the Board of Directors for the next Annual General Meeting and, when necessary, an Extraordinary General Meeting.
- The composition of the management team changed during the accounting period when, at the start of September, Ville Rissanen took on the position of Director IT & Digital Services and became a member of the management team. In April, Chief Risk Officer (M.Sc.) Kimmo Tapionsalo started as a member of the management team.

Oma Savings Bank Plc's financial reporting in 2020

Oma Savings Bank will publish its 2020 financial information as follows:

- 11 May 2020 Interim Report January–March 2020
- 10 August 2020 Half-Year Financial Report January–June 2020
- 9 November 2020 Interim report January–September 2020

Oma Savings Bank Group's key figures

The Group's key figures (1,000 euros)	1-12/2019	1-12/2018	Δ %	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
Net interest income	57,522	49,351	17%	15,020	14,868	14,440	13,195	13,426
Total operating income	92,573	75,958	22%	22,937	21,181	21,063	27,392	18,152
Total operating expenses	50,309	47,237	7%	13,641	10,466	11,910	14,292	13,439
¹⁾ Cost/income ratio, %	54.4%	62.2%	-13%	59.5%	49.4%	56.5%	52.2%	74.0%
Impairment losses on financial assets, net	-9,567	-3,746	155%	-3,644	-2,371	-2,348	-1,205	-196
Profit before taxes	32,684	24,976	31%	5,646	8,342	6,804	11,892	4,516
Profit/loss for the accounting period	27,453	20,322	35%	4,527	6,677	5,461	10,789	3,719
Balance sheet total	3,416,530	2,914,661	17%	3,416,530	3,370,459	3,243,770	3,351,058	2,914,661
Equity	319,865	290,330	10%	319,865	318,145	309,383	304,486	290,330
¹⁾ Return on assets (ROA) %	0.9%	0.7%	20%	0.5%	0.8%	0.7%	1.4%	0.5%
¹⁾ Return on equity (ROE) %	9.0%	7.6%	18%	5.7%	8.5%	7.1%	14.5%	5.5%
¹⁾ Earnings per share (EPS), euro	0.93	0.78	19%	0.16	0.23	0.18	0.36	0.13
¹⁾ Equity ratio %	9.4%	10.0%	-6%	9.4%	9.4%	9.5%	9.1%	10.0%
¹⁾ Total capital (TC) ratio %	17.3%	19.3%	-10%	17.3%	18.0%	17.9%	18.3%	19.3%
¹⁾ Common Equity Tier 1 (CET1) capital ratio %	16.8%	18.4%	-9%	16.8%	17.4%	17.3%	17.6%	18.4%
¹⁾ Tier 1 (T1) capital ratio %	16.8%	18.4%	-9%	16.8%	17.4%	17.3%	17.6%	18.4%
¹⁾ Liquidity coverage ratio (LCR) %	140.1%	134.8%	4%	140.1%	145.6%	154.2%	458.8%	134.8%
Average number of employees	300	288	4%	288	302	310	299	292
Employees at the end of the period	279	293	-5%	279	294	311	301	293
Alternative performance measures excluding items affecting comparability:								
¹⁾ Comparative profit before taxes	28,045	26,210	7%	5,835	9,123	7,894	5,193	6,583
¹⁾ Comparative cost-to-income ratio, %	56.7%	61.1%	-7%	57.0%	47.7%	53.8%	69.1%	66.1%
¹⁾ Comparative earnings per share (EPS), euro	0.76	0.82	-7%	0.16	0.25	0.21	0.14	0.19
¹⁾ Comparative return on equity (ROE) %	7.4%	8.0%	-8%	5.9%	9.3%	8.3%	5.6%	7.9%

¹⁾ The formulas for calculating the key figures are presented in note G15 of the financial statements.
Items affecting comparability of the key figures and the actual calculation are presented in the income statement.

Operating environment

Oma Savings Bank Plc operates in a stable, business-friendly environment in Finland. Finland's gross domestic product (GDP) has grown steadily since 2015 and in 2018 it was 1.7%.⁽¹⁾ Finland's GDP is expected to continue to grow, at an estimated average annual rate of 1.4% in the period 2019–2022⁽²⁾.

According to Statistics Finland's labour survey, there were 17,000 more employed persons and 18,000 more unemployed in December of 2019 than in the previous year's comparative period. In December 2019, the employment rate was 73.0% (72.1%) and the unemployment rate was on average 6.0% (5.4%).⁽³⁾

In the company's view, the Finnish business environment continues to be stable in terms of household

indebtedness and housing prices. According to Statistics Finland's preliminary data, the new dwellings in housing companies rose by an average of 1.9% in the whole country in 2019. In the Greater Helsinki area, growth was about 3%, while rest of the country averaged just under 1%. Compared to 2015, new property prices in the country have risen by about 10%.⁽⁴⁾

In December of 2019, total loans to households had increased by 3.0% over the previous 12 months, with the home mortgage portfolio accounting for 2.7% of that growth. The number of corporate loans grew 7.3% in the same period. The volume of households' deposits grew a total of 6.6% over a 12-month period.⁽⁵⁾

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

2) IMF, DataMapper, 3 February 2020.

3) Statistics Finland, Employment grew in August from the year before. Published on 24 January 2020

4) Compared to 2015, prices of new dwellings in housing companies have risen most in Espoo, the least in Vantaa. Published on 31 January 2020

5) Bank of Finland, MFI balance sheet (loans and deposits) and interest rates. Published on 31 January 2020

Credit rating

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

Related party disclosures

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

More detailed information on related parties is given in note G34 of the 2018 financial statements. No significant changes have occurred in related party transactions after 31 December 2018.

Financial statements

The date 31 December 2018 has been used as the comparative period for the profit, balance sheet and capital adequacy. The financial statements release figures are unaudited.

Result 10–12/2019

The Group's profit before taxes for October–December 2019 was EUR 5.6 (4.5) million and the profit for the accounting period was EUR 4.5 (3.7) million. The cost/income ratio was 59.5% (74.0%). The clarification that was made to the recognition principles during the second quarter reduced the amount of fee and commission income received from lending recognised in the income statement by a total of EUR 0.6 million during the final quarter. The items to be recognised over time are spread out over the coming periods under interest income according to the average maturity of the loans.

Comparative profit before taxes in the final quarter amounted to EUR 5.8 (6.6) million and a comparative cost/income ratio was 57.0 (66.1)%. During the fourth quarter, changes were made to the calculation of expected credit losses with an impact of EUR -0.9 million. The effect of the change has not been taken into account in a comparative result.

Income

Operating income totalled EUR 23.0 (18.2) million. Total operating income grew by 26.4% year-on-year.

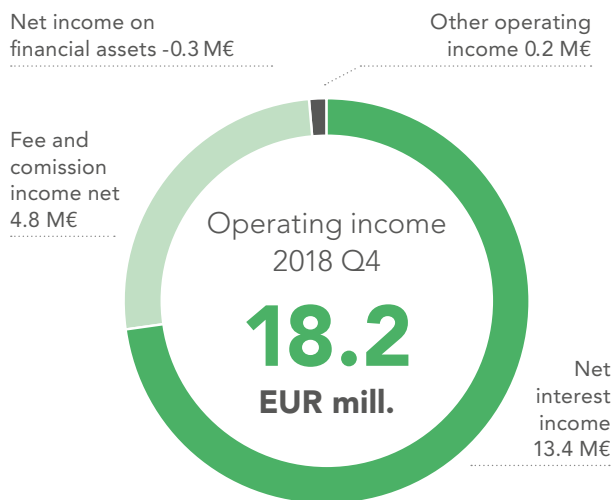
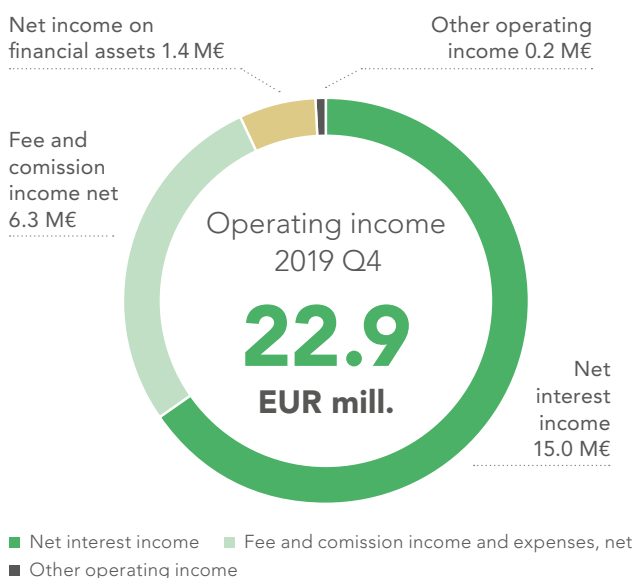
Net interest income grew 11.9%, totalling EUR 15.0 (13.4) million. During the review period, interest income

grew 9.4%, totalling EUR 16.4 (15.0) million. The growth in interest income can be largely attributed to a growth in the loan stock of EUR 433.3 million as of 31 December 2018. During the same period, the average margin of the company's loan stock has remained almost unchanged, falling approximately 0.10 percentage points.

Interest expenses fell 11.6% year-on-year, and were EUR 1.4 (1.6) million in the fourth quarter.

The 'Fee and commission income and expenses (net)' item grew by 32.2% to EUR 6.3 (4.8) million. The total amount of fee and commission income was EUR 7.6 (7.4) million. Fee and commission income from lending fell 2.6% due to a clarification of the recognition principles for lending fees and commissions. The 7.3% increase in commissions from card payments and payment transactions is the result of higher customer volumes. The costs related to the item increased 33.5% due in part to an increase in customer volumes and increased service provider charges. During the comparative period, fee and commission expenses also included expenses from listing on the stock exchange, which came to some EUR 1.6 million.

The net income on financial assets and liabilities was EUR 1.4 (-0.3) million during the period. Income on financial assets measured at fair value through profit or loss came to altogether EUR 1.2 (-0.9) million, which partly explains the improvement in the item compared to the comparative period. At the same time, net gains from hedge accounting fell to EUR 0.2 (1.0) million. The net income from investment properties included in the item 'Net income on financial assets', includes the impairment losses on the branches closed in conjunction with the co-operation negotiations.



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

Expenses

Total operating expenses grew 1.5% to EUR 13.6 (13.4) million.

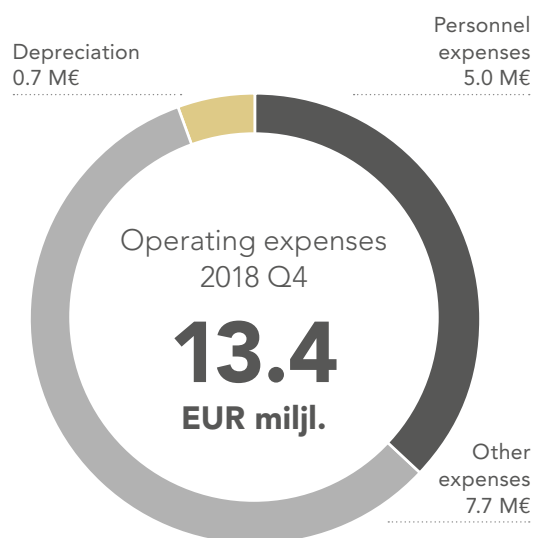
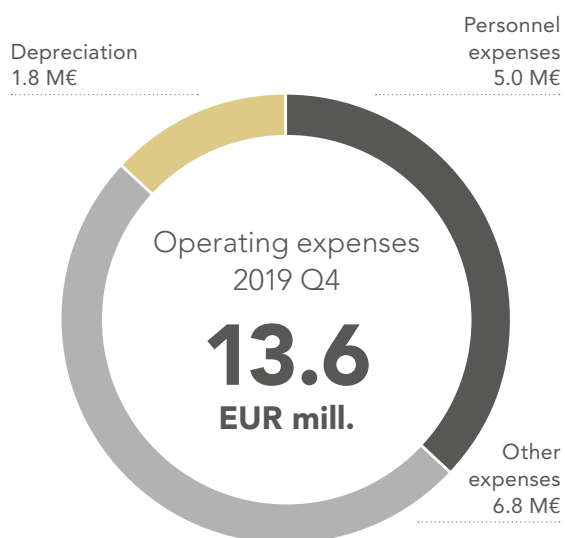
Personnel expenses grew 1.0%, totalling EUR 5.1 (5.0) million. In the review period, the average number of employees was 288 (292). The final quarter of 2019 includes the non-recurring termination compensation agreed in connection with the co-operation negotiations, as a result of which personnel expenses are higher than in the comparative period even though the average number of employees is lower than in the comparative period.

Other operating expenses decreased 11.4%, to EUR 6.8 (7.7) million.

Depreciation, amortisation and impairments on tangible and intangible assets grew were EUR 1.8 (0.7) million. EUR 0.4 million of this growth is the result of changes in accounting practices for leases in connection with the adoption of the IFRS 16 Leases standard. Leases are recognised in fixed asset items and depreciation is recognised on the item. In the previous accounting period, lease expenses were recognised in the item 'Other operating expenses'.

Impairment losses on financial assets

Impairment losses on financial assets (net) were EUR 3.6 (0.2) million in October–December. The item includes the change in expected credit losses, final credit losses and credit loss refunds on customer loans and off-balance sheet commitments. The net impact of expected credit losses in the final quarter was EUR -2.2 (0.3) million. New granted loans increased the expected credit losses by EUR 2 million while the amortisation and final repayments of loans decreased them correspondingly. The growth in fourth-quarter expected credit losses is explained through the transfer of receivables to stage 3 and the modifications made to the calculation model. The most significant change made to the calculation rules for expected credit losses is the adoption of a delay in connection with stage allocation. As a result of the change, receivables improve to stage 1 only after a monitoring period. Final credit losses over October–December amounted to EUR 1.4 (0.5) million.



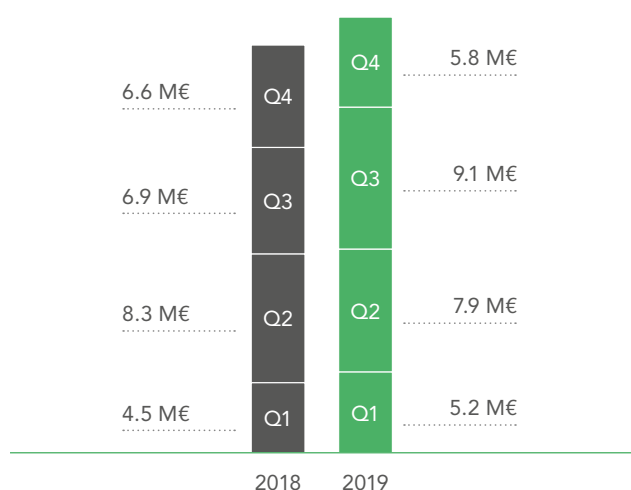
■ Personnel expenses ■ Other operating expenses ■ Depreciation, amortisations and impairment losses on tangible and intangible assets

Result 1– 12/2019

The Group's profit before taxes for January–December 2019 was EUR 32.7 (25.0) million and the profit for the accounting period was EUR 27.5 (20.3) million. The cost/income ratio was 54.4% (62.2%).

The year's comparative profit before taxes grew 7.0%, totalling EUR 28.0 (26.2) million. The comparative profit has been adjusted for EUR 7.5 (0.6) million in net income on financial assets and liabilities, an impact of EUR 1.8 million caused by the clarification of the recognition principles of fee and commission income, and the non-recurring expenses resulting from the co-operation negotiations EUR 1.1 million. The comparative cost/income ratio was 56.7% (61.1%).

Comparative profit before taxes



Income

Operating income totalled EUR 92.6 (76.0) million. Total operating income grew by 21.9% year-on-year.

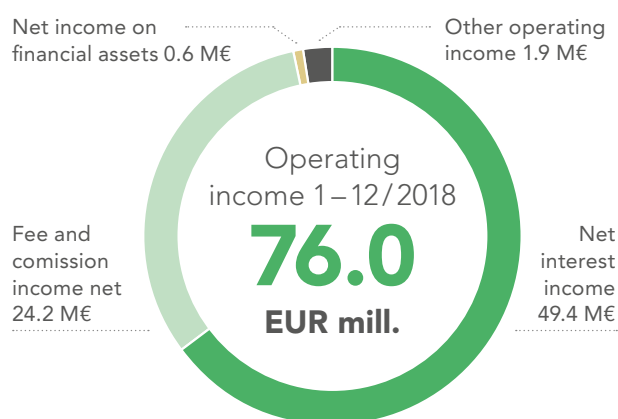
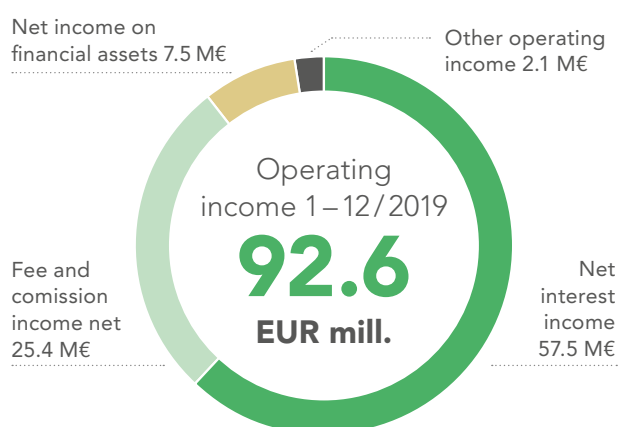
Net interest income grew 16.6% compared to the comparative period, totalling EUR 57.5 (49.4) million.

During the review period, interest income grew 13.2%, totalling EUR 63.4 (55.9) million. The growth in the item can be largely attributed to a growth in the loan stock of EUR 433.3 million as of 31 December 2018. During the same period, the average margin of the company's loan stock has remained almost unchanged, falling approximately 0.10 percentage points. Interest expenses decreased 11.7%, totalling EUR 5.8 (6.6) million.

Fee and commission income and expenses (net) grew by 5.2% to EUR 25.4 (24.2) million. The total amount of fee and commission income was EUR 30.0 (29.7) million. The most significant changes took place in the fee and commission income from lending and payment transfers. The

decrease in the fee and commission income from lending is explained by the clarification of the accounting principles for commissions. The impact of the change on fee and commission income recognised in the income statement was EUR -1.8 million. The adjustment includes the accruals for the most significant service fees for the entire 2019. The adjustment will be accrued over the average maturity of the loans and classified under interest income according to the average maturity of the loans. Total card and payment transaction fees grew 9.7%, totalling EUR 13.4 (12.3) million. Expenses due on the item grew 19.1%, totalling EUR 3.4 (2.9) million. The increase in card and payment transaction income and costs can be attributed to higher customer volumes. In addition, fee and commission expenses increased due to higher service provider charges. Fee and commission expenses for the comparative period included non-recurring expenses from listing on the stock exchange, which came to some EUR 1.6 million.

The net income on financial assets and liabilities was EUR 7.5 (0.6) million during the period. Of the growth, EUR 5.3 million can be attributed to the disposal of Oy Samlink Ab's shares and EUR 1.2 million to dividend income. Net income on financial assets and liabilities are presented in more detail in note G10.



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

Expenses

Total operating expenses grew 6.5% to EUR 50.4 (47.2) million.

Personnel expenses grew 4.6%, totalling EUR 17.1 (16.3) million. This increase resulted mainly from the recruitment of personnel for the new branch offices that opened up in Greater Helsinki, Oulu and Turku and the non-recurring compensation paid due to the personnel reductions resulting from the co-operation negotiations during the final quarter. In the review period, the average number of employees was 300 (288), while the number of employees at the end of the accounting period was 279 (293).

Other operating expenses remained almost unchanged at EUR 28.2 (28.1) million. Rent expenses declined due to the adoption of the IFRS 16 Leases standard, as a result of which, as of 1 January 2019, depreciation and interest cost were recognised instead of rent expenses, in accordance with IFRS 16. The increase in other personnel expenses, office expenses and telecommunications is the result of the opening of new branches.

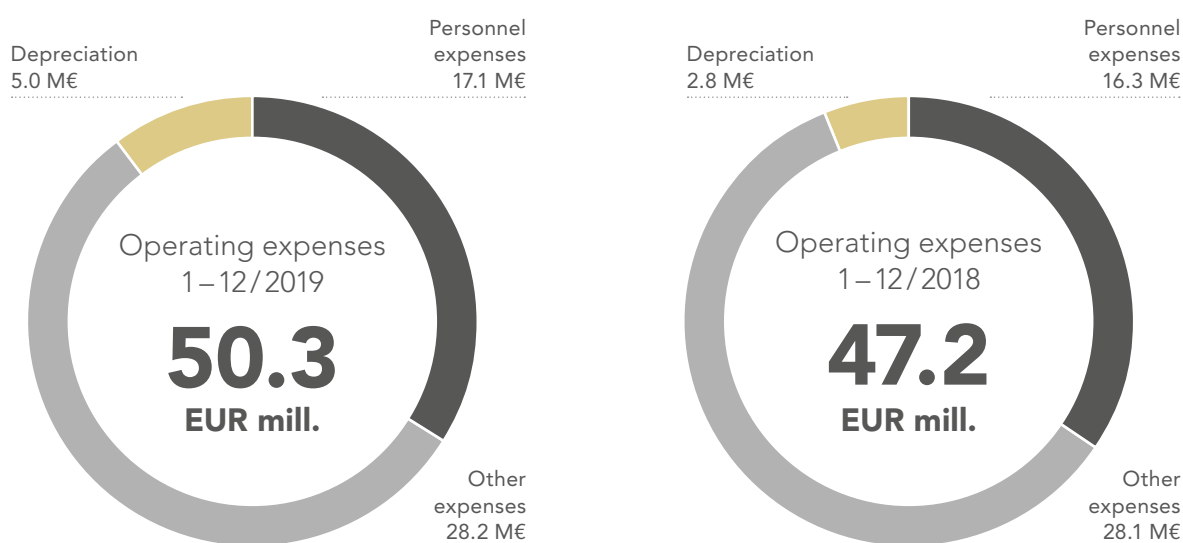
Depreciation, amortisation and impairments on tangible and intangible assets amounted to EUR 5.0 (2.8) million. EUR 1.4 million of this growth is the result of changes in accounting practices for leases in connection with the adoption of the IFRS 16 Leases standard. Leases are recognised in fixed asset items and depreciation is recognised on the item. In the previous accounting period, lease expenses were recognised in the item 'Other operating expenses'. The item also includes impairment of real estate of EUR 0.6 million. The recognised impairment is related to the branches closed in connection with the co-operation negotiations.

Impairment losses on financial assets

Impairment losses on financial assets (net) were EUR 9.6 (3.7) million. The item includes the change in expected credit losses, final credit losses and credit loss refunds on customer loans, debt instruments and off-balance sheet commitments. The impact of expected credit losses recognised during the accounting period was EUR 6.8 (1.8) million. The growth in expected credit losses is largely due to credit transfers to stage 3 and growth in credit risks. Expected credit losses increased also due to the modification of the bank's calculation models and individual loan-specific changes made based on the management's discretion. Modifications of the calculation models applied to the corporate credit portfolio and changes in the credit scoring system. A monitoring period was introduced for defining stage allocation, which causes delays in the improvement of the loans' stages. As a result of the change, the volatility of expected credit losses is expected to fall.

Final credit losses for the whole of the year amounted to EUR 2.8 (2.0) million. Final credit losses were distributed equally between private and corporate customers.

Impairment losses on financial assets are presented in note G11.



■ Personnel expenses ■ Other operating expenses ■ Depreciation, amortisations and impairment losses on tangible and intangible assets

Balance sheet

The Group's balance sheet total grew during the 2019 accounting period by 17.2% to EUR 3,416.5 (2,914.7) million.

Loans and other receivables

In total, loans and other receivables grew 16.8% to EUR 3,020.4 (2,585.8) million.

The average size of loans issued over the past 12 months has been approximately EUR 96 thousand.

Loan portfolio by customer group, before the impairment provision

Credit balance (1,000 euros)	31 Dec 2019	31 Dec 2018
Private customers	1,780,900	1,502,435
Corporate customers	641,470	528,739
Housing association	264,829	243,113
Agriculture, forestry, fishing industry	255,906	231,397
Other	35,457	32,908
Total	2,978,562	2,538,593

Investment assets

The Group's investment assets grew 21.2% during the accounting period, totalling EUR 330.0 (272.3) million. The increase was mainly due to the growth in debt securities. The primary purpose of managing investment assets is securing the bank's liquidity position.

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

Liabilities to credit institutions and to the public and public sector entities grew during the accounting period by 13.3% to EUR 2,093.6 (1,847.7) million. The item consists mostly of deposits received from the public, which came to EUR 1,999.4 (1,755.8) million at the end of December.

Debt securities issued to the public

Total debt securities issued to the public grew during the period by 31.3% to EUR 938.3 (714.9) million. Oma Savings Bank issued a EUR 300 million covered bond on 27 March 2019. A EUR 110 million bond matured in May. Total debt securities issued to the public are shown in more detail in note G7.

Covered bonds are secured by loans to the value of EUR 875 (526) million.

Equity

Group equity grew during the accounting period by 10.2% to EUR 319.9 (290.3) million. The profit for the accounting period accounted for EUR 27.5 million of the increase in equity capital. The fair value reserve grew by EUR 6.3 million. A dividend distribution of EUR 4.2 million decreased the retained earnings in Q2.

Own shares

On 31 December 2019, the number of own shares held by Oma Savings Bank was 11,700. All of the purchases took place during 2018 and concerned shares subscribed for in connection with the 2017 personnel offering. The redemptions took place in connection with the ending of employment contracts.

Share capital	31 Dec 2019	31 Dec 2018
Average number of shares	29,585,000	25,822,093
Number of shares at the end of the year	29,585,000	29,585,000
Number of treasury shares	11,700	11,700
Share capital (1,000 euros)	24,000	24,000

The number of shares in the comparative period take into account the 50:1 stock split carried out on 9 November 2018.

Off-balance-sheet commitments

Off-balance-sheet commitments included commitments given to a third party on behalf of a customer and irrevocable commitments given to a customer. Commitments given to a third party on behalf of a customer, EUR 22.0 (22.0) million, were mostly made up of bank guarantees and other guarantees. Irrevocable commitments given to a customer, which totalled EUR 190.5 (187.2) million at the end of December, consisted mainly of undrawn credit facilities.

Resolutions of the Annual General Meeting 2019

Oma Savings Bank Plc's Annual General Meeting was held on 29 April 2019. The Annual General Meeting approved the company's 2018 financial statements, which include the consolidated financial statements, and discharged the members of the company's Board of Directors and the CEO from liability for the 2018 financial period.

- In accordance with the Board of Directors' proposal, the Annual General Meeting resolved to distribute, based on the approved balance sheet, a dividend of EUR 0.14 per share for the financial period that ended on 31 December 2018.
- In accordance with the proposal by the Nomination Board, the Annual General Meeting resolved that for the term ending at the close of the 2020 Annual General Meeting, members of the Board of Directors shall be paid the following annual fees: EUR 43,000 per year for the Chairman of the Board of Directors; EUR 26,000 per year for the Vice Chairman of the Board of Directors, and EUR 16,000 per year for the other members of the Board of Directors. In addition, meeting fees of EUR 1,000 for each Board meeting and EUR 500 for each Committee meeting shall be paid. The meeting fee for participating in a Board or Committee meeting remotely shall be EUR 500. The Annual General Meeting also resolved to pay Chairman of the Board of Directors Jarmo Partanen an additional fee corresponding to two months' salary, i.e. EUR 48,106, as per the Nomination Committee's proposal.
- The number of members of the Board of Directors was approved as seven. Re-elected as Board members were Aila Hemminki, Aki Jaskari, Timo Kokkala, Heli Korpinen, Jyrki Mäkynen and Jarmo Salmi; and Jaana Sandström was elected as a new member for the term ending at the close of the 2020 Annual General Meeting.
- The auditing firm KPMG Oy Ab was re-elected as the auditor, and APA Fredrik Westerholm was elected as chief auditor for the term ending at the close of the 2020 Annual General Meeting. Auditors' fees are paid based on a company-approved invoice.
- In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved that the members of the Shareholders' Nomination Committee shall be paid a meeting fee of EUR 1,000 for each meeting they attend.

Progress of the basic banking platform project

In January 2019, Oma Savings Bank announced that it would start up a modernisation project involving the basic banking platform. The Group signed an agreement with Oyj Samlink Ab to develop a new banking platform based on the Temenos T24 and Temenos Payment Hub software, and a 10-year service agreement for the production and maintenance of basic banking services. The delivery of the basic banking platform will cost the company about EUR 20 million. At the end of December, the capitalised investment cost for the basic banking project came to altogether EUR 2.8 million. The intended roll-out year for the platform is 2021.

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

Significant events after the period

In a stock market release published on 30 January 2020, the Nomination Committee proposes that, as a condition for receiving and paying the fixed annual remuneration, the member of the Board of Directors, commits to purchase, directly based on the decision of the Annual General Meeting, Oma Savings Bank Plc shares amounting to 40% of the fixed annual remuneration on the regulated market (Nasdaq Helsinki Ltd) at a price determined by trading. It is the recommendation of the Nomination Committee that the member of the Board of Directors would not transfer the shares awarded as an annual remuneration until the membership in the Board has expired.

The company is not aware of the occurrence of any events after the end of the reporting period that would require the presentation of additional information or would have a material impact on the financial position.

Financial goals

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

- **Growth:** 10–15% annual growth in total operating income under the current market conditions
- **Profitability:** Cost/income ratio less than 55%
- **Return on equity (ROE):**
Long-term return on equity (ROE) over 10%
- **Capital adequacy:**
Common equity tier 1 capital (CET1) at least 16%

Outlook for the 2020 accounting period

The company's business volumes are predicted to maintain their strong growth during the 2020 accounting period. The company's profitable growth is supported by efforts in recent years to improve the customer

experience and the availability of customer service through new digital service channels and the opening of new units. In addition, the company has adapted its branch network to correspond even better to a changing operating environment.

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

Provided that profitable growth continues, the company estimates that the Group's comparative profit before taxes and profit before taxes for 2020 will remain unchanged or grow compared to the previous accounting period.

Board of Directors' proposal for the distribution of profit

The Board of Directors proposes that, based on the financial statements to be approved for 2019, a dividend of EUR 0.19 be paid from the parent company's distributable profits for each share entitling the shareholder to dividend for 2019. The Board's proposal complies with the company's dividend policy. All of shares outstanding on the dividend record date are entitled to a dividend for 2019. No significant changes took place in the company's financial position after the end of the accounting period. The company's liquidity is good and the proposed distribution of profit does not compromise the company's liquidity according to the Board of Directors' insight.

General Meeting

Oma Savings Bank Plc's Annual General Meeting will be held on Monday, 27 April 2020. The Board of Directors shall convene the Annual General Meeting separately.

Capital adequacy

The total capital (TC) ratio of the Oma Savings Bank Group remained strong and was 17.3% (19.3%) at the end of the period. The common equity Tier 1 capital's (CET1) ratio to risk-weighted assets was 16.8% (18.4%), clearly exceeding the minimum level for the financial goals approved by the Board of Directors, 16%. Risk-weighted assets, EUR 1,783.6 (1,498.7) million, grew by 19.0% on the comparative period, contributing to the weakening of the Group's capital adequacy position. The growth of risk-weighted assets strengthened due to the strong growth in the private customer and corporate customer loan portfolio. In its capital adequacy calculations, Oma Savings Bank Group applies the standardised approach for credit risks and the basic indicator approach for operative risk. The basic approach is applied when calculating the capital requirement for market risk for the foreign exchange position.

At the end of the review period, the capital structure of Oma Savings Bank Group was strong, consisting mostly of common equity Tier 1 capital (CET1). The Group's total own funds (TC) were EUR 308.6 (288.8) million when the capital requirement for the bank's own funds was EUR 205.3 (157.4) million. Tier 1 capital (T1) was EUR 299.4 (275.8) million, consisting entirely of common equity Tier 1 capital (CET1). Tier 2 capital (T2) was EUR 9.3 (13.0) million, consisting of debenture loans. The increase in own funds was most significantly the result of the profit for the accounting period and growth in the fair value reserve. The retained earnings for the 2019 accounting period are included in the common equity Tier 1 capital on the basis of permission granted by the Finnish Financial Supervisory Authority. The leverage ratio was 8.6% (9.3%) at the end of the period.

The main items in the capital adequacy calculation (1,000 euros)	31 Dec 2019	31 Dec 2018
Common Equity Tier 1 capital before regulatory adjustments	309,553	281,557
Regulatory adjustments on Common Equity Tier 1	-10,184	-5,799
Common Equity Tier 1 (CET1) capital, total	299,369	275,758
Additional Tier 1 capital before regulatory adjustments	-	-
Regulatory adjustments on additional Tier 1 capital	-	-
Additional Tier 1 (AT1) capital, total	-	-
Tier 1 capital (T1 = CET1 + AT1), total	299,369	275,758
Tier 2 capital before regulatory adjustments	9,266	13,031
Regulatory adjustments on Tier 2 capital	-	-
Tier 2 capital (T2), total	9,266	13,031
Total capital (TC = T1 + T2) / Total own funds	308,635	288,789
Risk-weighted assets		
Credit and counterparty risk, standardised approach	1,620,817	1,367,127
Credit valuation adjustment risk (CVA)	8,913	5,401
Market risk (foreign exchange risk)	6,598	-
Operational risk, basic indicator approach	147,320	126,170
Risk-weighted assets, total	1,783,648	1,498,699
Common Equity Tier 1 (CET1) capital ratio, %	16.78%	18.40%
Tier 1 (T1) capital ratio, %	16.78%	18.40%
Total capital (TC) ratio, %	17.30%	19.27%
Leverage ratio (1,000 euros)		
Tier 1 capital	299,369	275,758
Total amount of exposures	3,482,083	2,972,018
Leverage ratio	8.60%	9.28%

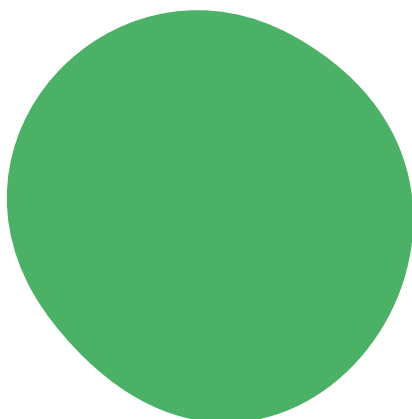
The total capital requirement for banks' own funds consists of the Pillar I minimum capital requirement (8.0%) and various capital buffer requirements. Capital buffer requirements include, but are not limited to, the capital conservation buffer set by the Credit Institution Act (2.5%), the discretionary SREP requirement according to Pillar II, the countercyclical buffer requirement, and the systemic risk buffer. In December 2019, the Finnish Financial Supervisory Authority (FIN-FSA) imposed on Oma Savings Bank Plc the first supervisory review and evaluation process (SREP) requirement of 1.5% based on the supervisory authority's assessment. The requirement will enter into force starting on 30 June 2020 and should be covered by the common equity tier 1 capital. FIN-FSA decides on the countercyclical buffer requirement quarterly, and a countercyclical buffer requirement has thus far not been imposed on Finnish credit institutions. A capital buffer requirement in case of structural systemic risk entered into force on 1 July 2019. A systemic risk buffer of 1.0% to be covered by the consolidated common equity tier 1 capital was set for Oma Savings Bank Plc. The risk buffer requirement is reviewed annually, and on 28 June 2019, the Board of FIN-FSA decided to uphold its decision.

Group's total capital requirement, 31 December 2019 (1,000 euros)

Capital	Pillar I minimum capital requirement*	Buffer requirements					Total capital requirement	
		Pillar II (SREP) capital requirement	Capital conservation buffer	Counter-cyclical buffer**	O-SII	Systemic risk buffer		
CET1	4.50%	0.00%	2.50%	0.01%	0.00%	1.00%	8.01%	142,832
AT1	1.50%						1.50%	26,755
T2	2.00%						2.00%	35,673
Total	8.00%	0.00%	2.50%	0.01%	0.00%	1.00%	11.51%	205,260

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

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



The Group will publish information on capital adequacy and risk management compliant with PILLAR III in its Capital and Risk Management Report 2019. The document will be released as a separate report in connection with the Annual Report and it provides a more detailed description of Oma Savings Bank Group's capital adequacy and risk position.

Financial statements release tables

Consolidated income statement

Note	(1,000 euros)	1-12/2019	1-12/2018	2019 Q4	2018 Q4
	Interest income	63,351	55,949	16,401	14,989
	Interest expenses	-5,828	-6,599	-1,381	-1,563
G8	Net interest income	57,522	49,351	15,020	13,426
	Fee and commission income	29,981	29,694	7,590	7,357
	Fee and commission expenses	-4,567	-5,535	-1,262	-2,572
G9	Fee and commission income and expenses, net	25,414	24,158	6,327	4,785
G10	Net income on financial assets and financial liabilities	7,518	556	1,438	-277
G11	Other operating income	2,118	1,893	152	218
	Total operating income	92,573	75,958	22,937	18,152
	Personnel expenses	-17,070	-16,321	-5,051	-4,999
	Other operating expenses	-28,191	-28,128	-6,838	-7,714
	Depreciation, amortisations and impairment losses on tangible and intangible assets	-5,047	-2,788	-1,752	-726
	Total operating expenses	-50,309	-47,237	-13,641	-13,439
G11	Impairment losses on financial assets, net	-9,567	-3,746	-3,644	-196
	Share of profit from joint ventures and associated companies	-13	-	-6	-
	Profit before taxes	32,684	24,976	5,646	4,516
	Income taxes	-5,231	-4,653	-1,119	-797
	Profit/loss for the accounting period	27,453	20,322	4,527	3,719
	Of which:				
	Shareholders of Oma Säästöpankki Oyj	27,579	20,203	4,616	3,683
	Non-controlling interest	-126	119	-90	36
	Total	27,453	20,322	4,527	3,719
	Earnings per share (EPS), euro	0.93	0.78	0.16	0.13

Profit before taxes excluding items affecting comparability:	2019	2018	2019 Q4	2018 Q4
Profit before taxes	32,684	24,976	5,646	4,516
Operating income:				
IPO, Fee and commission expenses	-	1,549	-	1,549
Impact of periodicity on fee and commission income	1,817		565	-
Net income on financial assets and liabilities	-7,518 *	-556	-1,438 *	277
Operating expenses:				
IPO, Other operating expenses	-	241	-	241
Expenses from the co-operation negotiations	1,062	-	1,062	-
Comparative profit before taxes	28,045	26,210	5,835	6,583
Income taxes in income statement	-5,231	-4,653	-1,119	-797
Change of deferred taxes	-372	-247	-38	-413
Comparative profit/loss for the accounting period	22,442	21,310	4,678	5,372

* Includes EUR 266 thousand in property impairment losses in connection with employee co-operation negotiations.

Consolidated statement of comprehensive income

(1,000 euros)	1-12/2019	1-12/2018	2019 Q4	2018 Q4
Profit/loss for the accounting period	27,453	20,322	4,527	3,719
Other comprehensive income before taxes				
Items that will not be reclassified to profit or loss				
Gains and losses on remeasurements from benefit pension plans	-53	110	15	101
Items that may later be reclassified to profit or loss				
Measured at fair value	7,778	672	-3,458	1,150
Transferred to Income Statement as a reclassification change	120	-396	-	-236
Other comprehensive income before taxes	7,844	386	-3,443	1,016
Income taxes				
For items that will not be reclassified to profit or loss				
Gains and losses on remeasurements from benefit pension plans	11	-22	-3	-20
Items that may later be reclassified to profit or loss				
Measured at fair value	-1,580	-55	692	-183
Income taxes	-1,569	-77	689	-203
Other comprehensive income for the accounting period after taxes	6,276	309	-2,755	813
Comprehensive income for the accounting period	33,729	20,631	1,772	4,532
Attributable to:				
Shareholders of Oma Säästöpankki Oyj	33,855	20,512	1,862	4,496
Non-controlling interest	-126	119	-90	36
Total	33,729	20,631	1,772	4,531

Consolidated Balance Sheet

Note	Assets (1,000 euros)	31 Dec 2019	31 Dec 2018
	Cash and cash equivalents	6,626	18,521
G3	Loans and advances to credit institutions	60,005	58,832
G3	Loans and advances to the public and public sector entities	2,960,356	2,527,016
G4	Financial derivatives	5,634	1,593
G5	Investment assets	329,977	272,253
	Shares of companies consolidated by the equity method	5,666	175
	Intangible assets	9,259	5,039
	Tangible assets	25,325	16,547
	Other assets	11,827	12,286
	Deferred tax assets	1,814	1,342
	Current income tax assets	41	1,057
	Total assets	3,416,530	2,914,661
Note	Liabilities (1,000 euros)	31 Dec 2019	31 Dec 2018
G6	Liabilities to credit institutions	88,045	89,793
G6	Liabilities to the public and public sector entities	2,005,573	1,757,911
G7	Debt securities issued to the public	938,348	714,863
	Subordinated liabilities	15,500	25,200
	Provisions and other liabilities	24,622	15,698
	Deferred tax liabilities	24,578	20,866
	Total liabilities	3,096,665	2,624,331
	Equity (1,000 euros)	31 Dec 2019	31 Dec 2018
	Share capital	24,000	24,000
	Reserves	145,934	139,616
	Retained earnings	149,332	125,964
	Shareholders of Oma Säästöpankki Oyj	319,266	289,580
	Shareholders of Oma Säästöpankki Oyj	319,266	289,580
	Non-controlling interest	598	750
	Equity, total	319,865	290,330
	Total liabilities and equity	3,416,530	2,914,661
	Group's off-balance sheet commitments (1,000 euros)	31 Dec 2019	31 Dec 2018
	Guarantees and pledges	21,781	21,735
	Other commitments given to a third party	266	297
	Commitments given to a third party on behalf of a customer	22,047	22,032
	Undrawn credit facilities	190,478	187,244
	Irrevocable commitments given in favour of a customer	190,478	187,244
	Group's off-balance sheet commitments, total	212,525	209,276

Consolidated condensed cash flow statement

(1,000 euros)	1-12/2019	1-12/2018
Cash flow from operating activities		
Profit/loss for the accounting period	27,453	20,322
Changes in fair value	59	-583
Share of profit from associated companies	13	-
Depreciation and impairment losses on investment properties	560	200
Depreciation, amortisation and impairment losses on tangible and intangible assets	5,047	2,788
Gains and losses on sales of tangible and intangible assets	80	387
Impairment and expected credit losses	9,567	3,746
Income taxes	5,231	4,653
Other adjustments	-4,011	865
Adjustments to the profit/loss of the accounting period	16,548	12,056
Cash flow from operations before changes in receivables and liabilities	44,001	32,378
Increase (-) or decrease (+) in operating assets		
Debt securities	-32,089	-74,917
Loans and advances to credit institutions	3,205	-2,495
Loans and advances to customers	-444,559	-393,972
Derivatives and hedge accounting	100	93
Investment assets	-17,883	-3,229
Other assets	449	15,734
Total	-490,777	-458,787
Increase (+) or decrease (-) in operating liabilities		
Liabilities to credit institutions	-1,749	53,800
Deposits	243,143	116,125
Subordinated liabilities	-	-
Provisions and other liabilities	4,004	-6,801
Total	245,399	163,125
Paid income taxes	-2,543	-5,061
Total cash flow from operating activities	-203,921	-268,346

(1,000 euros)	1-12/2019	1-12/2018
Cash flow from investments		
Investments in tangible and intangible assets	-12,769	-1,170
Proceeds from sales of tangible and intangible assets	470	1,129
Acquisition of associated companies and joint ventures	0	-175
Changes in other investments	1,217	19
Total cash flow from investments	-11,082	-196
Cash flows from financing activities		
Subordinated liabilities, changes	-12,769	-1,170
Debt securities issued to the public	470	1,129
Acquisition of non-controlling interests	0	-175
Other monetary changes in equity items	1,217	19
Payments of lease liabilities	-11,082	-196
Dividends paid	-4,194	-2,112
Total cash flows from financing activities	207,486	4,289
Net change in cash and cash equivalents	-7,517	-264,253
Cash and cash equivalents at the beginning of the accounting period	59,405	323,658
Cash and cash equivalents at the end of the accounting period	51,888	59,405
Cash and cash equivalents are formed by the following items		
Cash and cash equivalents	6,626	18,521
Receivables from credit institutions repayable on demand	45,262	40,884
Total	51,888	59,405
Received interest	64,550	49,290
Paid interest	-5,724	-5,246
Dividends received	1,393	987

Consolidated statement of changes in equity

(1,000 euros)	Share capital	Reserve for invested non-restricted equity	Fair value reserve	Reserves, total	Retained earnings	Shareholders of Oma Säästöpankki Oyj	Non-controlling interest	Equity, total
Equity, January 1, 2019	24,000	137,396	2,220	139,616	125,964	289,580	750	290,330
Comprehensive income								
Profit for the accounting period	-	-	-	-	27,579	27,579	-126	27,453
Other comprehensive income	-	-	6,318	6,318	-43	6,276	-	6,276
Total comprehensive income	-	-	6,318	6,318	27,537	33,855	-126	33,729
Transactions with owners								
Acquisition of treasury shares	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-4,168	-4,168	-26	-4,194
Other changes	-	-	-	-	-	-	-	-
Transactions with owners, total	-	-	-	-	-4,168	-4,168	-26	-4,194
Equity, total, December 31, 2019	24,000	137,396	8,538	145,934	149,332	319,266	598	319,865

(1,000 euros)	Share capital	Reserve for invested non-restricted equity	Fair value reserve	Reserves, total	Retained earnings	Shareholders of Oma Säästöpankki Oyj	Non-controlling interest	Equity, total
Equity, January 1, 2018	24,000	106,087	1,999	108,086	107,871	239,957	647	240,604
Comprehensive income								
Profit for the accounting period	-	-	-	-	20,203	20,203	119	20,322
Other comprehensive income	-	-	221	221	88	309	-	309
Total comprehensive income	-	-	221	221	20,291	20,512	119	20,631
Transactions with owners								
Acquisition of treasury shares	-	-	-	-	-57	-57	-	-57
Distribution of dividends	-	-	-	-	-2,112	-2,112	-	-2,112
Share capital increase	-	31,550	-	31,550	-	31,550	-	31,550
Transaction costs (IPO costs)	-	-241	-	-241	-	-241	-	-241
Other changes	-	-	-	-	-29	-29	-16	-45
Transactions with owners, total	-	31,309	-	31,309	-2,198	29,111	-16	29,095
Equity, total, December 31, 2018	24,000	137,396	2,220	139,616	125,964	289,580	750	290,330

Consolidated condensed income statement, quarterly trend

Note	(1,000 euros)	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
	Interest income	16,401	16,281	15,969	14,699	14,989
	Interest expenses	-1,381	-1,413	-1,529	-1,505	-1,563
G8	Net interest income	15,020	14,868	14,440	13,195	13,426
	Fee and commission income	7,590	7,477	7,546	7,368	7,357
	Fee and commission expenses	-1,262	-982	-1,159	-1,164	-2,572
G9	Fee and commission income and expenses, net	6,327	6,495	6,387	6,204	4,785
G10	Net income on financial assets and financial liabilities	1,438	-272	-347	6,699	-277
	Other operating income	152	90	583	1,294	218
	Total operating income	22,937	21,181	21,063	27,392	18,152
	Personnel expenses	-5,051	-3,822	-3,892	-4,306	-4,999
	Other operating expenses	-6,838	-5,536	-6,885	-8,932	-7,714
	Depreciation, amortisations and impairment losses on tangible and intangible assets	-1,752	-1,108	-1,133	-1,055	-726
	Total operating expenses	-13,641	-10,466	-11,910	-14,292	-13,439
G11	Impairment losses on financial assets, net	-3,644	-2,371	-2,348	-1,205	-196
	Share of profit from joint ventures and associated companies	-6	-2	-2	-3	-
	Profit before taxes	5,646	8,342	6,804	11,892	4,516
	Income taxes	-1,119	-1,665	-1,343	-1,103	-797
	Profit for the accounting period	4,527	6,677	5,461	10,789	3,719
	Of which:					
	Shareholders of Oma Säästöpankki Oyj	4,616	6,713	5,458	10,791	3,683
	Non-controlling interest	-90	-36	2	-3	36
	Total	4,527	6,677	5,461	10,789	3,719
	Earnings per share (EPS), euro	0.16	0.23	0.18	0.36	0.13
	Profit before taxes excluding items affecting comparability:	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
	Profit before taxes	5,646	8,342	6,804	11,892	4,516
	Operating income:					
	IPO	-	-	-	-	1,549
	Fee and commission income amortised impact	565	509	743	-	-
	Net income on financial assets and liabilities	-1,438*	272	347	-6,699	277
	Operating expenses					
	IPO	-	-	-	-	241
	Expenses from the co-operation negotiations	1,062	-	-	-	-
	Comparative profit before taxes	5,835	9,123	7,894	5,193	6,583
	Income taxes in income statement	-1,119	-1,665	-1,343	-1,103	-797
	Change of deferred taxes	-38	-156	-218	40	-413
	Comparative profit for the accounting period	4,678	7,302	6,332	4,129	5,372

* Includes EUR 266 thousand in property impairment losses in connection with employee co-operation negotiations.

Financial Statements

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G1 Accounting principles for the financial statements release

1 About the accounting principles

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

Oma Savings Bank Group comprises the parent company Oma Savings Bank Plc, its two subsidiaries (real estate company Lappeenrannan Säästökeskus, 100% holding, and SAV-Rahoitus Oyj, 50.7% holding). The Group has an associate company GT Invest Oy (holding 48.7%) and a joint venture Paikallispankkien PP-Laskenta Oy (holding 25%).

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

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

The Board of Directors has approved the financial statements release for the financial year 1 January – 31 December 2019 in its meeting on 17 February 2020.

2 Changes to the accounting principles

2.1 Lease agreements

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

Leases in which the Group functions as the lessee are entered in the balance sheet as lease liability and as a right-of-use asset. The right-of-use assets recognised in the Group's balance sheet are related to the leases on properties, office premises and machines and equipment. On the date of initial application, the right-of-use asset is valued at acquisition cost, which includes the amount of lease liability in accordance with the acquisition value and any initial direct costs and the asset item's estimated restoration costs and any rents paid by the starting date of the lease, minus received incentives. A right-of-use asset is amortised and interest on the lease liability is expensed. The amortisation is carried out during the period between the starting date of the lease and the earlier of the end of the right-of-use asset's financially useful life or the end of the lease term. The lease term relating to office premises is five years.

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

As a lessor, Oma Savings Bank Group does not have any contracts that are classified as finance leases. Leases classified as operating leases are recognized on a straight-line basis over the lease term.

2.2 Clarification of the recognition principles for fee and commission income

Significant arrangement and transaction fees are recognised using the effective interest method based on the average expected maturity of the loan rather than recognising the income as a one-off gain.

The impact of the adjustment for the financial year 2019 on fee and commission income is EUR -2,073.1 thousand and on interest income EUR +256.4 thousand. The clarification of recognition principles relates to new credit issued to corporates and housing companies.

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

Preparing this financial statements release in compliance with the IFRS standards has required the Group's management to make certain estimates and assumptions that impact the amounts of items presented in the financial statements release and the information included in the accompanying notes. The essential estimates by the management team relate to the future and the material uncertain factors as on 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 release.

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

G2 Categorisation of financial assets and liabilities

Assets December 31, 2019 (1,000 euros)	Amortised cost	Recognised at fair value through other comprehensive income	Recognised at fair value through profit or loss	Hedging derivatives	Book value, total	Fair value
Cash and cash equivalents	6,626	-	-	-	6,626	6,626
Loans and advances to credit institutions	60,005	-	-	-	60,005	60,005
Advances to customers	2,960,356	-	-	-	2,960,356	2,960,356
Derivatives, hedge accounting	-	-	-	5,634	5,634	5,634
Debt instruments	-	268,271	263	-	268,534	268,534
Equity-based instruments	-	-	54,615	-	54,615	54,615
Total assets	3,026,987	268,271	54,878	5,634	3,355,770	3,355,770
Investments in associated companies					5,666	5,666
Investment properties					6,828	8,180
Non-financial assets					48,266	48,266
Assets December 31, 2019	3,026,987	268,271	54,878	5,634	3,416,530	3,417,882

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

Assets December 31, 2018 (1,000 euros)	Amortised cost	Recognised at fair value through other comprehensive income	Recognised at fair value through profit or loss	Hedging derivatives	Book value, total	Fair value
Cash and cash equivalents	18,521	-	-	-	18,521	18,521
Loans and advances to credit institutions	58,832	-	-	-	58,832	58,832
Advances to customers	2,526,932	-	84	-	2,527,016	2,527,016
Derivatives, hedge accounting	-	-	-	1,593	1,593	1,593
Debt instruments	-	228,480	179	-	228,659	228,659
Equity-based instruments	-	-	36,417	-	36,417	36,417
Total assets	2,604,285	228,480	36,680	1,593	2,871,039	2,871,039
Investments in associated companies					175	175
Investment properties					7,176	9,006
Non-financial assets					36,271	36,271
Assets December 31, 2018	2,604,285	228,480	36,680	1,593	2,914,661	2,916,491

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

G3 Loans and advances

(1,000 euros)	31 Dec 2019	31 Dec 2018
Loans and advances to credit institutions		
Deposits	45,262	40,884
Other	14,743	17,948
Loans and advances to credit institutions, total	60,005	58,832
Loans and advances to customers		
Loans	2,860,451	2,450,631
Used overdraft facilities	72,429	52,114
Loans intermediated through the State's assets	100	312
Credit cards	27,349	23,761
Bank guarantee receivables	27	198
Loans and advances to customers, total	2,960,356	2,527,016
Loans and advances, total	3,020,361	2,585,848

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

G4 Financial derivatives and hedge accounting

Assets (1,000 euros)	31 Dec 2019	31 Dec 2018
Hedging fair value		
Interest rate derivatives	5,337	1,519
Other hedging derivatives		
Share and share index derivatives	297	74
Total derivative assets	5,634	1,593

Liabilities (1,000 euros)	31 Dec 2019	31 Dec 2018
Hedging fair value		
Interest rate derivatives	-	-
Total derivative liabilities	-	-

Change in the value of underlying item / Fair value hedge	-6,131	-1,884
Change in the value of underlying item / Other hedging derivatives	164	436

Nominal values of underlying items and fair values of derivatives December 31, 2019

(1,000 euros)	Residual maturity			Fair values		
	Less than 1 year	1–5 years	Over 5 years	Total	Assets	Liabilities
Fair value hedge	15,000	650,000	-	665,000	5,337	-
Interest rate swaps	15,000	650,000	-	665,000	5,897	-
Cva and Dva adjustments					-561	-
Other hedging derivatives	25,791	49,644	-	75,436	297	-
Share and share index derivatives	25,791	49,644	-	75,436	423	-
Cva and Dva adjustments					-125	-
Derivatives total	40,791	699,644	-	740,436	5,634	-

Nominal values of underlying items and fair values of derivatives December 31, 2018

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

G5 Investment assets

Investment assets (1,000 euros)	31 Dec 2019	31 Dec 2018
Assets at fair value through profit or loss		
Debt securities	263	179
Shares and other equity instruments	54,615	36,417
Assets at fair value through profit or loss, total	54,878	36,596
At fair value through other comprehensive income		
Debt securities	268,271	228,480
Shares and other equity instruments	-	-
At fair value through other comprehensive income, total	268,271	228,480
Total investment properties	6,828	7,176
Investment assets total	329,977	272,253
Changes in investment properties (1,000 euros)	31 Dec 2019	31 Dec 2018
Cost January 1	12,635	13,671
+ Increases	274	554
- Decreases	-274	-1,639
+/- Transfers	-	49
Cost at the end of the period	12,634	12,635
Accrued depreciation and impairment losses	-5,458	-5,435
+ Accrued depreciation of decreases and transfers	143	186
- Depreciation	-317	-410
+/- Impairment loss and their returns	-174	201
+/- Other changes	-	-
Accumulated depreciation and impairment losses at the end of the period	-5,806	-5,458
Opening balance January 1	7,176	8,236
Closing balance	6,828	7,176

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

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

Measured at fair value through profit or loss and at fair value through other comprehensive income (1,000 euros) December 31, 2018	Equity instruments				Debt-based				All total
	Fair value through other comprehensive income	Fair value through profit or loss	At amortised cost	Total	Fair value through other comprehensive income	Fair value through profit or loss	At amortised cost	Total	
Quoted									
Public sector entities	-	-	-	-	104,656	-	-	104,656	104,656
From others	-	15,200	-	15,200	122,242	-	-	122,242	137,442
Non-quoted									
From others	-	21,217	-	21,217	1,583	179	-	1,762	22,979
Total	-	36,417	-	36,417	228,480	179	-	228,659	265,076

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

(1,000 euros)	31 Dec 2019	31 Dec 2018
Liabilities to credit institutions		
Repayable on demand	16,052	11,871
Other than repayable on demand	71,992	77,923
Liabilities to credit institutions, total	88,045	89,793
Liabilities to the public and public sector entities		
Deposits	1,999,362	1,755,760
Repayable on demand	1,691,021	1,542,386
Other	308,341	213,375
Other financial liabilities	81	267
Repayable on demand	-	-
Other than repayable on demand	81	267
Changes in fair value in terms of borrowing	6,131	1,884
Liabilities to the public and public sector entities, total	2,005,573	1,757,911
Liabilities to the public and public sector entities and liabilities to credit institutions, total	2,093,618	1,847,704

G7 Debt securities issued to the public

(1,000 euros)	31 Dec 2019	31 Dec 2018
Bonds	772,074	582,908
Certificates of deposit	166,274	131,955
Total debt securities issued to the public	938,348	714,863

Maturity of bonds	Nominal value	Interest	Year of issue	Due date	Closing balance	
					2019	2018
Oma Sp Oyj 6.5.2019	110,000	margin 1.000 % / variable	2016	6.5.2019	-	109,978
Oma Sp Oyj 3.4.2020	125,000	margin 0.880 % / variable	2017	3.4.2020	124,984	124,919
Oma Sp Oyj 12.12.2022, covered bond	350,000	0.125 % / fixed	2017–2018	12.12.2022	348,512	348,010
Oma Sp Oyj 3.4.2024, covered bond	300,000	0.125 % / fixed	2019	3.4.2024	298,578	-
					772,074	582,908

Maturity of deposit certificates	less than				Closing balance, total
	3 months	3–6 months	6–9 months	9–12 months	
31 Dec 2019	47,489	45,979	46,433	26,373	166,274
31 Dec 2018	106,973	24,983	-	-	131,955

G8 Net interest income

(1,000 euros)	2019	2018
Interest income		
Advances to the public and public sector entities	58,312	50,912
Debt securities	2,148	2,167
Derivatives	2,359	2,188
Other interest income	531	683
Total interest income	63,351	55,949
Interest expenses		
Liabilities to credit institutions	-402	-675
Liabilities to the public and public sector entities	-1,798	-2,316
Debt securities issued to the public	-2,761	-3,085
Subordinated liabilities	-289	-477
Other interest expenses	-577	-46
Total interest expenses	-5,828	-6,599
Net interest income	57,522	49,351

G9 Fee and commission income and expenses

(1,000 euros)	2019	2018
Fee and commission income		
Lending	10,355	11,276
Deposits	73	129
Card and payment transactions	13,386	12,271
Intermediated securities	98	110
Reserves	2,460	2,452
Legal services	681	721
Brokered products	1,328	1,313
Granting of guarantees	884	640
Other fee and commission income	715	782
Total fee and commission income	29,981	29,694
Fee and commission expenses		
Card and payment transactions	-3,442	-2,890
Securities	-157	-1,626
Other fee and commission expenses	-967	-1,020
Total fee and commission expenses	-4,567	-5,535
Fee and commission income and expenses, net	25,414	24,158

G10 Net income on financial assets and financial liabilities

(1,000 euros)	31 Dec 2019	31 Dec 2018
Net income on financial assets at fair value through profit and loss		
On debt securities		
Gains/losses on sale	-	-116
Valuation gains and losses	-	-104
Debt securities total	-	-220
Shares and other equity instruments		
Dividend income	1,393	1,289
Gains/losses on sale	489	-90
Valuation gains and losses	6,765	-712
Shares and other equity instruments total	8,647	486
Net income on financial assets at fair value through profit or loss, total	8,647	266
Net income on financial assets at fair value through other comprehensive income		
On debt securities		
Capital gains and losses	131	-4
Difference in valuation reclassified from the fair value reserve to the income statement	-120	396
Debt securities total	11	393
Net income on financial assets at fair value through other comprehensive income, total	11	393
Net income from investment properties (1,000 euros)		
Rent and dividend income	709	818
Capital gains and losses	-60	-387
Other gains from investment properties	10	10
Maintenance expenses	-865	-919
Depreciation and impairment on investment properties	-560	-200
Rent expenses on investment properties	-13	-13
Net income from investment properties, total	-780	-691
Net gains on trading in foreign currencies	23	45
Net gains from hedge accounting	-121	744
Net income from trading	-262	-202
Net income on financial assets and financial liabilities, total	7,518	556

G11 Impairment losses on financial assets

(1,000 euros)	2019	2018
ECL advances to customer and off-balance sheet items	-6,649	-1,699
ECL from equity investments	-112	-64
Expected credit losses, total	-6,761	-1,763
Final credit losses	-2,888	-2,216
Refunds on realised credit losses	82	234
Recognised credit losses, total	-2,806	-1,983
Impairment losses on financial assets, total	-9,567	-3,746

Expected credit losses, loans and advances and off-balance sheet items

Loans and advances to credit institutions and to public and general government, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	31 Dec 2019	31 Dec 2018
				Total	Total
Expected credit losses January 1	1,504	1,825	8,247	11,577	9,762
Transfer to stage 1	530	-280	90	339	-449
Transfer to stage 2	-128	712	-466	118	-162
Transfer to stage 3	-26	-268	5,887	5,594	3,045
New debt securities	1,560	435	427	2,422	1,917
Matured debt securities	-559	-294	-3,614	-4,467	-2,953
Realised credit losses	2	-20	-1,153	-1,172	-1,183
Recoveries on previous realised credit losses	-3	10	-1	6	-
Changes in credit risk	-835	-68	2,851	1,948	1,245
Changes in the ECL model parameters	212	763	344	1,319	-
Changes based on management estimates	149	371	-	520	356
Expected credit losses December 31	2,407	3,186	12,612	18,205	11,577

Off-balance sheet commitments (1,000 euros)	Stage 1	Stage 2	Stage 3	31 Dec 2019	31 Dec 2018
				Total	Total
Expected credit losses January 1	384	121	89	594	710
Transfer to stage 1	33	-24	-2	7	-3
Transfer to stage 2	-4	6	-2	-	-
Transfer to stage 3	-0	-27	27	-	-
New debt securities	164	90	43	297	327
Matured debt securities	-218	-47	-27	-292	-394
Realised credit losses	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-
Changes in credit risk	20	2	-13	8	-46
Changes in the ECL model parameters	-	-	-	-	-
Changes based on management estimates	-	-	-	-	-
Expected credit losses December 31	377	122	115	614	594

Expected credit losses, investment assets

Debt securities, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	31 Dec 2019	31 Dec 2018
				Total	Total
Expected credit losses January 1	499	49	-	548	484
Transfer to stage 1	1	-14	-	-14	-
Transfer to stage 2	-	-	-	-	20
Transfer to stage 3	-	-	-	-	-
New debt securities	35	39	-	73	190
Matured debt securities	-3	-8	-	-11	-44
Realised credit losses	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-
Changes in credit risk	31	-7	-	24	-102
Changes in the ECL model parameters	7	32	-	39	-
Changes based on management estimates	-	-	-	-	-
Expected credit losses December 31	569	91	-	660	548

G12 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".

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

Financial assets and liabilities measured at fair value

Financial assets (1 000 euros)	31 Dec 2019				31 Dec 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Measured at fair value through profit or loss								
Equity-based	29,305	1,763	23,547	54,615	15,200	1,214	20,003	36,417
Debt-based	179	-	84	263	179	-	84	263
Financial derivatives	-	5,634	-	5,634	-	1,593	-	1,593
Recognised in comprehensive income at fair value								
Debt-based	268,271	-	-	268,271	228,191	-	289	228,480
Financial assets total	297,755	7,397	23,631	328,783	243,570	2,807	20,376	266,753

Financial liabilities (1 000 euros)	31 Dec 2019				31 Dec 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial derivatives	0	0	0	0	0	0	0	0
Financial liabilities total	0	0	0	0	0	0	0	0

Investment transactions, categorised to Level 3

Financial assets at fair value through profit or loss (1,000 euros)	31 Dec 2019			31 Dec 2018		
	Equity securities	Debt securities	Total	Equity securities	Debt securities	Total
Opening balance 1 Jan	20,003	84	20,087	19,119	718	19,837
+ Acquisitions	7,450	-	7,450	1,006	-	1,006
- Sales	-9,199	-	-9,199	-76	-	-76
- Matured during the year	-	-	-	-	-532	-532
+/- Realised value change in the income statement	5,427	-	5,427	-67	-100	-167
+/- Unrealised value change in the income statement	-135	-	-135	20	-1	19
+ Transfers to Level 3	-	-	-	-0	-	-0
- Transfers to Level 1 and 2	-	-	-	-	-	-
Closing balance 31 Dec	23,547	84	23,631	20,003	84	20,087

At fair value through other comprehensive income (1,000 euros)	31 Dec 2019			31 Dec 2018		
	Equity securities	Debt securities	Total	Equity securities	Debt securities	Total
Opening balance 1 Jan	-	289	289	-	749	749
+ Acquisitions	-	-	-	-	-	-
- Sales	-	-	-	-	-6	-6
- Matured during the year	-	-	-	-	-451	-451
+/- Realised value change in the income statement	-	-	-	-	-	-
+/- Unrealised value change in the income statement	-	-	-	-	-	-
+/- Value change in other comprehensive income	-	-	-	-	-3	-3
+ Transfers to Level 3	-	-	-	-	-	-
- Transfers to Level 1 and 2	-	-289	-289	-	-	-
Closing balance 31 Decs	-	-	-	-	289	289

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

Equity securities	Hypothetical change	31 Dec 2019 Potential impact on equity			31 Dec 2018 Potential impact on equity		
		Market value	Positive	Negative	Market value	Positive	Negative
At fair value through profit or loss	+/- 15%	23,547	3,532	-3,532	20,003	3,000	-3,000
At fair value through other comprehensive income	+/- 15%	-	-	-	-	-	-
Total		23,547	3,532	-3,532	20,003	3,000	-3,000

Debt securities	Hypothetical change	31 Dec 2019 Potential impact on equity			31 Dec 2018 Potential impact on equity		
		Market value	Positive	Negative	Market value	Positive	Negative
At fair value through profit or loss	+/- 15%	84	13	-13	84	13	-13
At fair value through other comprehensive income	+/- 15%	-	-	-	289	43	-43
Total		84	13	-13	373	56	-56

G13 Business combinations

Acquisition during the 2019 accounting period

Oma Savings Bank acquired 48.7% of share capital of GT Invest Oy. GT Invest Oy owns 51% of the joint venture which invests in rental flats built in Finland.

The acquired shares and private equity are recognised in the consolidated balance sheet in the item 'Shares of companies consolidated by the equity method'.

The total value of the private equity and equity holdings is EUR 5.5 million.

Acquisitions during the 2018 accounting period

On 31 August 2018, Oma Savings Bank, together with Aktia Bank, the POP Bank Group and the Savings Bank Group acquired the entire share capital of PP-Laskenta Oy. PP-Laskenta Oy for local banks is a nationally operating financial administration service centre, which produces financial administration and regulatory reporting services for financial operators. PP-Laskenta's new owners are PP-Laskenta's customers.

Oma Savings Bank owns 25.0% of the acquired company.

The acquired shares and goodwill resulting from the trade are recognised in the consolidated balance sheet in the item 'Shares of companies consolidated by the equity method'.

G14 Leases

Adoption of IFRS 16 Leases

The IFRS 16 Leases standard came into force on 1 January 2019. The new standard replaced the IAS 17 standard and the related interpretations. As a result of IFRS 16, almost all leases are recognised in the balance sheet, with the exception of the two exemptions included in the standard which apply to short-term leases of no more than 12 months and low-value leases. As a lessee the classification into operating leases and finance leasing was removed. The lessee recognises the right-of-use asset in the balance sheet based on its right to use a specific asset and the lease liability based on its obligation to pay rent.

Oma Savings Bank Group adopted the IFRS 16 Leases standard on 1 January 2019, using the modified retrospective approach. The comparative information has not been restated. More details of the accounting principles

applicable to IFRS 16 are presented in note G1 'Accounting principles' of the financial statements release.

The Group has applied the exemptions allowed by the standard and low-value leases and lease terms less than 12 months have been excluded from the scope of the application. Therefore the adoption of the IFRS 16 standard does not have a significant impact on the consolidated financial statements of the Oma Savings Bank Group.

The table below shows the rental obligations resulting from the operating leases presented when applying IAS 17 in the 2018 financial statements and the reconciliation between the lease liabilities recognised in the balance sheet on 1 January 2019. The lease liabilities recognised in the balance sheet have been determined using the weighted average of the Group's incremental borrowing rate, 1.3 per cent.

(1,000 euros)	1 Jan 2019
Operating lease commitments at December 31, 2018 as disclosed in the Group's consolidated financial statements	4,448
Lease commitments discounted January 1, 2019	4,327
Extension options reasonably certain to be exercised	1,280
Other changes	469
Recognition exemption for short-term leases	-5
Lease liability recognised at January 1, 2019	6,071

Assets (1,000 euros)	31 Dec 2019
Opening balance premises, January 1, 2019	5,934
Increases	107
Decreases	-416
Accumulated depreciation on deductions	59
Depreciation	-1,269
Closing balance premises, December 31, 2019	4,415
Refundable at the end of the lease	15
Opening balance equipment, January 1, 2019	122
Increases	410
Depreciation	-172
Closing balance equipment, December 31, 2019	361

Liabilities (1,000 euros)	31 Dec 2019
Lease liabilities December 31, 2019	4,851

Maturity analysis (undiscounted cash flows)

less than 1 year	1–5 years	over 5 years
1,433	3,445	107

Impact on result (1,000 euros):	1–12/2019
Rental income, other operating income	89
Rental income, investment properties	709
Depreciation	
Premises	-1,269
Equipment	-172
Interest expenses	-79
Leases of short-term leases	-252
Leases of low-value assets	-823
Lease expenses total	-1,797

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

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

In the Bank's view, alternative key figures provide meaningful and useful information to investors, securities market analysts and others concerning Oma Savings Bank Plc's performance, financial position and cash flows.

Oma Savings Bank Plc uses the following Alternative Performance Measures:

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

Calculation of key figures

Operating income, total

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

Total operating expenses

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

Liquidity coverage ratio (LCR), %

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

Cost/income ratio, %

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

Comparative cost/income ratio, %

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

Comparative profit before taxes

Profit/loss before taxes without items effecting comparability

Return on equity (ROE), %

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

Comparative return on equity (ROE), %

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

Total return on assets (ROA), %

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

Equity ratio, %

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

Total capital (TC), %

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

Common Equity Tier 1 (CET1)

$$\frac{\text{Common Equity Tier 1 (CET1)}}{\text{Risk-weighted assets total (RWA) x100}} \times 100$$

Tier 1 equity ratio (T1), %

$$\frac{\text{Tier 1 capital (T1)}}{\text{Risk-weighted assets total (RWA) x100}} \times 100$$

Earnings per share (EPS), EUR

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

Average number of shares outstanding

Comparative earnings per share (EPS), EUR

Comparative profit/loss – Share of non-controlling interests

Average number of shares outstanding



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