Q2/2023

Oma Savings Bank Group
Half-Year Financial Report 30 June 2023

Half-Year Financial Report 30 June 2023 is a translation of the original Finnish version “Puolivuosikatsaus 30.6.2023”. If discrepancies occur, the Finnish version is dominant.

Oma Savings Bank Group´s Half-Year Financial Report Jan-Jun 2023

- In January-June, net interest income grew strongly by 80.6% compared to the previous year. Net interest income totalled EUR 85.5 (47.3) million. Net interest income was increased especially by the rise of market interest rates, and in addition, the volumes that have increased since March with the acquisition of Liedon Savings Bank's business.
- In the second quarter, net interest income increased by 103.2% compared to the comparative period and totalled EUR 49.2 (24.2) million.
- Home mortgage portfolio increased by 26.5% during the previous 12 months. Corporate loan portfolio increased by 19.5% during the previous 12 months.
- Deposit base grew by 23.4% over the previous 12 months.
- In January-June, fee and commission income and expenses (net) item increased due to volume growth by 9.7%. In the second quarter, fee and commission income and expenses (net) item grew by 17.0% compared to the previous year.
- In January-June, total operating income grew by 66.5% and in the second quarter 86.7% compared to the previous year. The acquisition of Liedon Savings Bank's business has had a positive impact on the development of net interest income and fee and commission income due to increased volumes.
- Total operating expenses grew in total by 26.2% and in the second quarter by 17.0%. The increase in expenses during the beginning of the year can be explained by the expanded branch network due to the corporate restructuring, increased authority fees and IT development costs.
- Impairment losses on financial assets still remained at a moderate level and were in total EUR -4.3 (1.1) million during the beginning of the year. In the comparison period, a positive profit impact due to model changes was recorded as ECL decreased, which explains the change from the previous year.
- In the second quarter, the impairment losses on financial assets were in total EUR -2.7 (-1.4) million of which EUR 2.0 million can be explained by the additional allowance based on the management's judgment and the allowance of macro variable model for the deterioration of the economic environment.
- In January-June, profit before taxes grew and was in total EUR 62.0 (32.2) million. The growth was 92.7% compared to the previous year. For the second quarter, profit before taxes grew 177.6% and was in total EUR 38.7 (13.9) million.
- For the beginning of the year, comparable profit before taxes grew 74.1% compared to the previous year and was in total EUR 63.0 (36.2) million. In the second quarter, comparable profit before taxes grew 140.3% and was EUR 38.8 (16.2) million.
- In January-June, cost/income ratio improved and was 41.6 (54.7)%. Also comparable cost/income improved and was 40.0 (51.6)%.
- In the second quarter, cost/income ratio improved and was 34.4 (54.7)%. Also comparable cost/income ratio improved and was 33.7 (51.4)%.
- Comparable return on equity (ROE) improved and was 24.1 (15.4)% for January-June and 27.3 (14.2)% in the second quarter.

Outlook for the financial year 2023 (unchanged)

The Company estimates that profitable growth will continue to be strong. The Group's 2023 comparable profit before taxes will increase significantly compared to the previous financial year and will exceed EUR 100 million.

More about the outlook in the Half-Year Financial Report on page 23.

The Group's key figures (1,000 euros)	1-6/2023	1-6/2022	Δ %	1-12/2022	2023 Q2	2022 Q2	Δ %
Net interest income	85,459	47,316	81%	104,930	49,236	24,229	103%
Fee and commission income and expenses, net	23,007	20,981	10%	39,396	12,555	10,730	17%
Total operating income	113,878	68,386	67%	144,392	63,181	33,843	87%
Total operating expenses	-47,242	-37,424	26%	-73,062	-21,674	-18,521	17%
Impairment losses on financial assets, net	-4,309	1,126	-483%	-1,747	-2,714	-1,372	98%
Profit before taxes	61,996	32,168	93%	69,226	38,699	13,942	178%
Cost/income ratio, %	41.6 %	54.7%	-24%	50.7%	34.4%	54.7%	-37%
Balance sheet total	7,014,730	5,890,317	19%	5,941,766	7,014,730	5,890,317	19%
Equity	470,229	355,874	32%	364,961	470,229	355,874	32%
Return on assets (ROA) %	1.5%	0.9%	70%	1.0%	1.7%	0.8%	116%
Return on equity (ROE) %	23.7%	13.7%	73%	14.5%	27.2%	12.2%	123%
Earnings per share (EPS), EUR	1.57	0.86	81%	1.85	0.93	0.37	152%
Total capital (TC) ratio %	16.0%	13.2%	21%	14.9%	16.0%	13.2%	21%
Common Equity Tier 1 (CET1) capital ratio %	14.1%	13.2%	7%	13.3%	14.1%	13.2%	7%
Comparable profit before taxes	62,979	36,171	74%	75,850	38,822	16,158	140%
Comparable cost/income ratio, %	40.0 %	51.6%	-23%	48.0%	33.7%	51.4%	-34%
Comparable return on equity (ROE) %	24.1%	15.4%	57%	15.8%	27.3%	14.2%	92%

Comparable profit before taxes EUR 63 million for the beginning of the year

CEO’s review

Best quarter in history again - comparable profit before taxes increased 140% and comparable ROE% increased to 27.3%

OmaSp's business development has continued strong throughout the beginning of the year. The bank's profit development and cost efficiency have improved further, and June's result was the best single month ever.

During the second quarter, the business transferred from Liedon Savings Bank has been successfully integrated into OmaSp. The agreement announced in late May to acquire Handelsbanken's Finnish SME business has been positively received by customers and in the market overall.

Q2/2023 Comparable cost/income ratio 33.7%

The normalisation of the interest rate environment has further supported the growth of net interest income in addition to volume growth. During the second quarter, net interest income increased by 103% compared to the previous year. The development of fee and commission income and expenses picked up clearly in the second quarter and fee and commission income and expenses increased by 17% compared to the previous year. For the beginning of the year, the net interest income increased by 81% and fee and commission income and expenses by 10% compared to the previous year. The acquisition of Liedon Savings Bank's business has had a significant positive impact on the figures for the second quarter.

OmaSp's business development at the beginning of the year is reflected in a very strong return on equity. The comparable return on equity (ROE%) rose to 27.3% for the second quarter and the comparable return on equity (ROE%) was 24.1% for the beginning of the year. The comparable cost//income ratio also improved significantly and was 33.7% in the second quarter. For the beginning of the year, the comparable cost/income ratio was 40.0% including authority fees.

For the second quarter, the comparable result before taxes grew by 140% compared to the comparison period and was EUR 38.8 million. For the beginning of the year, the comparable profit before taxes grew by 74% and was EUR 63 million.

Q2/2023 Comparable ROE 27.3%

The quality of the loan portfolio has remained at a good level. For the second quarter, the accumulated credit losses totalled EUR 2.7 million, of which additional allowances for changes in the economic environment amounted to EUR 2.0 million.

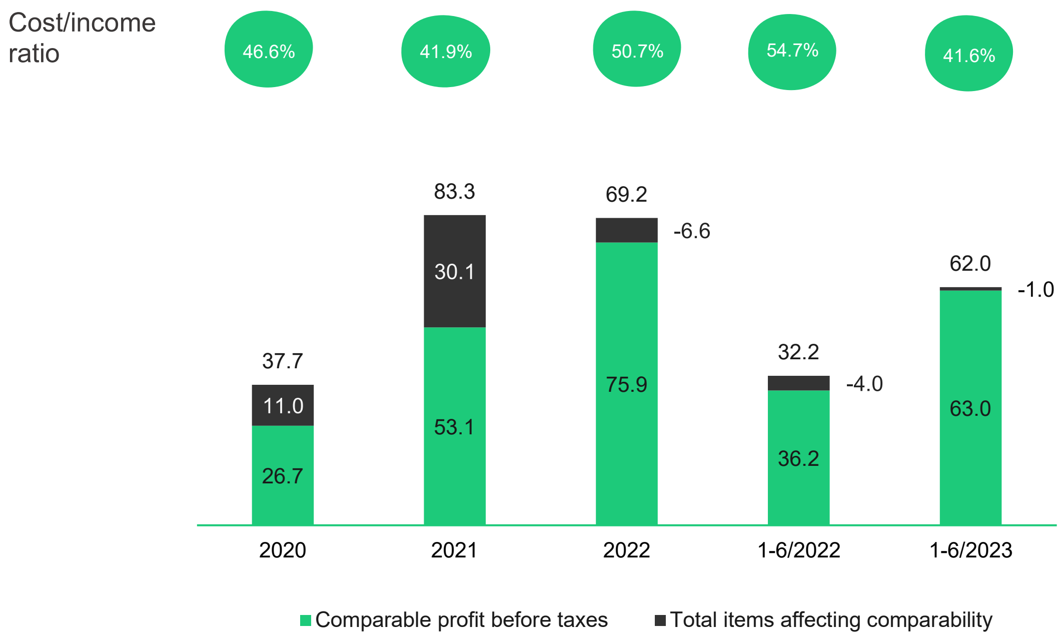
The Company's balance sheet has grown to over EUR 7 billion as a result of the acquisition of Liedon Savings Bank. In the first half of the year, equity has increased by approximately EUR 114 million to more than EUR 470 million. The Company's capital adequacy has strengthened even further.

OmaSp's financial position is strong, and we continue the financial year from excellent starting points. The role of a successful bank as a reliable partner for customers is emphasized especially during uncertain times.

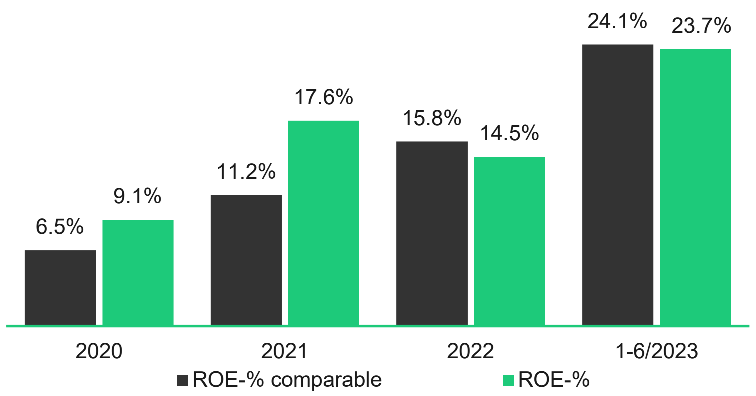
Pasi Sydänlammi
CEO

A profitably growing Finnish bank

Profit before taxes, EUR mill.

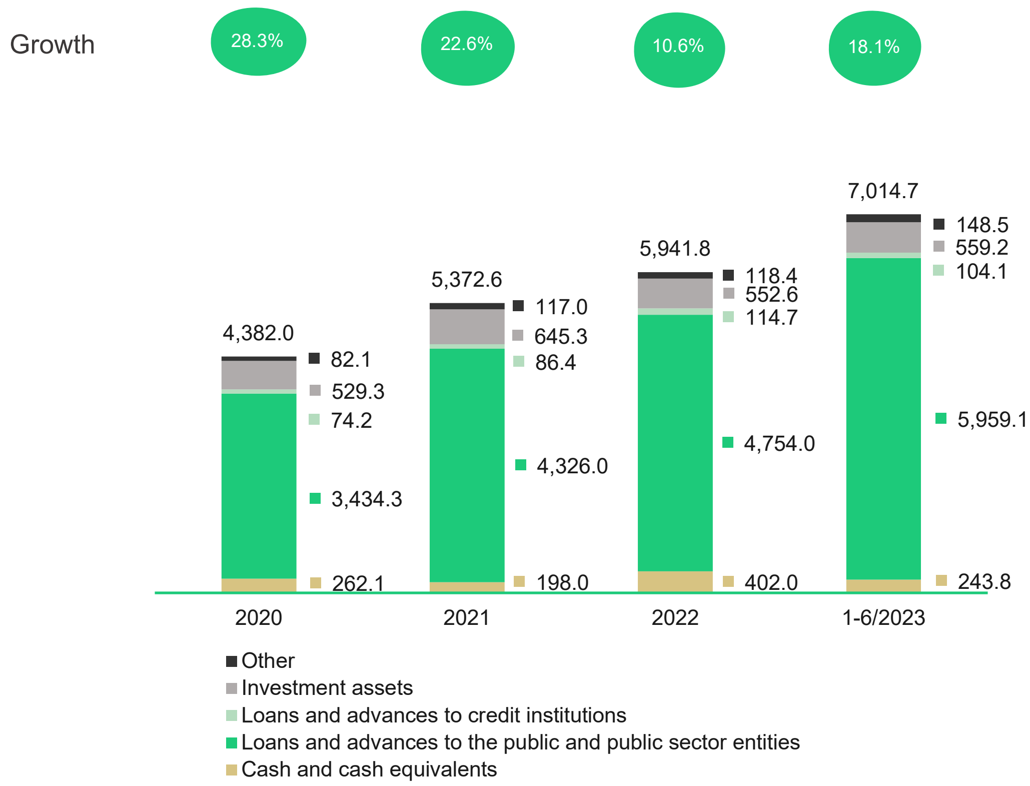


Return on equity (ROE) %

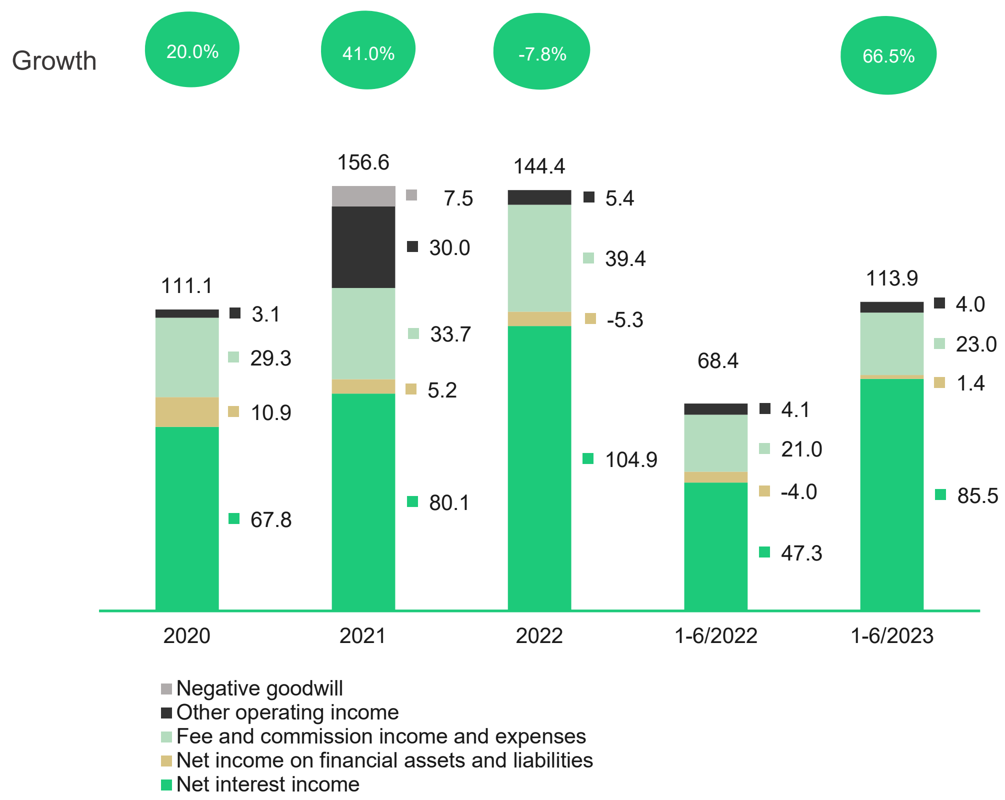


omaSp

Balance sheet total, EUR mill.



Total operating income, EUR mill.



Significant events during the period

- In May, the Company and Handelsbanken AB agreed on an arrangement whereby the Company acquires Handelsbanken's SME enterprise operations in Finland. The transaction is expected to be finalised during the second half of the year 2024. The exact date will be specified later. The size of the deposit base transferring to the Company is approximately EUR 1.2 billion and the lending volume is approximately EUR 460 million in the situation on 31 March 2023. The target of the business transaction is in total approximately 14,000 SME customers. In addition, personal banking services of entrepreneurs will be transferred, which are not included in the above figures. At the same time, around 40 people from Handelsbanken will be transferred to the Company as old employees. Authority approval for the transaction was received on 24 July 2023.

- In June, the Company's Board of Directors updated its medium-term (3-5 years) financial goals for Return on equity and for Capital adequacy as part of its strategy process. The updated target level of the Company's Comparable Return on equity (ROE) is at least 16 percent instead of the previous 10 percent. The updated target level for the Common Equity Tier 1 (CET1) capital ratio is at least 2 percentage points above the regulatory requirement instead of the previous target of at least 14 percent. The updated target levels are effective from 1 July 2023.

- In June, the representatives of the five largest shareholders have been appointed to the Nomination Committee of the Company: Raimo Härmä, appointed by Etelä-Karjalan Säästöpankkisäätiö, Ari Lamminmäki, appointed by Parkanon Säästöpankkisäätiö, Jouni Niuro, appointed by Liedon Säästöpankkisäätiö, Aino Lamminmäki, appointed by Töysän Säästöpankkisäätiö and Simo Haarajärvi, appointed by Kuortaneen Säästöpankkisäätiö.

- In February, the Company issued a covered bond of EUR 350 million and a covered bond increase (tap issue) of EUR 250 million in April. The loans were issued under Company's EUR 3 billion bond program.

- As planned, the Company carried out the acquisition of Liedon Savings Bank's banking business at the turn of February and March. The acquisition increased the Company's balance sheet by a total of EUR 1,448.0 million and the number of customers grew to more than 200,000 customers. The acquisition of the business is estimated to have a significant positive impact on the Company's annual profitability and is expected to increase the Company's profit before taxes by approximately EUR 15-20 million annually over the next few years. In the longer term, business in the Turku economic area is expected to significantly increase the Company's earnings. The Company's branch network strengthened with nine new units located in the city of Turku and in Southwest Finland.

- In its decision on 27 February 2023, the Finnish Financial Supervisory Authority (FIN-FSA) maintained the SREP requirement for Oma Savings Bank Plc based on the supervisory authority's estimate at 1,5% unchanged. The decision is valid until further notice from 30 June 2023, but no later than 30 June 2026.

- On 30 March 2023, The Finnish Financial Supervisory Authority (FIN-FSA) imposed on the Company an additional capital requirement of 1.0% to be covered by Consolidated common equity (systematic risk buffer requirement), in accordance with Chapter 10 Section 4a and Section b set by the Credit Institution Act. The requirements for Finnish banks will take effect on 1 April 2024. The Company meets the new requirements of the authorities already today.

- During the first quarter, the Company issued a EUR 20 million debenture loan, which was fully subscribed before the end of the sale period.

- At the end of the year 2022, the Company announced that it would begin to apply the Mortgage Credit Bank and Covered Bonds Act (151/2022), effective 8 July 2022, on its already issued bonds. At the same time the Company initiated a consent solicitation procedure for its investors. According to the Company's announcement, the necessary consents were received in January and the Company began applying the new law for Mortgage Banking on 20 January 2023.

Oma Savings Bank Group's key figures

(1,000 euros)	1-6/2023	1-6/2022	Δ %	1-12/2022	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2
Net interest income	85,459	47,316	81%	104,930	49,236	36,224	30,634	26,981	24,229
Fee and commission income and expenses, net	23,007	20,981	10%	39,396	12,555	10,453	8,242	10,173	10,730
Total operating income	113,878	68,386	67%	144,392	63,181	50,697	39,719	36,287	33,843
Total operating expenses	-47,242	-37,424	26%	-73,062	-21,674	-25,568	-18,709	-16,930	-18,521
[1] Cost/income ratio, %	41.6%	54.7%	-24%	50.7%	34.4%	50.7%	47.6 %	46.7%	54.7%
Impairment losses on financial assets, net	-4,309	1,126	-483%	-1,747	-2,714	-1,595	-1,315	-1,557	-1,372
Profit before taxes	61,996	32,168	93%	69,226	38,699	23,296	19,285	17,772	13,942
Profit/loss for the accounting period	49,541	25,932	91%	55,379	30,870	18,671	15,262	14,186	11,114
Balance sheet total	7,014,730	5,890,317	19%	5,941,766	7,014,730	7,298,953	5,941,766	5,849,001	5,890,317
Equity	470,229	355,874	32%	364,961	470,229	437,357	364,961	350,730	355,874
[1] Return on assets (ROA) %	1.5%	0.9%	70%	1.0%	1.7%	1.1%	1.0%	1.0%	0.8%
[1] Return on equity (ROE) %	23.7%	13.7%	73%	14.5%	27.2%	18.6%	17.1%	16.1%	12.2%
[1] Earnings per share (EPS), EUR	1.57	0.86	81%	1.85	0.93	0.59	0.51	0.47	0.37
[1] Equity ratio %	6.7%	6.0%	11%	6.1%	6.7%	6.0%	6.1%	6.0%	6.0%
[1] Total capital (TC) ratio %	16.0%	13.2%	21%	14.9%	16.0%	15.5%	14.9%	13.8%	13.2%
[1] Common Equity Tier 1 (CET1) capital ratio %	14.1%	13.2%	7%	13.3%	14.1%	13.6%	13.3%	13.0%	13.2%
[1] Tier 1 (T1) capital ratio %	14.1%	13.2%	7%	13.3%	14.1%	13.6%	13.3%	13.0%	13.2%
[1] 2) Liquidity coverage ratio (LCR) %	149.9%	151.4%	-1%	159.9%	149.9%	126.2%	159.9%	153.3%	151.4%
[1] Net Stable Funding Ratio (NSFR) %	121.0%	109.9%	10%	115.3%	121.0%	118.0%	115.3%	110.6%	109.9%
Average number of employees	419	347	21%	352	464	375	359	359	362
Employees at the end of the period	482	366	32%	357	482	428	351	351	366
Alternative performance measures excluding items affecting comparability:									
[1] Comparable profit before taxes	62,979	36,171	74%	75,850	38,822	24,157	20,758	18,921	16,158
[1] Comparable cost/income ratio, %	40.0%	51.6%	-23%	48.0%	33.7%	47.9%	44.1%	45.3%	51.4%
[1] Comparable earnings per share (EPS), EUR	1.59	0.97	64%	2.02	0.93	0.61	0.55	0.50	0.43
[1] Comparable return on equity (ROE) %	24.1%	15.4%	57%	15.8%	27.3%	19.3%	18.4%	17.1%	14.2%

1) Calculation principles of alternative performance measures and key figures are presented in Note 18 of the Half-Year Financial Report. Comparable profit calculation is presented in the Income Statement.

2) LCR calculation adjusted retrospectively as of 31 December 2023

Operating environment

According to the Bank of Finland's forecast that Finland's economy will contract this year as rising prices and tighter monetary policy combined with weak export demand weigh on growth. However, inflation will slow down this year, which will already support the purchasing power of households. The rise in interest rates will dampen the growth of both investments and private consumption in the next few years as well. (1 The year-on-year change in consumer prices calculated by Statistic Finland was 6.3% in June. The rise in inflation was influenced, among other things, by the rise in the average interest rate on mortgages, by the price of electricity and by the interest rates on consumer loans. (3

Inflation starts to slow down but, according to estimates, not yet to the extend desired. Therefore, the European Central Bank raised each of the three key interest rates by 0.25 percentage points in June. By this way, the ECB aims to ensure that inflation remains at an average level of 2% in the medium term. (2 Financial conditions in Finland have tightened further during 2023 and the interest rates have continued to rise. During the first half of the year, the quotation of the 12-month Euribor rate has risen approximately by 0.82 percentage points. (10

The rise of prices, the tightened monetary policy and weak export demand have influenced the economic growth of Finland. According to the forecast of the Bank of Finland, economic development remains close to zero level during this and next year. According to the calculations of the Bank of Finland, the GDP is predicted to decrease 0.4% in 2023. In 2024, the economic growth is expected to return to 0.9% and to 1.5% in 2025. (1

The seasonally adjusted savings rate of households remained at the same level as in the previous quarter and was 1.8% in January-March. In the first quarter, the disposable income of households and consumption expenditure grew slightly compared to the previous quarter. The increase in consumption expenditure was particularly affected by high inflation. The disposable income of households grew by 5.6% and, adjusted by price changes, income decreased by 1.7% compared to the previous quarter one year ago. The investment rate decreased by 12.0% from the previous quarter. Majority of the investments of households is directed in housing investments. The corporate investment rate remained at the level of the previous quarter. (4

According to Statistics Finland, there were 8,000 more employed in June and 12,000 more unemployed than a year ago. In June 2023, the employment rate was 74.1% and the unemployment rate was 7.1%. (5

According to Statistics Finland's preliminary data, the prices of old share dwellings in the whole country decreased by 7.4% from last year. Of the big cities, Helsinki and Vantaa saw the largest decreases in house prices where the price decrease was almost 10% compared to the previous year. In the six largest cities, the prices of old share dwellings decreased by 8.6% in May and in the rest of Finland by 5.0% compared to last year. At the same time, 29% fewer deals of block and flats and terraced houses were made through real estate agents than a year ago. (6

In May, mortgage withdrawals were made in total of EUR 1.2 billion which is EUR 660 million less than in the previous year. The medium interest rate of new mortgages was 4.26% in May. Unsecured consumer credits were taken out 7% more than a year ago in the same period. The annual growth of credit cards was 11% and was bigger than ever before in May. The annual growth of all loans granted to households reduced by 0.5% in May 2023. The number of corporate loans, on the other hand, rose by 4.6% in the same period. The amount of household deposits reduced by 1.8% compared to the previous year. (7

In January-June 2023, the number of bankruptcies filed increased by 20% compared to the previous year. (8 During March-May, the number of new building permits granted decreased by 44% compared to the previous year and was 6.6 million cubic meters. (9

[1)]Bank of Finland's forecast: From shallow recession to moderate growth. Published on 20 June 2023.

[2)]Bank of Finland, ECB Monetary policy decisions. Published on 15 June 2023.

[3)]Statistics Finland, Inflation 6.3% in July 2023. Published on 14 July 2023.

[4)]Statistics Finland, Households' saving rate was negative in the first quarter 2023. Published on 21 June 2023.

[5)]Statistics Finland, More employed and unemployed in June 2023 than a year earlier. Published on 25 July 2023.

[6)]Statistics Finland, Prices of old dwellings in housing companies continued to fall especially in the capital area in May 2023. Published on 29 June 2023.

[7)]Bank of Finland, MFI balance sheet (loans and deposits) and interest rates, In May, unsecured consumer loans were withdrawn in large numbers. Published on 29 June 2023.

[8)]Statistics Finland, In June 2023, 239 bankruptcies were filed. Published on 14 July 2023.

[9)]Statistics Finland, The cubic volume of issued building permits decreased in March-May 2023 from a year ago. Published on 25 July 2023.

[10)]Bank of Finland, Euribor interest rates tables. Published on 3 July 2023.

Credit rating and liquidity

S&P Global Ratings confirmed a credit rating of BBB+ for Oma Savings Bank Plc's long-term borrowing in June 2022, as well as a rating of A-2 for short-term borrowing. The outlook for a long-term credit rating has been confirmed as stable.

	30 Jun 2023	31 Dec 2022
LCR	149.9%	159,9%*
NSFR	121.0%	115.3%

* LCR calculation retrospectively adjusted as of 31 December 2022

The Group's Liquidity Coverage Ratio (LCR) remained at a good level, standing at 149.9% at the end of second quarter. The Net Stable Funding Ratio (NSFR) was121.0%.

The Russian invasion war and the resulting increased inflation and interest rates have been particularly reflected as an increase in uncertainty in refinancing markets. The increased interest rate level can be seen above all in increased costs of market-based financing. In the first quarter of 2023, the of medium-sized banks in the United States and the problems of Credit Suisse in Europe raised the discussion about the sustainability of the banking sector. The news was particularly evident in the stagnation of the financial market and the difficulty of accessing financing.

Despite the uncertainty, the Company's liquidity has remained stable also in the second quarter. The Company has further strengthened its liquidity buffers by issuing a loan amount increase of EUR 250 million at the beginning of April. During the second quarter, the Company has paid a matured covered bond of EUR 250 million and a TLTRO (targeted longer-term refinancing operations) loan of EUR 150 million. The collateral for the TLTRO loan has returned to the Company's liquidity buffer during June 2023. The Company has no other bonds maturing during 2023.

During the second quarter, the Company expanded its refinancing channels by starting cooperation with the German Raisin Bank. The Company maintains a broad funding base. Raisin Bank acts as a channel supporting the Company's funding base, and the main part of the Company's refinancing takes place using current channels. The Company has not yet received deposits through the service provided by Raisin Bank.

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 organizations 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 G31 of the 2022 Financial Statements.

More detailed information on the share-based remuneration scheme for the management is given in Note G32 of the Financial Statements and in Note 14 of the Half-Year Financial Report.

Financial statements

The corresponding period last year has been used as the year under comparison in income statement items, and the date 31 December 2022 as the comparative period for the balance sheet and capital adequacy.

Result 4–6 / 2023

For the second quarter, the Group's profit before taxes was EUR 38.7 (13.9) million and the profit for the period was EUR 30.9 (11.1) million. The cost/income ratio was 34.4 (54.7)%.

Comparable profit before taxes amounted to EUR 38.8 (16.2) million in the second quarter and the comparable cost/income ratio was 33.7 (51.4)%. The comparable profit has been adjusted for the net income on financial assets and liabilities as well as the one-off expenses related to the acquisition of Liedon Savings Bank's business.

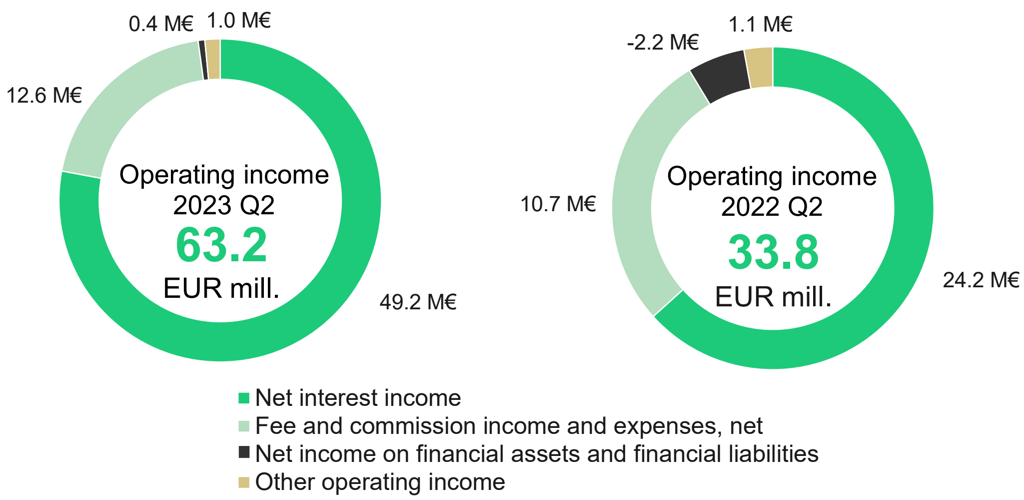
Income

Total operating income was EUR 63.2 (33.8) million. Total operating income increased 86.7% year-on-year. Comparable operating income was EUR 62.8 (36.1) million, an increase of 74.0% compared to the previous year. The acquisition of Liedon Savings Bank's business has had a positive impact on the development of net interest income and fee and commission income during the reporting period.

Net interest income grew by 103.2%, totalling EUR 49.2 (24.2) million. During the review period, interest income grew by 197.7%, totalling EUR 78.3 (26.3) million. The significant growth in interest income can be explained by the increase in market interest rates. Hedges related to interest rate risk management have also increased interest income, their impact on the profit was EUR 8.5 million. During the reporting period, the average margin of the loan portfolio has remained almost unchanged.

Interest expenses were EUR 29.0 (2.1) million in the second quarter. The growth of interest expenses has been significantly influenced by the interest rates on new bonds issued during 2022 and the beginning of 2023. The rise in market interest rates as well as interest rates on derivatives have also affected interest expenses. Interest expenses have also been increased by hedges related to the management of interest rate risk, their impact on interest expenses was EUR 8.4 million. The average interest on deposits paid to the Company's customers was 0.61% (0.01%) at the end of the period.

Fee and commission income and expenses (net) increased by 17.0% to EUR 12.6 (10.7) million. The total amount of fee and commission income was EUR 14.6 (12.3) million.



Net fee and commission income from cards and payment transactions was EUR 8.7 (6.0) million. The item increased by 43.9%. The increase is mainly explained by the increase in customer volume and the improvement of pricing power. The amount of commission income from lending decreased due to the quietened credit demand and was EUR 2.7 (3.6) million.

The net income on financial assets and liabilities were EUR 0.4 (-2.2) million during the period. Other operating income was EUR 1.0 (1.1) million.

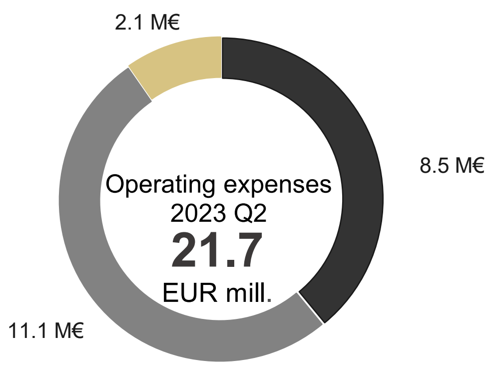
Expenses

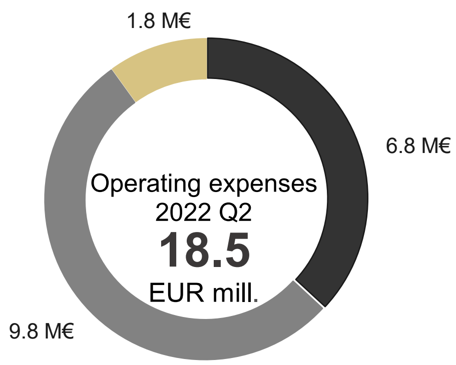
Operating expenses came to a total of EUR 21.7 (18.5) million and they increased 17.0% compared to the previous year’s corresponding period. The increase in comparable operating expenses was 14.1%. For the reporting period, expenses affecting comparability were recorded from the acquisition of Liedon Savings Bank EUR 0.5 million.

Personnel expenses increased by 23.8% and were EUR 8.5 (6.8) million. At the end of the period, the number of employees was 482 (366), of which 102 (83) were fixed-term. The increase in expenses compared to the comparative period was influenced by the increase in the number of personnel due to the acquisition of Liedon Savings Bank's business.

Other operating expenses increased 12.9% to EUR 11.1 (9.8) million. The item includes authority fees, office, IT, PR and marketing costs and those stemming from the business premises in own use. The increase in expenses compared to the comparison period was mainly driven by an enlarged branch office network due to the acquisition of Liedon Savings Bank's business.

Depreciation, amortisation and impairments on tangible and intangible assets were EUR 2.1 (1.8) million.





Personnel expenses
Other operating expenses
Depreciations, impairments

Impairment losses on financial assets

Impairment losses on financial assets (net) increased compared to the comparative period and were EUR -2.7 million, while the impairment losses on financial assets recorded in the comparative period amounted to EUR -1.4 million.

The net amount of realised credit losses decreased compared to the comparison period and was EUR 0.2 (-0.3) million during April-June.

During the second quarter, the amount of expected credit losses (ECL) increased by EUR 2.9 million, while the expected credit losses increased by EUR 1.1 million in the comparison period. EUR 2.0 million of the increase can be explained by the additional allowance based on the management's judgement and the macro variable model's allowance for the deterioration of the financial operating environment. EUR 2.9 million of the change in expected credit losses was allocated to receivables from customers and off-balance sheet items.

In the second quarter, EUR 0.2 million of the additional LGD allowance for private customers was offloaded as the LGD share has been taken into account as part of the ECL model. In the second quarter, the Company has allocated a fair value adjustment of EUR 0.7 million to the loan portfolio transferred with the acquisition of Liedon Savings Bank's business.

At the end of the second quarter, the Company has allowances based on management's judgement and fair value adjustments in total EUR 7.7 million. Additional LGD allowance will be allocated to stage 3 and other additional allowances made will be allocated to stage 2.

Result 1–6 / 2023

The Group's profit before taxes was EUR 62.0 (32.2) million in January-June and the profit for the period was EUR 49.5 (25.9) million. The cost/income ratio was 41.6 (54.7)%.

Comparable profit before taxes amounted to EUR 63.0 (36.2) million for January-June and the comparable cost/income ratio was 40.0 (51.6)%. The comparable profit before taxes has been adjusted for the net income on financial assets and liabilities as well as one-off items related to the acquisitions of Liedon Savings Bank's business.

Income

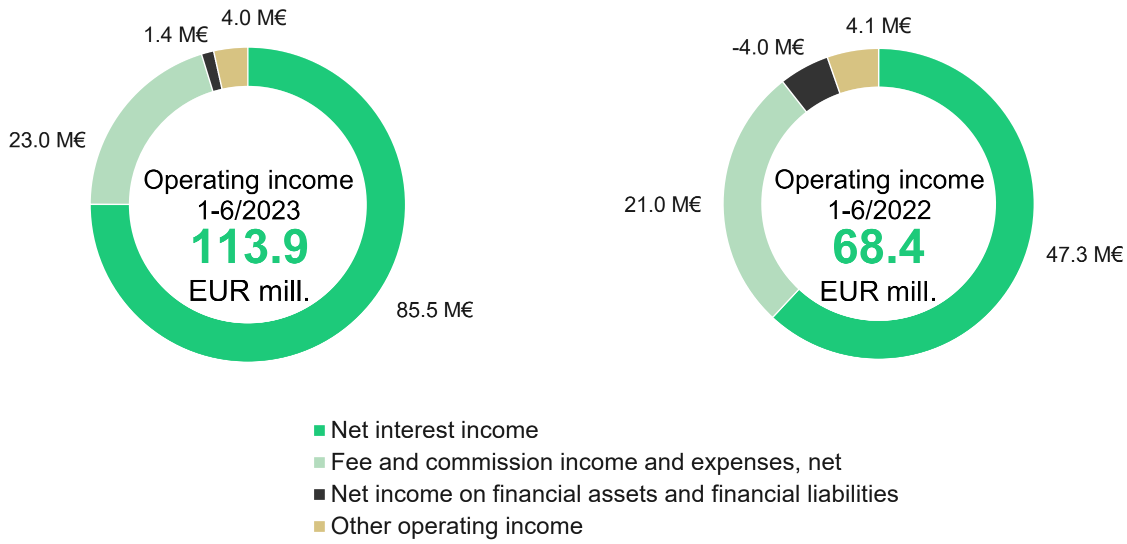
Total operating income was EUR 113.9 (68.4) million. Total operating income increased 66.5% year-on-year.

Comparable total operating income was EUR 112.4 (72.4) million and the increase of comparable total operating income was 55.3%. During the reporting period, net income on financial assets and liabilities of EUR 1.4 (-4.0) million has been eliminated from operating income as an item affecting comparability.

Net interest income grew 80.6%, totalling EUR 85.5 (47.3) million. During the reporting period, interest income grew 165.9% and was EUR 133.9 (50.4) million. The significant increase in interest income can be explained by the impact of rising market interest rates. The increase in the loan portfolio has been influenced by the acquisition of Liedon Savings Bank's business in early March 2023. Hedges to manage interest rate risk have also boosted interest income, the impact of these on interest income was EUR 14.1 million. During the period, the average margin of the loan portfolio has remained almost unchanged.

Interest expenses increased significantly year-on-year and was EUR 48.4 (3.0) million. A large part of the increase in interest expenses can be explained by the higher interest rate on the new bonds issued in 2022 and in the beginning of 2023. Rising market interest rates, as well as interest rates on derivatives, have also affected interest expenses. Interest expenses has also been increased by hedges related to the management of interest rate risk, the impact of these on interest expense was EUR 13.4 million. The average interest on deposits paid to the Company's customers was 0.61% (0.01%) at the end of the period.

Fee and commission income and expenses (net) increased by 9.7% and was EUR 23.0 (21.0) million. The total amount of fee and commission income was EUR 26.8 (24.1) million.



Commissions from cards and payment transactions net grew 37.1% compared on the comparative period and were EUR 16.2 (11.8) million. The increase is mainly explained by volume growth and an improvement in pricing power. The amount of commission income on lending was EUR 4.6 (7.1) million. Commissions on lending decreased in the first half of the year as new lending slowed down. Uncertainty of the economic environment weakened credit demand in the market overall.

The net income on financial assets and liabilities was EUR 1.4 (-4.0) million during the period.

Other operating income was EUR 4.0 (4.1) million. Other operating income includes a deposit guarantee fee recorded during the reporting period of EUR 2.6 million and EUR 0.7 million from the revaluation of collective debt recorded in connection with the Eurajoen Savings Bank's business transaction. In the comparison period, EUR 0.7 million from the revaluation of the collective debt recognised in connection with the Eurajoen Savings Bank's business transaction was recorded in other operating income as well as a positive impact EUR 0.4 million caused by the change in the Group structure.

Expenses

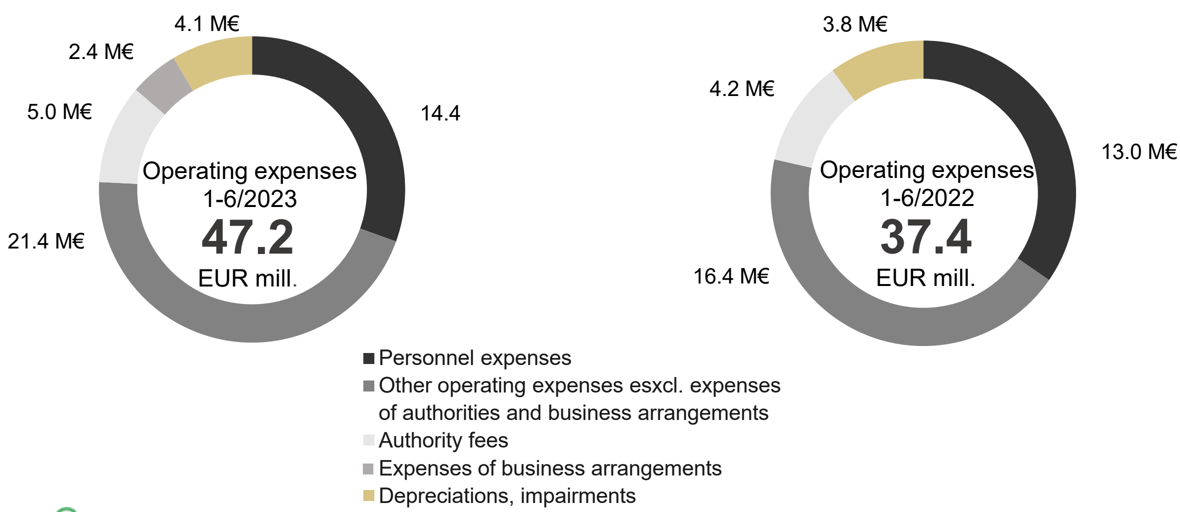
Operating expenses increased 26.2% compared to the previous year's corresponding period. Operating expenses came to a total of EUR 47.2 (37.4) million. For the reporting period, expenses affecting comparability have been recorded in relation to the acquisition of the Liedon Savings Bank's business of EUR 2.4 million. Comparable operating expenses were EUR 44.8 (37.4) million. The increase of comparable operating expenses was 19.8%.

Personnel expenses increased 11.3%, totalling EUR 14.4 (13.0) million. The increase in personnel expensed is effected by the business transaction made in the beginning of March 2023, in which the personnel of Liedon Savings Bank transferred to Oma Savings Bank. The increase in personnel expenses is also affected by expenses recorded for the share-based incentive scheme. The number of employees at the end of the period was 482 (366), of which 102 (83) were fixed-term.

Other operating expenses increased 39.1% to EUR 28.8 (20.7) million. Part of the increase in expenses is explained by the increase in authority fees due to the Company's growth. The item includes authority fees, office, IT, PR and marketing costs and those stemming from the business premises in own use. The increase in expenses compared to the comparison period was mainly influenced by the increase in the number of personnel following the acquisition of Liedon Savings Bank's business at the beginning of the year of 2023 as well as the project costs related to the acquisition of Liedon Savings Bank.

During the reporting period, a total of EUR 2.2 million has been recorded as a stabilization fee and a total of EUR 2.7 million as a deposit guarantee fee. The deposit guarantee fee will be covered by refunds from the old deposit guarantee fund. A total of EUR 4.9 (4.3) million was recorded as authority fees. One-off expenses related to the acquisition of Liedon Savings Bank's business were recorded in total of EUR 2.4 million for the reporting period.

Depreciation, amortisation and impairment on tangible and intangible assets were EUR 4.1 (3.8) million.



Impairment losses on financial assets

Impairment losses of financial assets increased compared to the comparison year and were EUR -4.3 million, while the impairment losses of financial assets recorded in the comparison period were EUR 1.1 million. In the comparison period, the amount of expected credit losses (ECL) decreased as a result of model development by EUR 2.6 million, which explains the change from the previous year.

The net impact of final credit losses decreased compared to the comparison year and was in January-June EUR 0.4 (-2.5) million.

During January-June, the amount of expected credit losses increased by EUR 4.0 million, while expected credit losses decreased by EUR 3.6 million in the comparison period. EUR 2.0 million of the increase can be explained by the additional allowance based on the management's judgement and the macro variable model's allowance for the deterioration of the financial operating environment. Of the change in expected credit losses, EUR 3.8 million was allocated to receivables from customers and off-balance sheet items. The change in the investment portfolio was EUR 0.1 million.

Based on the Company's assessment, the effects of the Russian invasion war on the Company's credit base remained limited, which is why the Company released EUR 0.9 million of the additional loss allowances related to the corona pandemic and the Russian war during the first quarter. In the first quarter, a group-specific allowance of EUR 0.7 million was recorded during the period as an additional loss share (LGD) allowance, which was offloaded in the second quarter by EUR 0.2 million. At the time of reporting, allowances of EUR 0.5 million remain for use by the Company.

In the first quarter, the receivables transferred in connection with the acquisition of Liedon Savings Bank's business were valued at fair value at the time of acquisition. EUR 8.0 million was recorded as a fair value adjustment based on the management's judgement. In the second quarter, the Company allocated a fair value adjustment of EUR 0.7 million to the receivables of the loans transferred in the business transaction. At the time of reporting, the Company has available EUR 7.3 million of fair value adjustment made to the receivable base.

At the end of the reporting period, additional loss allowances based on management's judgement and fair value adjustments of EUR 7.7 million remain for use by the Company. The additional LGD allowance is targeted to stage 3 and other additional allowances made are targeted to stage 2.

Balance sheet

The Group's balance sheet total grew to EUR 7,014.7 (5,941.8) million during January-June 2023. The growth was 18.1%. Of the growth, EUR 1,448.0 million came from the acquisition of Liedon Savings Bank's business.

Loans and advances

In total, loans and advances grew 24.5% to EUR 6,063.2 (4,868.7) million in January-June. The acquisition of Liedon Savings Bank's banking business increased loans and advances by EUR 1,399.8 million.

The average size of loans issued over the past 12 months has been approximately EUR 117 thousand.

Loan portfolio by customer group (excl. credit institutions), before the expected credit losses

Credit balance (1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Private customers	3,563,710	2,858,099	2,828,794
Corporate customers	1,284,163	1,093,700	1,074,982
Housing associations	727,326	461,339	417,133
Agricultural customers	305,686	271,112	279,213
Other	119,353	94,618	103,604
Total	**6,000,238**	**4,778,869**	**4,703,725**

Investment assets

The Group's investment assets increased 1.2% during the period, totaling EUR 559.2 (552.6) million. The primary purpose of managing investment assets is securing the Company's liquidity position.

Intangible assets and goodwill

At the end of the period, intangible assets recorded in the balance sheet totaled EUR 8.7 (8.2) million and a goodwill of EUR 4.8 (0.5) million. Goodwill was recognised from the acquisition of Liedon Savings Bank's banking business of EUR 4,4 million.

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

During the period, liabilities to credit institutions and to the public and public sector entities grew by 17.4% to EUR 3,938.9 (3,355.0) million.

The item consists mostly of deposits received from the public, which came to EUR 3,841.1 (3,113.9) million at the end of June. The impact of the acquisition of Liedon Savings Bank's banking business on the growth of the deposit portfolio was EUR 907,7 million. Liabilities to the credit institutions were EUR 103.6 (242.5) million at the end of the period.

Debt securities issued to the public

Total debt securities issued to the public grew during the period by 14.5% to EUR 2,389.9 (2,087.0) million. The Company issued a covered bond of EUR 350 million in February and a covered bond increase (tap issue) EUR 250 million in April. Debt securities issued to the public are shown in more detail in Note 8.

At the end of the period, covered bonds were secured by loans to the value of EUR 2,470.1 (2,100.1) million.

Equity

The Group's equity EUR 470.2 (365.0) million increased by 28.8% during the period. The change in equity is explained by the strong result of the period, the payment of dividends and the directed share issue.

In the first quarter, the Company carried out a paid directed share issue to Liedon Savings Bank. In the targeted issue, 3,125,049 shares were subscribed. A weighty reason for the directed issue was the development and expansion of the Company's banking operations into a new area through a business transaction. Share issue EUR 65,0 million was recorded in the Reserve for invested non-restricted equity.

Own shares

On 30 June 2023, the number of own shares held by Oma Savings Bank was 101,386. In March, the Company transferred 29,461 shares held by the Company to persons entitled to the remuneration of the 2023 reward installment of the share incentive scheme 2020-2021.

Share capital	30 Jun 2023	31 Dec 2022
Average number of shares (excluding own shares)	31,596,596	29,990,687
Number of shares at the end of the year (excluding own shares)	33,173,851	30,019,341
Number of own shares	101,386	130,847
Share capital (1,000 euros)	24,000	24,000

Off-balance-sheet commitments

Off-balance-sheet commitments included commitments given to a third party on behalf of a customer and irrevocable commitments given to a customer. Commitments given to a third party on behalf of a customer, EUR 40.7 (34.8) million, were mostly made up of bank guarantees and other guarantees. Irrevocable commitments given to a customer, which totaled EUR 338.5 (291.2) million at the end of June, consisted mainly of undrawn credit facilities.

Progress of key development projects

The Company's project of transitioning to the application of the IRB approach is progressing as planned. In the first stage, the Company is applying for permission to apply an internal risk classification under the IRB approach to calculate capital requirements for retail credit risk liabilities. Later, the Company will apply for a similar permission for corporate liabilities as well as for renewable retail liabilities. In February 2022, the Company has applied to the Finnish Financial Supervisory Authority (FIN-FSA) for the application of the IRB approach in capital adequacy, after which the application process has progressed based on dialogue with the supervisor.

In addition, the Company has reform projects ongoing regarding regulatory reporting.

Acquisition of Handelsbanken's SME enterprise operations in Finland

In May, the Company and Handelsbanken AB agreed on an arrangement whereby the Company will acquire Handelsbanken's SME enterprise operations in Finland. The transaction is expected to be finalized during the second half of 2024. The exact date will be specified later. As part of the purchase of the SME enterprise operations, entrepreneurs' banking services will also be transferred to the Company, excluding asset management and investment services. The SME enterprise operations to be purchased are geographically located all over Finland.

The size of the deposit base transferring to the Company is approximately EUR 1.2 billion and the lending volume is approximately EUR 460 million in the situation on 31 March 2023. The target of the business transaction is in total approximately 14,000 SME customers. In addition, personal banking services of entrepreneurs will be transferred, which are not included in the above figures. At the same time, around 40 people from Handelsbanken will be transferred to the Company as old employees.

With the arrangement the banks' market position will strengthen among SMEs in Finland. The growing business volumes will further improve the Company's cost efficiency and business profitability, and substantially strengthen the annual profit-making ability. The transferring deposit base will strengthen the Company's liquidity position, and there is no separate financing need for the business arrangement. The business deal has no material effect on the Company's capital adequacy. The purchase price is the net value of the balance sheet items to be transferred at closing plus EUR 15 million. The purchase price will be paid in cash, so the transaction has no impact on the number of Company's shares outstanding. Authority approval for the transaction was received on 24 July 2023.

Significant events after the period

On 31 May 2023, the Company announced an arrangement whereby it will acquire the Finnish SME business of Svenska Handelsbanken AB. The transaction was subject to approval by the authorities. The Finnish Competition and Consumer Authority announced that it had approved the Company's business transaction on 24 July 2023.

Other events following the end of the reporting period that would require the presentation of additional information or that would materially affect the Company's financial position are unknown.

Dividend policy and dividend payment

The Company aims to pay a steady and growing dividend, at least 20% of net income. The Company's Board of Directors assesses the balance between the dividend or capital return to be distributed and the amount of own funds required by the Company's solvency requirements and target on an annual basis and makes a proposal on the amount of dividend or capital return to be distributed.

Financial goals

The Company has financial goals set by the Board of Directors for growth, profitability, return on equity and capital adequacy. The Company's Board of Directors has updated the financial goals regarding return on equity and capital adequacy valid from 1 July 2023. The updated target level of the Company's comparable Return on equity (ROE) is at least 16 percent instead of previous 10 percent. The updated target level of the Common Equity Tier 1 (CET1) capital ratio is at least 2 percentage points above the requirement of the authority at least instead of the previous 14 percent.

Oma Savings Bank Plc´s Board of Directors has approved the following financial goals, which were valid at the time of the reporting on 30 June 2023:

Growth: 10-15 percent annual growth in total operating income under the current market conditions.
Profitability: Cost/income ratio less than 45 percent.
Return on equity (ROE): Long-term return on equity (ROE) over 10 percent.
Capital adequacy: Common Equity Tier 1 (CET1) capital ratio at least 14 percent.

Financial reporting in 2023

The Company will publish financial information in 2023 as follows:

30 Oct 2023 Interim Report Jan-Sep 2023

Outlook for the 2023 accounting period (unchanged)

The Company's business volumes will continue strong growth in FY2023. 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 opening of new units. The acquisition of Liedon Savings Bank's business will improve the Company's performance from the first half of 2023. In addition, the increase in market interest rates continues to strengthen the growth of net interest income.

Oma Savings Bank Plc provides earnings guidance on comparable profit before taxes for 2023. 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.

The Company estimates that profitable growth will continue to be strong. The Group's 2023 comparable profit before taxes will increase significantly compared to the previous financial year and will exceed EUR 100 million.

Capital adequacy

The total capital (TC) ratio of Oma Savings Bank Group increased and was 16.0 (14.9)% at the end of the period. The Common Equity Tier 1 capital (CET1) ratio was 14.1 (13.3)%, being above the minimum level of the medium-term financial goal set by the Company's Board (14%). As of 1 July 2023, the updated target level for the Common Equity Tier 1 (CET1) capital ratio is at least 2 percentage points above the regulatory requirement, whereby the target level reflects the buffer to the regulatory requirement in accordance with market practice.

Risk-weighted assets grew 23.0% to EUR 3,131.9 (2,546.5) million. Risk-weighted assets grew most significantly due to the acquisition of Liedon Savings Bank's business. Oma Savings Bank Group applies in the capital requirement calculation for credit risk calculation the standardised approach and for operational risk the basic indicator approach. The basic method is applied when calculating the capital requirement for market risk for the foreign exchange position. The Company's transition project to the application of the IRB approach is proceeding as planned.

At the end of the review period, the capital structure of the Group was strong and consisted mostly of Common Equity Tier 1 capital (CET1). The Group's own funds (TC) of EUR 500.0 (379.0) million exceeded by EUR 123.7 million the total capital requirement for own funds EUR 376.3 (305.8) million. Own funds were most significantly increased by the share issue to Liedon Savings Bank EUR 65.0 million. In addition, own funds were increased by retained earnings for the financial year 2023, which have been included in the Common Equity Tier 1 capital with the permission granted by the Finnish Financial Supervisory Authority (FIN-FSA) as well as the EUR 20 million debenture loan issued in February. The Group´s leverage ratio was 6.2 (5.6)% at the end of the period, while the binding total capital ratio requirement of Solvency regulation was 3%.

The main items in the capital adequacy calculation (1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Common Equity Tier 1 capital before regulatory adjustments	456,931	348,692	347,905
Regulatory adjustments on Common Equity Tier 1	-14,596	-9,204	-10,238
Common Equity Tier 1 (CET1) capital, total	**442,336**	**339,488**	**337,667**
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	**442,336**	**339,488**	**337,667**
Tier 2 capital before regulatory adjustments	58,182	40,000	1,774
Regulatory adjustments on Tier 2 capital	-500	-500	-500
Tier 2 (T2) capital, total	**57,682**	**39,500**	**1,274**
Total capital (TC = T1 + T2), total	**500,017**	**378,988**	**338,941**
Risk-weighted assets			
Credit and counterparty risk, standardised approach	2,870,327	2,281,829	2,344,843
Credit valuation adjustment risk (CVA)	28,573	31,658	4,732
Market risk (foreign exchange risk)	-	-	7,238
Operational risk, basic indicator approach	233,043	233,043	201,272
Risk-weighted assets, total	**3,131,942**	**2,546,530**	**2,558,085**
Common Equity Tier 1 (CET1) capital ratio, %	14.12%	13.33%	13.20%
Tier 1 (T1) capital ratio, %	14.12%	13.33%	13.20%
Total capital (TC) ratio, %	15.97%	14.88%	13.25%

Leverage ratio (1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Tier 1 capital	442,336	339,488	337,667
Total amount of exposures	7,158,420	6,093,644	6,054,393
Leverage ratio	**6.18%**	**5.57%**	**5.58%**

The total capital requirement for banks' own funds consists of the Pillar I minimum capital requirement (8.0%) and various buffer requirements. Buffer requirements are among others the capital conservation buffer (2.5%) set by the Credit Institution Act, the discretionary SREP requirement according to Pillar II, the countercyclical buffer requirement and the systematic risk buffer.

In its decision of 27 February 2023, the Finnish Financial Supervisory Authority (FIN-FSA) maintained the SREP requirement for Oma Savings Bank Plc based on the supervisory authority's estimate at 1.5% unchanged. The decision is valid until further notice from 30 June 2023, but no later than 30 June 2026. SREP requirement is possible to be partially covered by Tier 1 capital and Tier 2 capital in addition to Common Equity Tier 1. The countercyclical buffer requirement does not indicate the overheating of the financial cyclical period in Finland, and thus the Finnish Financial Authority (FIN-FSA) maintained the requirement of countercyclical buffer at its basic level of 0%. On 30 March 2023, the Finnish Financial Supervisory Authority (FIN-FSA) imposed a systemic risk buffer requirement of 1.0% for Finnish credit institutions in order to strengthen the risk-bearing capacity of the banking sector. The decision enters into force after a transitional period on 1 April 2024 and shall be covered by Consolidated Common Equity.

The minimum requirement for own funds and eligible liabilities (MREL) imposed by the Financial Stability Authority for Oma Savings Bank Plc in the Resolution Act consists of an overall risk-based requirement (9.5%) and a requirement based on the total amount of liabilities used to calculate the leverage ratio (3%). On 30 June 2023, Oma Savings Bank Plc meets the set requirement with own funds.

Group`s total capital requirement
30 Jun 2023
(1,000 euros)

Capital	Pillar I minimum capital requirement*	Pillar II (SREP) capital requirement*	Buffer requirements: Capital conservation buffer	Countercyclical buffer**	O-SII	Systemic risk buffer	Total capital requirement	
CET1	4.50%	0.84%	2.50%	0.02%	0.00%	0.00%	7.86%	246,132
AT1	1.50%	0.28%					1.78%	55,788
T2	2.00%	0.38%					2.38%	74,384
Total	**8.00%**	**1.50%**	**2.50%**	**0.02%**	**0.00%**	**0.00%**	**12.02%**	**376,303**

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

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

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

Tables and notes to the Half-Year Financial Report

Consolidated condensed income statement

Note	(1,000 euros)	1-6/2023	1-6/2022	1-12/2022	2023 Q2	2022 Q2
	Interest income	133,874	50,351	121,876	78,281	26,296
	Interest expenses	-48,415	-3,036	-16,946	-29,046	-2,066
9	**Net interest income**	**85,459**	**47,316**	**104,930**	**49,236**	**24,229**
	Fee and commission income	26,763	24,083	46,270	14,640	12,259
	Fee and commission expenses	-3,755	-3,102	-6,873	-2,085	-1,528
10	**Fee and commission income and expenses, net**	**23,007**	**20,981**	**39,396**	**12,555**	**10,730**
11	Net income on financial assets and financial liabilities	1,443	-4,003	-5,306	424	-2,217
	Other operating income	3,968	4,092	5,371	967	1,100
	Total operating income	**113,878**	**68,386**	**144,392**	**63,181**	**33,843**
	Personnel expenses	-14,418	-12,954	-24,316	-8,456	-6,832
	Other operating expenses	-28,772	-20,682	-41,203	-11,121	-9,846
	Depreciation, amortisation and impairment losses on tangible and intangible assets	-4,052	-3,787	-7,543	-2,097	-1,842
	Total operating expenses	**-47,242**	**-37,424**	**-73,062**	**-21,674**	**-18,521**
12	Impairment losses on financial assets, net	-4,309	1,126	-1,747	-2,714	-1,372
	Share of profit of equity accounted entities	-332	81	-357	-94	-9
	Profit before taxes	**61,996**	**32,168**	**69,226**	**38,699**	**13,942**
	Income taxes	-12,454	-6,236	-13,847	-7,829	-2,827
	Profit for the accounting period	**49,541**	**25,932**	**55,379**	**30,870**	**11,114**
	Of which:					
	Shareholders of Oma Savings Bank Plc	49,541	25,934	55,382	30,870	11,103
	Non-controlling interest	-	-2	-2	-	11
	Total	**49,541**	**25,932**	**55,379**	**30,870**	**11,114**
	Earnings per share (EPS), EUR	**1.57**	**0.86**	**1.85**	**0.93**	**0.37**
	Earnings per share (EPS) after dilution, EUR	**1.56**	**0.86**	**1.83**	**0.93**	**0.37**

Profit before taxes excluding items affecting comparability

(1,000 euros)	1-6/2023	1-6/2022	1-12/2022	2023 Q2	2022 Q2
Profit before taxes	**61,996**	**32,168**	**69,226**	**38,699**	**13,942**
Operating income:					
Net income on financial assets and liabilities	-1,443	4,003	5,306	-424	2,217
Costs relating to business combinations	2,426	-	1,318	547	-
Comparable profit before taxes	**62,979**	**36,171**	**75,850**	**38,822**	**16,158**
Income taxes in income statement	-12,454	-6,236	-13,847	-7,829	-2,827
Change of deferred taxes	-197	-801	-1,325	-25	-443
Comparable profit/loss for the accounting period	**50,328**	**29,134**	**60,679**	**30,968**	**12,888**

Consolidated statement of comprehensive income

(1,000 euros)	1-6/2023	1-6/2022	1-12/2022	2023 Q2	2022 Q2
Profit for the accounting period	**49,541**	**25,932**	**55,379**	**30,870**	**11,114**
Other comprehensive income before taxes					
Items that will not be reclassified through profit or loss					
Gains and losses on remeasurements from defined benefit pension plans	-	-	364	-	-
Items that may later be reclassified through profit or loss					
Measured at fair value, net	4,335	-68,662	-94,917	2,036	-33,263
Transferred to Income Statement as a reclassification change	359	-97	-97	-10	285
Other comprehensive income before taxes	**4,694**	**-68,760**	**-94,650**	**2,027**	**-32,979**
Income taxes					
For items that will not be reclassified to profit or loss					
Gains and losses on remeasurements from defined benefit pension plans	-	-	-73	-	-
Items that may later be reclassified to profit or loss					
Measured at fair value	-939	13,752	19,003	-405	6,596
Income taxes	**-939**	**13,752**	**18,930**	**-405**	**6,596**
Other comprehensive income for the accounting period after taxes	**3,755**	**-55,008**	**-75,720**	**1,621**	**-26,383**
Comprehensive income for the accounting period	**53,297**	**-29,076**	**-20,340**	**32,491**	**-15,269**
Attributable to:					
Shareholders of Oma Savings Bank Plc	53,297	-29,073	-20,338	32,491	-15,280
Non-controlling interest	-	-2	-2	-	11
Total	**53,297**	**-29,076**	**-20,340**	**32,491**	**-15,269**

Consolidated condensed balance sheet

Note	Assets (1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
	Cash and cash equivalents	243,847	402,030	424,254
4	Loans and advances to credit institutions	104,065	114,655	89,940
4	Loans and advances to the public and public sector entities	5,959,115	4,754,036	4,680,626
5	Financial derivatives	4,966	1,931	375
6	Investment assets	559,158	552,633	593,689
	Equity accounted entities	25,516	25,351	24,289
	Intangible assets	8,705	8,174	9,586
	Goodwill	4,837	454	-
	Tangible assets	33,527	28,799	29,485
	Other assets	49,701	31,778	19,031
	Deferred tax assets	20,563	21,924	18,314
	Current income tax assets	731	-	728
	Assets, total	**7,014,730**	**5,941,766**	**5,890,317**

Note	Liabilities (1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
7	Liabilities to credit institutions	103,581	242,543	265,609
7	Liabilities to the public and public sector entities	3,835,280	3,112,464	3,114,058
5	Financial derivatives	12,697	4,184	-
8	Debt securities issued to the public	2,389,873	2,086,950	2,053,515
	Subordinated liabilities	60,000	40,000	15,000
	Provisions and other liabilities	98,149	54,111	52,825
	Deferred tax liabilities	37,931	36,072	33,435
	Current income tax liabilities	6,989	482	-
	Liabilities, total	**6,544,501**	**5,576,806**	**5,534,442**

Equity	30 Jun 2023	31 Dec 2022	30 Jun 2022
Share capital	24,000	24,000	24,000
Reserves	137,578	68,822	89,825
Retained earnings	308,651	272,139	242,049
Shareholders of Oma Savings Bank Plc	**470,229**	**364,961**	**355,874**
Shareholders of Oma Savings Bank Plc	470,229	364,961	355,874
Equity, total	**470,229**	**364,961**	**355,874**
Liabilities and equity, total	**7,014,730**	**5,941,766**	**5,890,317**

Group's off-balance sheet commitments (1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Off-balance sheet commitments			
Guarantees and pledges	40,657	34,774	35,168
Other commitments given to a third party	-	-	52
Commitments given to a third party on behalf of a customer	**40,657**	**34,774**	**35,220**
Undrawn credit facilities	338,457	291,184	349,054
Irrevocable commitments given in favour of a customer	**338,457**	**291,184**	**349,054**
Group's off-balance sheet commitments, total	**379,114**	**325,958**	**384,273**

Consolidated statement of changes in equity

(1,000 euros)

30 Jun 2023	Share capital	Fair value reserve	Other reserves	Reserves, total	Retained earnings	Shareholders of Oma Savings Bank Plc	Non-controlling interest	Equity, total
Equity, 1 January 2023	**24,000**	**-76,503**	**145,324**	**68,822**	**272,139**	**364,961**	**-**	**364,961**
Comprehensive income								
Profit for the accounting period	-	-	-	-	49,541	49,541	-	49,541
Other comprehensive income	-	3,755	-	3,755	-	3,755	-	3,755
Comprehensive income, total	**-**	**3,755**	**-**	**3,755**	**49,541**	**53,297**	**-**	**53,297**
Transactions with owners								
Emission of new shares	-	-	65,001	65,001	-	65,001	-	65,001
Repurchase of own shares	-	-	-	-	498	498	-	498
Distribution of dividends	-	-	-	-	-13,270	-13,270	-	-13,270
Share-based incentive scheme	-	-	-	-	-215	-215	-	-215
Loss of control in a partially owned subsidiary	-	-	-	-	-42	-42	-	-42
Transactions with owners, total	**-**	**-**	**65,001**	**65,001**	**-13,029**	**51,972**	**-**	**51,972**
Equity total, 30 June 2023	**24,000**	**-72,748**	**210,326**	**137,578**	**308,651**	**470,229**	**-**	**470,229**

31 Dec 2022	Share capital	Fair value reserve	Other reserves	Reserves, total	Retained earnings	Shareholders of Oma Savings Bank Plc	Non-controlling interest	Equity, total
Equity, 1 January 2022	**24,000**	**-492**	**145,324**	**144,833**	**231,939**	**400,772**	**522**	**401,294**
Comprehensive income								
Profit for the accounting period	-	-	-	-	55,382	55,382	-2	55,379
Other comprehensive income	-	-76,011	-	-76,011	291	-75,720	-	-75,720
Comprehensive income, total	**-**	**-76,011**	**-**	**-76,011**	**55,673**	**-20,338**	**-2**	**-20,340**
Transactions with owners								
Emission of new shares	-	-	-	-	-	-	-	-
Repurchase of own shares	-	-	-	-	880	880	-	880
Distribution of dividends	-	-	-	-	-15,010	-15,010	-	-15,010
Share-based incentive scheme	-	-	-	-	-1,381	-1,381	-	-1,381
Other changes	-	-	-	-	37	37	-520	-482
Transactions with owners, total	**-**	**-**	**-**	**-**	**-15,473**	**-15,473**	**-520**	**-15,993**
Equity total, 31 December 2022	**24,000**	**-76,503**	**145,324**	**68,822**	**272,139**	**364,961**	**-**	**364,961**

30 Jun 2022	Share capital	Fair value reserve	Other reserves	Reserves, total	Retained earnings	Shareholders of Oma Savings Bank Plc	Non-controlling interest	Equity, total
Equity, 1 January 2022	**24,000**	**-492**	**145,324**	**144,833**	**231,939**	**400,772**	**522**	**401,294**
Comprehensive income								
Profit for the accounting period	-	-	-	-	25,934	25,934	-2	25,932
Other comprehensive income	-	-55,008	-	-55,008	-	-55,008	-	-55,008
Comprehensive income, total	**-**	**-55,008**	**-**	**-55,008**	**25,934**	**-29,073**	**-2**	**-29,076**
Transactions with owners								
Emission of new shares	-	-	-	-	-	-	-	-
Repurchase of own shares	-	-	-	-	880	880	-	880
Distribution of dividends	-	-	-	-	-15,011	-15,011	-	-15,011
Share-based incentive scheme	-	-	-	-	-1,730	-1,730	-	-1,730
Other changes	-	-	-	-	37	37	-520	-482
Transactions with owners, total	**-**	**-**	**-**	**-**	**-15,824**	**-15,824**	**-520**	**-16,344**
Equity total, 30 June 2022	**24,000**	**-55,499**	**145,324**	**89,825**	**242,049**	**355,874**	**-**	**355,874**

Consolidated condensed cash flow statement

Note	(1,000 euros)	1-6/2023	1-6/2022	1-12/2022
	Cash flow from operating activities			
	Profit/loss for the accounting period	49,541	25,932	55,379
	Changes in fair value	-796	3	414
	Share of profit of equity accounted entities	332	-81	357
11	Depreciation and impairment losses on investment properties	31	20	41
	Depreciation, amortisation and impairment losses on tangible and intangible assets	4,052	3,787	7,543
	Gains and losses on sales of tangible and intangible assets	-	-276	-273
12	Impairment and expected credit losses	4,309	-1,126	1,747
	Income taxes	12,454	6,236	13,847
	Other adjustments	2,654	6,582	-21,329
	Adjustments to the profit/loss of the accounting period	23,036	15,146	2,346
	Cash flow from operations before changes in receivables and liabilities	**72,577**	**41,078**	**57,725**
	Increase (-) or decrease (+) in operating assets			
	Debt securities	40,795	-20,623	-17,330
	Loans and advances to credit institutions	40,622	-2,302	-1,391
	Loans and advances to customers	-203,422	-385,837	-460,913
	Derivatives in hedge accounting	108	-	114
	Investment assets	-1,016	-	10,463
	Other assets	-11,732	27,262	14,502
	Total	**-134,645**	**-381,500**	**-454,556**
	Increase (+) or decrease (-) in operating liabilities			
	Liabilities to credit institutions	-353,346	81,019	57,953
	Deposits	-181,397	218,105	218,242
	Provisions and other liabilities	14,766	8,597	11,131
	Total	**-519,977**	**307,722**	**287,326**
	Paid income taxes	**-3,658**	**-12,507**	**-15,679**
	Total cash flow from operating activities	**-585,704**	**-45,207**	**-125,184**
	Cash flow from investments			
	Investments in tangible and intangible assets	-3,529	-1,935	-3,554
	Proceeds from sales of tangible and intangible assets	-	400	742
	Acquisition of associated companies and joint ventures	-496	1	-1,500
	Changes in other investments	-	-	246
	Total cash flow from investments	**-4,025**	**-1,534**	**-4,066**
	Cash flows from financing activities			
	Repurchase of own shares	-	-367	-367
	Subordinated liabilities, changes	20,000	-	25,000
	Debt securities issued to the public	298,517	290,840	353,049
	Acquisition or sale of business	143,078	-28	-28
	Payments of lease liabilities	-1,667	-1,217	-2,517
	Dividends paid	-13,270	-15,010	-15,010
	Total cash flows from financing activities	**446,658**	**274,218**	**360,128**
	Net change in cash and cash equivalents	**-143,071**	**227,477**	**230,878**
	Cash and cash equivalents at the beginning of the accounting period	**484,660**	**253,782**	**253,782**
	Cash and cash equivalents at the end of the accounting period	**341,582**	**481,258**	**484,660**
	Cash and cash equivalents are formed by the following items			
3	Cash and cash equivalents	243,847	424,254	402,030
4	Receivables from credit institutions repayable on demand	97,735	57,004	82,630
	Total	**341,582**	**481,258**	**484,660**
	Received interest	**123,861**	**51,662**	**110,342**
	Paid interest	**-25,633**	**-2,955**	**-10,848**
	Dividends received	**179**	**425**	**449**

Consolidated condensed income statement, quarterly trend

Note	(1 000 euros)	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2
	Interest income	78,281	55,593	41,216	30,309	26,296
	Interest expenses	-29,046	-19,369	-10,582	-3,329	-2,066
9	**Interest income, net**	**49,236**	**36,224**	**30,634**	**26,981**	**24,229**
	Fee and commission income	14,640	12,123	10,429	11,757	12,259
	Fee and commission expenses	-2,085	-1,670	-2,187	-1,584	-1,528
10	**Fee and commission income and expenses, net**	**12,555**	**10,453**	**8,242**	**10,173**	**10,730**
11	Net income on financial assets and financial liabilities	424	1,019	-154	-1,149	-2,217
	Other operating income	967	3,002	997	282	1,100
	Operating income, total	**63,181**	**50,697**	**39,719**	**36,287**	**33,843**
	Personnel expenses	-8,456	-5,962	-5,601	-5,760	-6,832
	Other operating expenses	-11,121	-17,652	-11,236	-9,285	-9,846
	Depreciation, amortisation and impairment losses on tangible and intangible assets	-2,097	-1,954	-1,872	-1,884	-1,842
	Operating expenses, total	**-21,674**	**-25,568**	**-18,709**	**-16,930**	**-18,521**
12	Impairment losses on financial assets, net	-2,714	-1,595	-1,315	-1,557	-1,372
	Share of profit from joint ventures and associated companies	-94	-238	-410	-28	-9
	Profit before taxes	**38,699**	**23,296**	**19,285**	**17,772**	**13,942**
	Income taxes	-7,829	-4,625	-4,024	-3,587	-2,827
	Profit for the accounting period	**30,870**	**18,671**	**15,262**	**14,186**	**11,114**
	Of which:					
	Shareholders of Oma Savings Bank Plc	30,870	18,671	15,262	14,186	11,103
	Non-controlling interest	-	-	-	-	11
	Total	**30,870**	**18,671**	**15,262**	**14,186**	**11,114**
	Earnings per share (EPS), EUR	**0.93**	**0.59**	**0.51**	**0.47**	**0.37**
	Earnings per share (EPS) after dilution, EUR	**0.93**	**0.59**	**0.51**	**0.47**	**0.37**

	Profit before taxes excluding items affecting comparability:	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2
	Profit before taxes	**38,699**	**23,296**	**19,285**	**17,772**	**13,942**
	Operating income:					
	Net income on financial assets and liabilities	-424	-1,019	154	1,149	2,217
	Operating expenses					
	Costs relating to business combinations	547	1,879	1,318	-	-
	Comparable profit before taxes	**38,822**	**24,157**	**20,758**	**18,921**	**16,158**
	Income taxes in income statement	-7,829	-4,625	-4,024	-3,587	-2,827
	Change of deferred taxes	-25	-172	-294	-230	-443
	Comparable profit/loss for the accounting period	**30,968**	**19,360**	**16,440**	**15,105**	**12,888**

Note 1 Accounting principles for the Half-Year Financial Report

1. About the accounting principles

The Group's parent Company is Oma Savings Bank Plc, whose domicile is in Seinäjoki and head office is in Lappeenranta, Valtakatu 32, 53100 Lappeenranta. Copies of the Financial Statements, Financial Statements Release, Interim and Half-Year Financial Reports are available on the bank's website www.omasp.fi.

Oma Savings Bank Group is formed as follows:

Subsidiaries

- Real estate company Lappeenrannan Säästökeskus holding 100%

Associated companies

- GT Invest Oy holding 48.7%
- City Kauppapaikat Oy holding 42.7%

Joint ventures and joint operations

- Figure Taloushallinto Oy holding 25%
- Deleway Projects Oy holding 49%
- SAV-Rahoitus Oyj holding 48.2%
- Housing company Seinäjoen Oma Savings Bank house holding 30.5%.

The Half-Year Financial Report is drawn up in accordance with the IAS 34 *Interim Financial Reporting* standard. The accounting principles for the Half-Year Financial Report are the same as for the 2022 Financial Statements.

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

The Board of Directors has approved the Half-Year Financial Report 1 January – 30 June 2023 in its meeting on 31 July 2023.

2. Changes to the accounting principles

Future new standards, changes to standards or interpretations effective or published on 1 January 2023 have not a material impact on the consolidated financial statements. Furthermore, future new standards or changes to standards published by the IASB are not expected to have a material impact on the consolidated financial statements.

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

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

The uncertainties contained in the accounting principles that require management's judgement and those contained in the estimates are described in the 2022 Financial Statements. Uncertainty in the economic environment due to the effects of inflation and the continuing increase in interest rates may bring changes to the estimates presented in the Financial Statements that require management judgement.

The application of the impairment losses on financial assets model under IFRS 9 requires the management to make estimates and assumptions about whether the credit risk associated with the financial instrument has increased significantly since the initial recognition and requires forward-looking information to be taken into account in the recognition of on-demand credit losses.

Determining fair values in a business combination requires judgment on the part of the Company's management regarding the recording of the transferred consideration and identifiable assets, liabilities and contingent liabilities and valuing them at fair value. The receivables transferred in connection with the acquisition of Liedon Savings Bank's business were valued at fair value in connection with the acquisition. At the time of reporting, the fair value adjustment based on management's judgement is EUR 7.3 million. In addition, in connection with the acquisition, the Company recognised a liability of EUR 15.0 million at fair value through profit or loss for the five-year periodic concerning the liability of Liedon Savings Bank as a credit institution member leaving the consortium of Savings Banks. The amount of the liability at fair value through profit and loss is unchanged in the review period. During the reporting period, the amount of liability at fair value through profit and loss in connection with Eurajoen Savings Bank's business transaction has been reassessed and the amount of debt has been reduced by EUR 0.7 million.

Note 2 Impacts of the Russian invasion war on the risk position

1. Liquidity risk

During the Russian invasion war, the Company has monitored the changes in liquidity risk more effectively. In terms of liquidity, the Company's situation has been stable throughout and the effects of the invasion war on the Company's liquidity have remained largely moderate. Liquidity has remained at a good level due to the Company's broad funding base. The Company strengthened its liquidity even more during the spring with the issuance of covered bonds.

The sharp rise in interest rates that started last year has continued in 2023, which is also reflected in the movement of demand deposits, when banks offer a deposit rate after a long period of negative interest rates. In the first quarter of 2023, the challenges of medium-sized banks in the US and the problems of Credit Suisse in Europe raised the debate about the sustainability of the banking sector. In addition to the decline in bank stocks, the news also spread to interest rates. The news was particularly visible in the stagnation of the financial market and the difficulty of accessing financing. The situation affects the Company's operations mainly through the functionality of the refinancing market. Despite the uncertainty, the Company's liquidity has remained on a stable basis due to, among other things, the EUR 350 million covered bond issued in February and by issuing a loan amount increase of EUR 250 million in April. During the second quarter, the Company expanded its refinancing channels by starting cooperation with the German Raisin Bank. The Company maintains a broad funding base. Raisin Bank acts as a channel supporting the Company's funding base, and the main part of the Company's refinancing takes place using current channels. The Company has not yet received deposits through the service provided by Raisin Bank.

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

The Group's liquidity ratio (LCR), which describes short-term liquidity, was 149.9% on 30 June 2023. The Company's liquidity has remained strong despite uncertain market situation.

The Company has increased buffers in response to a clearly weakening economic cycle and continues to maintain and strengthen liquidity and capital buffers. During the last quarter of 2022 and the first quarter of 2023, the Company issued debenture loans, with which it increased capital buffers.

2. Credit risk

Credit risk refers to the risk that a contracting party to a financial instrument will not be able to meet its obligations, thereby causing the other party a financial loss. Oma

Savings Bank's credit risk primarily consists of exposures secured by immovable property, retail exposures and corporate loans. The goal of credit risk management is to limit the profit and loss and capital adequacy effects of risks resulting from customer exposures to an acceptable level. Credit risk management and procedures have been described in Note G2 of the 2022 Financial Statements.

2.1 Loan reliefs granted by the Company

The Russian invasion war and other unfavorable developments in the financial market have not caused individual peaks in demand of grace periods during the review period. At the end of the review period, the total grace periods of the loans accounted for 8.0% (9.3%) of the total loan stock. All grace periods in force at the end of the reporting period, regardless of the reason or start date, have been included in the capital.

2.2 Allowances based on the management's judgement

The quality of the loan portfolio has remained at a good level, even though the proportion of defaulted loans has slightly increased. The situation still requires active monitoring due to the consequences of the Russian invasion war, such as the rise in interest rates and costs and the decline in economic growth. At the end of the review period, the share of defaulted loans in the entire loan portfolio was 1.9% (1.6%). Overdue and non-performing exposures from the loan portfolio increased and were 2.7 (2.2)%.

The Company has monitored the state and development of credit risk in accordance with credit risk management methods, intensified due to the Russian invasion war, the rise in interest rates and costs, the decrease in collateral values and other market uncertainty. The Company monitors the number of possible payment delays and repayment exemption applications actively and analyses the impact of possible changes.

In the review period, the Company allocated a fair value adjustment of EUR 0.7 million to the receivables related to the acquisition of Liedon Savings Bank based on management's judgement as well as an additional LGD allowance for private customers related to the correction of ECL model of EUR 0.2 million.

2.3 Distribution by risk class

The Company classifies its customers into risk classes based on information available on the counterparty. The classification uses its own internal assessment and external credit rating data. Monitoring is continuous and can lead to a transfer from one risk class to another.

In lending, risk concentration may occur, for example, when the loan portfolio includes large amounts of loans and other liabilities:

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

Matured and non-performing exposures and forbearances

(1,000 euros)	30 Jun 2023	% of credit portfolio	31 Dec 2022	% of credit portfolio
Matured exposures, 30-90 days	25,316	0.4%	18,509	0.4%
Non-matured or matured less than 90 days, non-repayment likely	75,187	1.2%	47,497	1.0%
Non-performing exposures, 90-180 days	9,602	0.2%	5,635	0.1%
Non-performing exposures, 181 days - 1 year	10,462	0.2%	6,186	0.1%
Non-performing exposures, > 1 year	39,693	0.7%	28,252	0.6%
Matured and non-performing exposures total	**160,260**	**2.7%**	**106,080**	**2.2%**
Performing exposures and matured exposures with forbearances	76,499	1.3%	62,011	1.3%
Non-performing exposures with forbearances	49,744	0.8%	33,376	0.7%
Forbearances total	**126,243**	**2.1%**	**95,387**	**2.0%**

Figures include interest due on items.

Loans and receivables and off-balance sheet commitments by risk rating and credit risk concentrations

Risk rating 1: Low-risk items are considered to include the Company's internal credit rating of AAA-AA level private customers, AAA-AA + level corporate, housing association and agricultural customers.

Risk rating 2: Reasonable risk items include the Company's internal credit rating of A-B level private customers, AA-A + level corporate and housing associations and AA-A level agricultural customers.

Risk rating 3: Increased risk items include the Company's internal credit rating of C-level private customers and A-level corporate and housing associations, as well as B-C-level agricultural customers.

Risk rating 4: The highest risk items are considered to be the Company's internal credit rating of D-level private customers, B-C-level corporate and housing associations, D-level agricultural customers and defaulted customers.

Other customers are based on the Company's internal assessment of the risk rating.

The 'No rating' item includes loans and debt securities for which the Company has not defined credit ratings or for which there are no external credit ratings available.

Private customers

Loans and receivables and off-balance sheet commitments	30 Jun 2023	31 Dec 2022
Risk rating 1	1,991,429	1,562,267
Risk rating 2	1,480,881	1,206,970
Risk rating 3	135,908	117,572
Risk rating 4	134,838	101,218
No rating	4,521	4,130
Capital items by risk category, total	3,747,577	2,992,157
Loss allowance	18,877	10,102
Total	3,728,700	2,982,055

Corporates

Loans and receivables and off-balance sheet commitments	30 Jun 2023	31 Dec 2022
Risk rating 1	516,457	432,174
Risk rating 2	598,545	535,879
Risk rating 3	104,490	124,924
Risk rating 4	123,832	104,505
Capital items by risk category, total	1,343,324	1,197,482
Loss allowance	20,531	13,882
Total	1,322,792	1,183,601

Housing associations

Loans and receivables and off-balance sheet commitments	30 Jun 2023	31 Dec 2022
Risk rating 1	528,583	328,309
Risk rating 2	188,274	125,284
Risk rating 3	35,193	20,208
Risk rating 4	9,935	6,934
Capital items by risk category, total	761,984	480,734
Loss allowance	721	255
Total	761,263	480,480

Agriculture

Loans and receivables and off-balance sheet commitments	30 Jun 2023	31 Dec 2022
Risk rating 1	**73,831**	**55,670**
Risk rating 2	**175,638**	**162,555**
Risk rating 3	**44,633**	**50,930**
Risk rating 4	**14,365**	**10,024**
No rating	**5,712**	**157**
Capital items by risk category, total	**314,178**	**279,336**
Loss allowance	**1,281**	**824**
Total	**312,897**	**278,512**

Others

Loans and receivables and off-balance sheet commitments	30 Jun 2023	31 Dec 2022
Risk rating 1	**80,028**	**73,979**
Risk rating 2	**57,025**	**29,146**
Risk rating 3	**175**	**1,157**
Risk rating 4	**52**	**22**
Capital items by risk category, total	**137,280**	**104,304**
Loss allowance	**89**	**68**
Total	**137,192**	**104,236**

Debt securities	30 Jun 2023	31 Dec 2022
Risk rating 1	**470,210**	**471,772**
Risk rating 2	**1,977**	**371**
Risk rating 3	**260**	**-**
Risk rating 4	**-**	**83**
No rating	**70,506**	**68,055**
Capital items by risk category, total	**542,953**	**540,281**
Loss allowance	**547**	**438**
Total	**542,405**	**539,843**

Loans and receivables and off-balance sheet commitments by industry	Risk rating 1	Risk rating 2	Risk rating 3	Risk rating 4	No rating	30 Jun 2023	31 Dec 2022
Enterprises	1,049,420	820,105	137,719	132,317	5,147	**2,144,708**	**1,708,929**
Real estate	673,833	447,553	70,627	48,783	-	**1,240,795**	**888,856**
Agriculture	2,219	42,696	1,605	1,084	5,147	**52,751**	**48,015**
Construction	44,461	63,776	8,897	10,803	-	**127,937**	**120,465**
Accommodation and food service activities	21,396	46,583	7,761	8,226	-	**83,967**	**74,663**
Wholesale and retail	92,184	62,973	14,821	16,816	-	**186,794**	**188,307**
Finance and insurance	30,187	17,907	2,374	2,499	-	**52,966**	**55,607**
Others	185,141	138,616	31,634	44,107	-	**399,498**	**333,016**
Public entities	790	15,793	-	-	-	**16,583**	**3,617**
Non-profit communities	10,781	22,022	169	-	-	**32,972**	**29,383**
Financial and insurance institutions	62,754	19,055	6	52	-	**81,868**	**70,918**
Households	2,066,582	1,623,387	182,506	150,652	5,085	**4,028,212**	**3,241,167**
Total	**3,190,328**	**2,500,362**	**320,400**	**283,021**	**10,233**	**6,304,343**	**5,054,014**

3. Measures to mitigate the risks caused by Russian invasion war

The risk of cyber threats has increased due to the war: with the help of a denial-of-service attack or other actions, it is possible to disrupt or paralyze e.g. information systems. Cyber threats and other risks, such as interruptions in electricity distribution, have been mapped in cooperation with service providers, so that the Company is well prepared in the event of a possible disruption. The Company has updated its own preparedness measures and operating guidelines by assessing various threat scenarios and their probabilities and impacts. The authorities have also developed their own precautionary measures.

With regard to credit risk, preventive measures have included the above-mentioned grace periods granted to customers, increased monitoring of problem customers and loans in arrears, careful assessment of collateral values and monitoring. Additionally, when granting new loans, the applicant's repayment capacity and the value of collateral are monitored bearing in mind economic uncertainty, falling prices of housing and other real estate, as well as increases in interest rates and costs.

Note 3 Classification of financial assets and liabilities

Assets (1,000 euros) 30 Jun 2023	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Hedging derivatives	Carrying value, total	Fair value
Cash and cash equivalents	243,847	-	-	-	243,847	243,847
Loans and advances to credit institutions	104,065	-	-	-	104,065	104,065
Loans and advances to customers	5,959,115	-	-	-	5,959,115	5,959,115
Derivatives, hedge accounting	-	-	-	4,966	4,966	4,966
Debt instruments	-	542,405	890	-	543,295	543,295
Equity instruments	-	-	13,700	-	13,700	13,700
Financial assets, total	**6,307,027**	**542,405**	**14,590**	**4,966**	**6,868,988**	**6,868,988**
Investments in associated companies					25,516	25,516
Investment properties					2,163	2,163
Other assets					118,064	118,064
Assets, total	**6,307,027**	**542,405**	**14,590**	**4,966**	**7,014,730**	**7,014,730**

Liabilities (1,000 euros) 30 Jun 2023	Other liabilities	Hedging derivatives	Carrying value, total	Fair value
Liabilities to credit institutions	103,581	-	103,581	103,581
Liabilities to customers	3,835,280	-	3,835,280	3,835,280
Derivatives, hedge accounting	-	12,697	12,697	12,697
Debt securities issued to the public	2,389,873	-	2,389,873	2,389,873
Subordinated liabilities	60,000	-	60,000	60,000
Financial liabilities, total	**6,388,735**	**12,697**	**6,401,432**	**6,401,432**
Non-financial liabilities			143,069	143,069
Liabilities, total	**6,388,735**	**12,697**	**6,544,501**	**6,544,501**

Assets (1,000 euros) 31 Dec 2022	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Hedging derivatives	Carrying value, total	Fair value
Cash and cash equivalents	402,030	-	-	-	402,030	402,030
Loans and advances to credit institutions	114,655	-	-	-	114,655	114,655
Loans and advances to customers	4,754,036	-	-	-	4,754,036	4,754,036
Derivatives, hedge accounting	-	-	-	1,931	1,931	1,931
Debt instruments	-	539,843	859	-	540,702	540,702
Equity instruments	-	-	10,604	-	10,604	10,604
Financial assets, total	**5,270,721**	**539,843**	**11,463**	**1,931**	**5,823,958**	**5,823,958**
Investments in associated companies					25,351	25,351
Investment properties					1,328	1,431
Other assets					91,130	91,130
Assets, total	**5,270,721**	**539,843**	**11,463**	**1,931**	**5,941,766**	**5,941,870**

Liabilities (1,000 euros) 31 Dec 2022	Other liabilities	Hedging derivatives	Carrying value, total	Fair value
Liabilities to credit institutions	242,543	-	242,543	242,543
Liabilities to customers	3,112,464	-	3,112,464	3,112,464
Derivatives, hedge accounting	-	4,184	4,184	4,184
Debt securities issued to the public	2,086,950	-	2,086,950	2,086,950
Subordinated liabilities	40,000	-	40,000	40,000
Financial liabilities, total	**5,481,957**	**4,184**	**5,486,141**	**5,486,141**
Non-financial liabilities			90,665	90,665
Liabilities, total	**5,481,957**	**-**	**5,576,806**	**5,576,806**

Assets (1,000 euros) 30 Jun 2022	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Hedging derivatives	Carrying value, total	Fair value
Cash and cash equivalents	424,254	-	-	-	424,254	424,254
Loans and advances to credit institutions	89,940	-	-	-	89,940	89,940
Loans and advances to customers	4,680,626	-	-	-	4,680,626	4,680,626
Derivatives, hedge accounting	-	-	-	375	375	375
Debt instruments	-	568,906	892	-	569,799	569,799
Equity instruments	-	-	22,197	-	22,197	22,197
Financial assets, total	**5,194,820**	**568,906**	**23,089**	**375**	**5,787,190**	**5,787,190**
Investments in associated companies					24,289	24,289
Investment properties					1,693	1,782
Other assets					77,144	77,144
Assets, total	**5,194,820**	**568,906**	**23,089**	**375**	**5,890,317**	**5,890,405**

Liabilities (1,000 euros) 30 Jun 2022	Other liabilities	Hedging derivatives	Carrying value, total	Fair value
Liabilities to credit institutions	265,609	-	265,609	265,609
Liabilities to customers	3,114,058	-	3,114,058	3,114,058
Debt securities issued to the public	2,053,515	-	2,053,515	2,053,515
Subordinated liabilities	15,000	-	15,000	15,000
Financial liabilities, total	**5,448,182**	**-**	**5,448,182**	**5,448,182**
Non-financial liabilities			86,261	86,261
Liabilities, total	**5,448,182**	**-**	**5,534,442**	**5,534,442**

Note 4 Loans and advances

(1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Loans and advances to credit institutions			
Deposits	97,735	82,630	57,004
Other	6,330	32,026	32,936
Loans and advances to credit institutions, total	**104,065**	**114,655**	**89,940**
Loans and advances to the public and public sector entities			
Loans	5,834,570	4,656,941	4,574,578
Utilised overdraft facilities	69,443	53,670	64,794
Loans intermediated through the State's assets	21	29	35
Credit cards	54,519	43,029	40,803
Bank guarantee receivables	564	367	416
Loans and advances to the public and public sector entities, total	**5,959,115**	**4,754,036**	**4,680,626**
Loans and advances, total	**6,063,180**	**4,868,691**	**4,770,566**

Loans and advances to credit institutions, item Other includes the minimum reserve deposit with the Bank of Finland. The recording policy for the minimum reserve deposit has been changed, and from 30 June 2023, the deposit will be presented as the amount of the balance requirement on the last day of the reporting period.

Reconciliations from the opening and the closing balances of the expected credit losses are presented in Note 12 Impairment losses on financial assets.

Note 5 Financial derivatives

Assets (1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Fair value hedge			
Interest rate derivatives	4,965	1,929	281
Other hedging derivatives			
Share and share index derivatives	1	2	93
Derivative assets, total	**4,966**	**1,931**	**375**

Liabilities (1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Fair value hedge			
Interest rate derivatives	12,697	4,184	-
Share and share index derivatives	-	-	-
Derivative liabilities, total	**12,697**	**4,184**	**-**
Change in the value of hedged object / Fair value hedge	**5,792**	**1,446**	**-296**
Change in the value of hedged object / Other hedging derivatives	**238**	**343**	**354**

Nominal values of underlying items and fair values of derivatives (1,000 euros)	Remaining maturity				Fair values	
30 Jun 2023	Less than 1 year	1-5 years	Over 5 years	Total	Assets	Liabilities
Fair value hedge	**5,000**	**791,000**	**327,000**	**1,123,000**	**4,965**	**12,697**
Interest rate swaps	5,000	791,000	327,000	1,123,000	4,965	12,697
Cva and Dva adjustments	-	-	-	-	-1	-
Other hedging derivatives	**27,490**	**-**	**-**	**27,490**	**1**	**-**
Share and share index derivatives	27,490	-	-	27,490	1	-
Cva and Dva adjustments	-	-	-	-	-	-
Derivatives, total	**32,490**	**791,000**	**327,000**	**1,150,490**	**4,966**	**12,697**

Nominal values of underlying items and fair values of derivatives (1,000 euros)	Remaining maturity				Fair values	
31 Dec 2022	Less than 1 year	1-5 years	Over 5 years	Total	Assets	Liabilities
Fair value hedge	**10,000**	**291,000**	**327,000**	**628,000**	**1,929**	**4,184**
Interest rate swaps	10,000	291,000	327,000	628,000	1,931	4,110
Cva and Dva adjustments	-	-	-	-	-2	73
Other hedging derivatives	**31,328**	**12,553**	**-**	**43,880**	**2**	**-**
Share and share index derivatives	31,328	12,553	-	43,880	5	-
Cva and Dva adjustments	-	-	-	-	-3	-
Derivatives, total	**41,328**	**303,553**	**327,000**	**671,880**	**1,931**	**4,184**

Nominal values of underlying items and fair values of derivatives (1,000 euros)	Remaining maturity			Fair values		
30 Jun 2022	Less than 1 year	1-5 years	Over 5 years	Total	Assets	Liabilities
Fair value hedge	**5,000**	**5,000**	**-**	**10,000**	**281**	**-**
Interest rate swaps	5,000	5,000	-	10,000	291	-
Cva and Dva adjustments	-	-	-	-	-10	-
Other hedging derivatives	**32,906**	**27,490**	**-**	**60,396**	**93**	**-**
Share and share index derivatives	32,906	27,490	-	60,396	107	-
Cva and Dva adjustments	-	-	-	-	-14	-
Derivatives, total	**37,906**	**32,490**	**-**	**70,396**	**375**	**-**

Note 6 Investment assets

Investment assets (1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Measured at fair value through profit or loss			
Debt securities	890	859	892
Shares and other equity instruments	13,700	10,604	22,197
Assets measured at fair value through profit or loss, total	**14,590**	**11,463**	**23,089**
Measured at fair value through other comprehensive income			
Debt securities	542,405	539,843	568,906
Shares and other equity instruments	-	-	-
Measured at fair value through other comprehensive income, total	**542,405**	**539,843**	**568,906**
Investment properties	**2,163**	**1,328**	**1,693**
Investment assets, total	**559,158**	**552,633**	**593,689**

Reconciliations from the opening and the closing balances of the expected credit losses are presented in Note 12 Impairment losses on financial assets.

Changes in investment properties (1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Cost January 1	**4,199**	**4,544**	**4,544**
+ Increases	22	-	-
- Decreases	-	-345	-
+/- Transfers	898	-	-
Cost at the end of the period	**5,119**	**4,199**	**4,544**
Accumulated depreciation and impairment losses January 1	**-2,871**	**-2,830**	**-2,830**
+/- Accumulated depreciation of decreases and transfers	-53	-	-
- Depreciation	-31	-41	-20
+/- Other changes	-1	-	-
Accumulated depreciation and impairment at the end of the period	**-2,956**	**-2,871**	**-2,851**
Opening balance January 1	**1,328**	**1,713**	**1,713**
Closing balance	**2,163**	**1,328**	**1,693**

30 Jun 2023	Equity instruments				Debt-based				
Measured at fair value through profit or loss and measured at fair value through other comprehensive income (1,000 euros)	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	All total
Quoted									
Public sector entities	-	-	-	-	154,670	-	-	154,670	154,670
From others	-	4,224	-	4,224	387,534	113	-	387,647	391,870
Non-quoted									
From others	-	9,477	-	9,477	201	777	-	978	10,455
Total	**-**	**13,700**	**-**	**13,700**	**542,405**	**890**	**-**	**543,295**	**556,996**

31 Dec 2022	Equity instruments				Debt-based				
Measured at fair value through profit or loss and measured at fair value through other comprehensive income (1,000 euros)	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	All total
Quoted									
Public sector entities	-	-	-	-	158,567	-	-	158,567	158,567
From others	-	2,375	-	2,375	381,071	115	-	381,186	383,561
Non-quoted									
From others	-	8,229	-	8,229	205	744	-	949	9,178
Total	**-**	**10,604**	**-**	**10,604**	**539,843**	**859**	**-**	**540,702**	**551,306**

30 Jun 2022	Equity instruments				Debt-based				
Measured at fair value through profit or loss and measured at fair value through other comprehensive income (1,000 euros)	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	All total
Quoted									
Public sector entities	-	-	-	-	169,320	-	-	169,320	169,320
From others	-	12,857	-	12,857	399,388	125	-	399,513	412,370
Non-quoted									
From others	-	9,340	-	9,340	199	767	-	967	10,306
Total	**-**	**22,197**	**-**	**22,197**	**568,906**	**892**	**-**	**569,799**	**591,996**

Note 7 Liabilities to the public and public sector entities and liabilities to credit institutions

(1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Liabilities to credit institutions			
Liabilities to Central Banks	-	150,000	150,000
Repayable on demand	8,580	4,749	19,913
Other than repayable on demand	95,002	87,794	95,696
Liabilities to credit institutions, total	**103,581**	**242,543**	**265,609**
Liabilities to the public and public sector entities			
Deposits	3,841,054	3,113,883	3,113,733
Repayable on demand	3,257,361	2,817,464	2,966,079
Other	583,693	296,420	147,654
Other financial liabilities	19	27	29
Other than repayable on demand	19	27	29
Changes in fair value in terms of borrowing	-5,792	-1,446	296
Liabilities to the public and public sector entities, total	**3,835,280**	**3,112,464**	**3,114,058**
Liabilities to the public and public sector entities and liabilities to credit institutions, total	**3,938,861**	**3,355,007**	**3,379,667**

The Liabilities to Central Banks item concern the secured TLTRO loan taken out in June 2020. The loan matured on 30 June 2023. In accordance with the IFRS 9 standard, the TLTRO loan was treated as a liability and the loan interest was revised after the loan matured.

Note 8 Debt securities issued to the public

(1,000 euros)	30 Jun 2023	31 Dec 2022	30 Jun 2022
Bonds	2,255,996	1,941,269	1,906,863
Certificates of deposit	133,877	145,681	146,652
Debt securities issued to the public, total	**2,389,873**	**2,086,950**	**2,053,515**

	Nominal value				Closing balance		
Maturity of bonds	30 Jun 2023	Interest	Year of issue	Due date	30 Jun 2023	31 Dec 2022	30 Jun 2022
OmaSp Plc 12.12.2022, covered bond	350,000	0.125%/fixed	2017-2018	12.12.2022	-	-	349,771
OmaSp Plc 3.4.2024, covered bond	300,000	0.125%/fixed	2019	03.04.2024	299,745	299,579	299,411
OmaSp Plc 6.4.2023, covered bond	250,000	0.125%/fixed	2020	06.04.2023	-	249,883	249,659
OmaSp Plc 17.1.2024	55,000	margin 1%/variable	2020	17.1.2024	54,999	54,999	54,998
OmaSp Plc 25.11.2027, covered bond	650,000	0.01%/fixed	2020-2023	25.11.2027	618,820	403,908	404,312
OmaSp Plc 19.5.2025	200,000	margin 0.2%/variable	2021	19.05.2025	199,703	199,625	199,546
OmaSp Plc 18.12.2026, covered bond	600,000	1.5%/fixed	2022	18.12.2026	585,596	583,684	349,166
OmaSp Plc 26.9.2024	150,000	5%/fixed	2022	26.09.2024	149,696	149,591	-
OmaSp Plc 15.6.2028, covered bond	350 000	3.125%/fixed	2023	15.6.2028	347,437	-	-
					2,255,996	**1,941,269**	**1,906,863**

Maturity of deposit certificates	Less than 3 months	3-6 months	6-9 months	9-12 months	Closing balance, total
30 Jun 2023	76,786	27,672	29,418	-	**133,877**
31 Dec 2022	133,777	11,904	-	-	**145,681**
30 Jun 2022	79,987	50,675	15,990	-	**146,652**

Note 9 Net interest income

(1,000 euros)	1-6/2023	1-6/2022	1-12/2022	2023 Q2	2022 Q2
Interest income					
Loans to credit institutions	5,636	-	1,377	3,254	-
Loans and advances to the public and public sector entities	110,968	45,884	108,840	64,802	24,120
Debt securities	2,428	1,508	3,104	1,317	759
Derivatives	14,129	1,749	6,947	8,498	854
Other interest income	714	1,210	1,608	410	563
Interest income, total	**133,874**	**50,351**	**121,876**	**78,281**	**26,296**
Interest expenses					
Liabilities to credit institutions	-2,276	-492	-1,283	-1,084	-331
Liabilities to the public and public sector entities	-8,357	-216	-1,524	-5,366	-118
Debt securities issued to the public	-23,150	-2,161	-10,907	-13,400	-1,532
Derivative contracts	-13,365	-	-2,742	-8,393	-
Subordinated liabilities	-796	-93	-354	-474	-47
Other interest expenses	-470	-73	-136	-329	-39
Interest expenses, total	**-48,415**	**-3,036**	**-16,946**	**-29,046**	**-2,066**
Net interest income	**85,459**	**47,316**	**104,930**	**49,236**	**24,229**

Note 10 Fee and commission income and expenses

(1,000 euros)	1-6/2023	1-6/2022	1-12/2022	2023 Q2	2022 Q2
Fee and commission income					
Lending	4,608	7,102	11,925	2,670	3,613
Deposits	49	44	77	28	21
Card and payment transactions	16,166	11,788	24,440	8,665	6,021
Intermediated securities	-	205	259	-	143
Funds	3,053	2,314	4,485	1,740	1,114
Legal services	181	219	422	107	111
Brokered products	1,179	1,051	2,025	664	495
Granting of guarantees	1,053	889	1,865	534	492
Other fee and commission income	473	472	771	232	248
Fee and commission income, total	**26,763**	**24,083**	**46,270**	**14,640**	**12,259**
Fee and commission expenses					
Card and payment transactions	-2,933	-2,457	-5,455	-1,661	-1,180
Securities	-274	-44	-246	-148	-32
Other fee and commission expenses	-547	-601	-1,172	-276	-316
Fee and commission expenses, total	**-3,755**	**-3,102**	**-6,873**	**-2,085**	**-1,528**
Fee and commission income and expenses, net	**23,007**	**20,981**	**39,396**	**12,555**	**10,730**

Note 11 Net income on financial assets and financial liabilities

(1,000 euros)	1-6/2023	1-6/2022	1-12/2022	2023 Q2	2022 Q2
Net income on financial assets measured at fair value through profit or loss					
Debt securities					
Valuation gains and losses	31	-103	-136	-12	-15
Debt securities, total	**31**	**-103**	**-136**	**-12**	**-15**
Shares and other equity instruments					
Dividend income	179	425	449	97	249
Capital gains and losses	-	-	-203	-	-
Valuation gains and losses	462	-4,191	-4,828	499	-2,308
Shares and other equity instruments, total	**640**	**-3,766**	**-4,582**	**596**	**-2,058**
Net income on financial assets measured at fair value through profit or loss, total	**671**	**-3,869**	**-4,718**	**584**	**-2,073**
Net income on financial assets measured at fair value through other comprehensive income					
Debt securities					
Capital gains and losses	579	-500	-500	17	-27
Difference in valuation reclassified from the fair value reserve to the income statement	-359	97	97	10	-285
Debt securities, total	**220**	**-403**	**-403**	**27**	**-312**
Net income on financial assets measured at fair value through other comprehensive income, total	**220**	**-403**	**-403**	**27**	**-312**

Net income from investment properties (1,000 euros)	1-6/2023	1-6/2022	1-12/2022	2023 Q2	2022 Q2
Rent and dividend income	160	102	202	105	49
Capital gains and losses	-	-	-3	-	-
Other gains from investment properties	8	3	7	6	1
Maintenance expenses	-46	-38	-53	-30	-17
Depreciation and impairment on investment properties	-31	-20	-41	-21	-10
Rent expenses on investment properties	-	-1	-10	-	-1
Net income from investment properties, total	**90**	**46**	**103**	**59**	**23**

Net income on trading in foreign currencies	**-43**	**176**	**130**	**-**	**135**
Net income from hedge accounting	**435**	**-3**	**-414**	**-266**	**-2**
Net income from trading	**71**	**50**	**-4**	**21**	**12**
Net income on financial assets and financial liabilities, total	**1,443**	**-4,003**	**-5,306**	**424**	**-2,217**

Note 12 Impairment losses on financial assets

(1,000 euros)	1-6/2023	1-6/2022	1-12/2022	2023 Q2	2022 Q2
ECL on receivables from customers and off-balance sheet items	-3,845	3,023	1,343	-2,880	-1,271
ECL from debt instruments	-110	587	720	-3	153
Expected credit losses, total	**-3,955**	**3,610**	**2,063**	**-2,883**	**-1,118**
Final credit losses					
Final credit losses	-1,242	-2,723	-4,348	-643	-360
Refunds on realised credit losses	888	239	538	811	107
Recognised credit losses, net	**-354**	**-2,484**	**-3,810**	**168**	**-253**
Impairment on financial assets, total	**-4,309**	**1,126**	**-1,747**	**-2,714**	**-1,372**

Reconciliations from the opening and closing balances of the expected credit losses have been formed from 1 January 2023 and 30 June 2023 on the basis of changes in euro denominated loan exposures and expected credit losses.

Expected credit losses, loans and receivables

				1-6/2023	1-6/2022	1-12/2022
Receivables from credit institutions and public and public entities (1,000 euros)	Stage 1	Stage 2	Stage 3	Total	Total	Total
Expected credit losses 1 January	**1,300**	**4,974**	**18,558**	**24,833**	**28,599**	**28,599**
Transfer to stage 1	168	-873	-68	-774	-585	-1,221
Transfer to stage 2	-117	1,369	-281	971	1,209	2,615
Transfer to stage 3	-12	-336	2,384	2,035	870	2,354
New debt securities	574	939	4,071	5,585	611	1,115
Instalments and matured debt securities	-115	-316	-1,003	-1,434	-1,316	-2,327
Realised credit losses	-	-	-1,242	-1,242	-2,489	-4,114
Recoveries on previous realised credit losses	-	-	888	888	163	462
Changes in credit risk	50	190	-139	101	828	2,291
Changes in the ECL model parameters	-	-	-	-	-1,988	-2,338
Changes based on management estimates	340	6,586	3,234	10,160	-2,804	-2,603
Expected credit losses period end	**2,188**	**12,532**	**26,403**	**41,123**	**23,099**	**24,833**

The Company's management has assessed the effects of the corona pandemic and the Russian invasion war on an industry-by-industry basis. In the first quarter, an additional ECL reserve based on management's judgement was offloaded by EUR 0.9 million and an additional LGD allowance was offloaded by EUR 0.2 million during the second quarter. The fair value adjustment recorded in connection with the acquisition of Liedon Savings Bank based on management's judgement has been allocated in the second quarter of EUR 0.7 million. During the first quarter, the Company has refined the allocation of expected credit losses between levels using the flow calculation, and this has caused changes to the allocation of the initial balances at the time of reporting between levels 1 and 2. The total amount of expected credit losses has not changed with the change.

				1-6/2023	1-6/2022	1-12/2022
Off-balance sheet commitments (1,000 euros)	Stage 1	Stage 2	Stage 3	Total	Total	Total
Expected credit losses 1 January	**141**	**156**	**-**	**297**	**926**	**926**
Transfer to stage 1	6	-104	-	-98	-31	-63
Transfer to stage 2	-4	37	-	33	90	160
Transfer to stage 3	-	-4	-	-4	-1	-3
New debt securities	111	84	-	195	118	304
Matured debt securities	-36	-44	-	-79	-93	-287
Realised credit losses	-	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-	-
Changes in credit risk	-9	-12	-	-21	-3	-33
Changes in the ECL model parameters	-	-	-	-	-649	-659
Changes based on management estimates	3	50	-	53	-7	-49
Expected credit losses period end	**213**	**163**	**-**	**376**	**351**	**297**

Expected credit losses, investment assets

Debt securities, at amortised cost (1,000 euros)	Stage 1	Stage 2	Stage 3	1-6/2023 Total	1-6/2022 Total	1-12/2022 Total
Expected credit losses 1 January	**415**	**23**	**-**	**438**	**1,158**	**1,158**
Transfer to stage 1	-	-	-	-	-13	-13
Transfer to stage 2	-	-	-	-	19	9
Transfer to stage 3	-	-	-	-	-	-
New debt securities	301	333	-	634	30	33
Matured debt securities	-278	-333	-	-610	-125	-127
Realised credit losses	-	-	-	-	-	-
Recoveries on previous realised credit losses	-	-	-	-	-	-
Changes in credit risk	87	-1	-	86	-498	-622
Changes in the ECL model parameters	-	-	-	-	-	-
Changes based on management estimates	-	-	-	-	-	-
Expected credit losses period end	**524**	**23**	**-**	**547**	**571**	**438**

Note 13 Fair values in accordance with the valuation method

The determination of the fair value of financial instruments is set out in Note G1 Accounting principles under “Determining the fair value” of the Financial Statements for the year 2022.

Equity securities recorded to stage 3 include shares in unlisted companies.

Financial assets and liabilities measured at fair value

	30 Jun 2023			
Financial assets (1,000 euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
At fair value through profit or loss				
Equity securities	4,224	2,263	7,214	13,700
Debt securities	693	-	197	890
Derivatives	-	4,966	-	4,966
At fair value through other comprehensive income				
Debt securities	542,405	-	-	542,405
Financial assets, total	**547,322**	**7,229**	**7,411**	**561,962**

	30 Jun 2023			
Financial liabilities (1, 000 euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives	-	12,697	-	12,697
Financial liabilities, total	**-**	**12,697**	**-**	**12,697**

	30 Jun 2023			
Other liabilities (1,000 euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
At fair value through profit or loss				
Payment liability, consortium of Savings Banks	-	-	19,550	19,550
Total	**-**	**-**	**19,550**	**19,550**

	31 Dec 2022				30 Jun 2022			
Financial assets (1,000 euros)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Measured at fair value through profit or loss								
Equity securities	2,375	2,018	6,211	**10,604**	12,857	1,967	7,372	22,197
Debt securities	660	-	199	**859**	683	-	209	892
Derivatives	-	1931	-	**1,931**	-	375	-	375
Measured at fair value through other comprehensive income								
Debt securities	539,843	-	-	539,843	568,906	-	-	568,906
Financial assets, total	**542,878**	**3,948**	**6,410**	**553,236**	**582,447**	**2,342**	**7,581**	**592,370**

	31 Dec 2022				30 Jun 2022			
Financial liabilities (1,000 euros)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives	-	4,184	-	4,184	-	-	-	-
Financial liabilities, total	**-**	**4,184**	**-**	**4,184**	**-**	**-**	**-**	**-**

	31 Dec 2022				30 Jun 2022			
Other liabilities (1,000 euros)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
At fair value through profit or loss								
Payment liability, consortium of Savings Banks	-	-	5,200	5,200	-	-	5,850	5,850
Total	**-**	**-**	**5,200**	**5,200**	**-**	**-**	**5,850**	**5,850**

Investment transactions, categorised to Level 3

Financial assets at fair value through profit or loss (1,000 euros)	30 Jun 2023 Equity securities	30 Jun 2023 Debt securities	30 Jun 2023 Total	31 Dec 2022 Equity securities	31 Dec 2022 Debt securities	31 Dec 2022 Total	30 Jun 2022 Equity securities	30 Jun 2022 Debt securities	30 Jun 2022 Total
Opening balance	**6,211**	**199**	**6,410**	**7,277**	**269**	**7,546**	**7,277**	**269**	**7,546**
+ Acquisitions	1,000	-	1,000	-	-	-	-	-	-
- Sales	-	-	-	-1,252	-	-1,252	-1	-	-1
- Matured during the year	-	-	-	-	-	-	-	-	-
+/- Realised changes in value recognised on the income statement	-	-	-	103	-	103	-	-	-
+/- Unrealised changes in value recognised on the income statement	3	-2	1	83	-70	13	96	-60	36
+ Transfers to Level 3	-	-	-	-	-	-	-	-	-
- Transfers to Level 1 and 2	-	-	-	-	-	-	-	-	-
Closing balance	**7,214**	**197**	**7,411**	**6,211**	**199**	**6,410**	**7,372**	**209**	**7,581**

Transactions in other liabilities, categorised to Level 3

Other liabilities at fair value through profit or loss (1,000 euros)	30 Jun 2023 Equity securities	30 Jun 2023 Debt securities	30 Jun 2023 Total	31 Dec 2022 Equity securities	31 Dec 2022 Debt securities	31 Dec 2022 Total	30 Jun 2022 Equity securities	30 Jun 2022 Debt securities	30 Jun 2022 Total
Opening balance	**-**	**5,200**	**5,200**	**-**	**6,500**	**6,500**	**-**	**6,500**	**6,500**
+ Acquisitions	-	15,000	15,000	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-	-	-
- Matured during the year	-	-	-	-	-	-	-	-	-
+/- Realised changes in value recognised on the income statement	-	-	-	-	-	-	-	-	-
+/- Unrealised changes in value recognised on the income statement	-	-650	-650	-	-1,300	-1,300	-	-650	-650
+ Transfers to Level 3	-	-	-	-	-	-	-	-	-
- Transfers to Level 1 and 2	-	-	-	-	-	-	-	-	-
Closing balance	**-**	**19,550**	**19,550**	**-**	**5,200**	**5,200**	**-**	**5,850**	**5,850**

Sensitivity analysis for financial assets on Level 3

(1,000 euros)		30 Jun 2023 Potential impact on equity			31 Dec 2022 Potential impact on equity			30 Jun 2022 Potential impact on equity		
Equity securities	Hypo-thetical change	Market value	Positive	Negative	Market value	Positive	Negative	Market value	Positive	Negative
At fair value through profit or loss	+/- 15%	7,214	1,082	-1,082	6,211	932	-932	7,372	1,106	-1,106
At fair value through other comprehensive income	+/- 15%	-	-	-	-	-	-	-	-	-
Total		**7,214**	**1,082**	**-1,082**	**6,211**	**932**	**-932**	**7,372**	**1,106**	**-1,106**

(1,000 euros)		30 Jun 2023 Potential impact on equity			31 Dec 2022 Potential impact on equity			30 Jun 2022 Potential impact on equity		
Debt securities	Hypo-thetical change	Market value	Positive	Negative	Market value	Positive	Negative	Market value	Positive	Negative
At fair value through profit or loss	+/- 15%	197	30	-30	199	30	-30	209	31	-31
At fair value through other comprehensive income	+/- 15%	-	-	-	-	-	-	-	-	-
Total		**197**	**30**	**-30**	**199**	**30**	**-30**	**209**	**31**	**-31**

Note 14 Share-based incentive schemes

As of 30 June 2023, the Company has the following existing share-based incentive programs:

Program 2020-2021
On 17 February 2020, Oma Savings Bank's Board of Directors decided to set up a share-based incentive scheme for the Group's management. The remuneration is based on comparable cost-income ratio, an increase in operating income (in comparable figures) and customer and employee satisfaction. The program includes the earning period 2020-2021 and subsequent commitment periods, during which the shares will be disposed approximately in four installments within three years. The reward is paid partly in shares of the Company and partly in cash. The cash portion is used to cover taxes and tax charges incurred by the reward to the person. If a person's employment or employment relationship ends before the payment of the commission, the remuneration, as a rule, is not paid. The fees payable under the scheme correspond to a total of up to 420,000 Oma Savings Bank Plc shares. The target group of the scheme includes a maximum of 10 persons.

Program 2022-2023
On 24 February 2022, Oma Savings Bank's Board of Directors decided to set up a new share-based incentive scheme for key persons of the Group. The remuneration is based on comparable cost-income ratio, an increase in operating income (in comparable figures) and customer and employee satisfaction. The possible reward is based on a comparable cost-income ratio, an increase in operating income (by comparable figures), and customer and employee satisfaction. The program includes a two-year long earning period, 2022-2023 and subsequent commitment periods, during which the shares will be disposed in approximately six instalments within five years. The reward is paid partly in shares of the Company and partly in cash. The cash portion is used to cover taxes and tax charges incurred by the reward to the person. If a person's employment or employment relationship ends before the payment of the commission, the remuneration, as a rule, is not paid. The fees payable under the scheme corresponds to a maximum value of 400,000 shares of Oma Savings Bank Plc, including the amount to be paid in cash. The target group of the scheme includes a maximum of 30 key persons, including the Company's CEO and members of the Group's Management Team.

Share-based incentive scheme	1-6/2023	1-6/2023	1-12/2022
	Program 2022-2023	Program 2020-2021	Program 2020-2021
Maximum estimated number of gross shares at the start of the scheme	400,000	420,000	420,000
Date of issue	01/01/2022	01/01/2020	01/01/2020
Share price at issue, weighted average fair value	16.90	8.79	8.79
Earning period begins	01/01/2022	01/01/2020	01/01/2020
Earning period ends	31/12/2023	31/12/2021	31/12/2021
Persons at the close of the financial year	30	10	11

Events for the financial year (pcs)	1-6/2023	1-6/2023	1-12/2022
01/01/2023	Program 2022-2023	Program 2020-2021	Program 2020-2021
Those who were out at the beginning of the period	-	**172,190**	-
Changes during the period			
Granted during the period	-	-	331,790
Lost during the period	-	-	-
Implemented during the period	-	-57,396	-159,600
Expired during the period	-	-	-
Out at the end of the period	**-**	**114,794**	**172,190**

Note 15 Changes in Group structure

The 2023 accounting period

In February, Oma Savings Bank Plc grew its shareholding in housing Company Seinäjoen Oma Savings Bank house by acquiring more space for its businesses. The Company's shareholding in the Company is after the arrangement 30.5%.

The 2022 accounting period

As a result of the arrangement carried out in June, Oma Savings Bank Plc's control was removed from SAV-Rahoitus Oyj, which had previously been consolidated as a subsidiary. After the arrangement, the Company's ownership in the Company is 48.2% and it will be consolidated as a joint venture based on the shareholders' agreement using the equity method. In this context, the value of the Company's remaining investment was valued at fair value. The effect of the change on the profit was EUR 0.5 million.

In November, Oma Savings Bank Plc increased its shareholding in City Kauppapaikat Oy through a directed share issue. The Company's shareholding in the Company after the arrangement is 42.7%. The value of the shareholding after the change is EUR 17.8 million.

Note 16 Business combinations

Acquisition of Liedon Savings Bank's business

In September 2022, the Company's Board of Directors decided to acquire the business of Liedon Savings Bank in accordance with the acquisition plan. In accordance with a decision made by the governing body of Liedon Savings Bank, Liedon Savings Bank transferred its entire business to the Company except for the minor assets mentioned in the acquisition plan. The registration date for the implementation of the business transfer was 28 February 2023. The purchase price of the business acquisition was paid partly by issuing shares and partly in cash.

The values of the assets acquired and liabilities taken to bear were at the time of acquisition:

Acquisition of business	EUR million
Loans and advances to public and credit institutions	1,167.0
Accruals and other assets	45.8
Fixed assets	5.5
Deposits from public and credit institutions	-1,117.8
Accruals and other liabilities	-11.8
Lease liabilities	-5.5
Liability, consortium of saving banks	-15.0
Acquired net assets	**68.0**
Purchase price, in cash	7.5
Purchase price, equity instruments	65.0
Total cost of combination	**72.5**
Goodwill	**4.4**

As a result of the acquisition, EUR 4.4 million was recognised in goodwill. The acquisition of the business is estimated to have a significant positive impact on the Company's annual profitability and is expected to increase the Company's profit before taxes by approximately EUR 15-20 million annually over the next few years. In the longer term, business in the Turku economic area is expected to significantly increase the Company's earnings. Increasing volumes further improve the Company's cost-effectiveness and business profitability. Goodwill is formed as the difference between the net assets of the acquired business and the purchase price.

In connection with the transitioning of the business, a liability of EUR 15.0 million valued at fair value was recognised in the Company's balance sheet to cover a payment obligation related to the fixed-term liability of Liedon Savings Bank being a credit institution member leaving the consortium of Savings Banks (Act on the Consortium of Deposit Banks 599/2010). The liability is valid for five years.

Assets and liabilities acquired in the business have been measured at fair value. The leases have been valued in accordance with IFRS 16.

The value of receivables received in the acquisition of the business is approx. EUR 1,167.0 million and at the time of the acquisition has been taken into account the gross value of receivables of EUR 8.0 million as a reduction in expected credit losses. The effect is presented in Note 12 under “New debt securities”.

Cash flow effect of the business acquisition EUR 143.1 million is in the Cash flows from financing activities.

The business income after the acquisition date of the acquired business is included in the Income Statement of the first quarter. According to the management's estimate, Oma Savings Bank Group's operating income would have been EUR 57 million and profit before taxes EUR 27 million in the first quarter of 2023, if the acquired business had been combined in the consolidated financial statements from the beginning of the 2023 financial year.

As part of the acquisition of Liedon Savings Bank's business, the Company carried out the transfer of loans acquired from Sp Mortgage Bank Plc as planned at the beginning of March. The size of the loan portfolio was EUR 233 million. The Company signed an agreement with Sp Mortgage Bank Plc on the transfer of mortgage credit bank loan (mortgage loans) brokered by Liedon Savings Bank in November 2022.

The acquisition increased the Company's balance sheet by approximately EUR 1.4 billion. Approximately 50,000 private and corporate customers transferred in the acquisition of the business. 93 people transferred as old employees. The total costs of the arrangement were EUR 3.2 million, of which EUR 1.3 million was allocated to 2022 and EUR 1.9 million for the first quarter of 2023.

Note 17 Significant events after the period

On 31 May 2023, the Company announced an arrangement whereby it will acquire the Finnish SME business of Svenska Handelsbanken AB. The transaction was subject to approval by the authorities. The Finnish Competition and Consumer Authority announced that it had approved the Company's business transaction on 24 July 2023.

Other events following the end of the reporting period that would require the presentation of additional information or that would materially affect the Company's financial position are unknown.

Note 18 Alternative Performance Measures (APM) and calculation of the key figures

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

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

Oma Savings Bank Plc uses the following Alternative Performance Measures:

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

Calculation of key figures

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

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

Liquidity coverage ratio (LCR), %
Minimum liquidity buffer relative to net cash and collateral outflows in a 30-day stress scenario

Net stable funding ratio (NSFR)%

$$\frac{\text{Available amount of stable funding}}{\text{Required amount of stable funding}} \times 100$$

Cost/income ratio, %

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

Comparable cost/income ratio, %

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

Comparable profit before taxes
Profit/loss before taxes without net income from financial assets and liabilities and other items effecting comparability

Return on equity, ROE %

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

Comparable return on equity, ROE %

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

Total return on assets, ROA %

$$\frac{\text{Profit/loss of the accounting period}}{\text{Average balance sheet total}} \times 100$$

(average of the beginning and the end of the year)

Equity ratio, %

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

Total capital (TC), %

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

Common Equity Tier 1 (CET1) capital ratio, %

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

Tier 1 (T1), capital ratio, %

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

Leverage ratio, %

$$\frac{\text{Tier 1 (T1) capital}}{\text{Exposures total}} \times 100$$

Earnings per share (EPS), EUR

$$\frac{\text{Profit/loss for the accounting period belonging to the parent company owners}}{\text{Average number of shares outstanding}}$$

Earnings per share after dilution (EPS), EUR

$$\frac{\text{Profit/loss for the accounting period belonging to the parent company}}{\text{Average number of shares outstanding after dilution of share-based rewarding}}$$

Comparable earnings per share (EPS), EUR

$$\frac{\text{Comparable profit/loss – Share of non-controlling interests}}{\text{Average number of shares outstanding}}$$

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Independent Auditor's Report on Review of Consolidated Interim Report of Oma Savings Bank Plc

To the Board of Directors of Oma Savings Bank Plc

Introduction

We have reviewed the accompanying consolidated interim report of Oma Savings Bank Plc which comprise the condensed consolidated balance sheet as at 30 June 2023, condensed consolidated income statement, statement of comprehensive income, changes in equity, and cash flows for the six months ended 30 June 2023 and notes to the condensed interim information. The Board of Directors and the CEO are responsible for the preparation and presentation of the condensed consolidated interim report in accordance with IAS 34 "Interim Financial Reporting" standard and other regulations governing the preparation of interim financial statements in Finland. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements ISRE 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity".* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim report of Oma Savings Bank Plc as at 30 June 2023 and for the six month period ended 30 June 2023 has not been prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting standard and other regulations governing the preparation of interim financial statements in Finland.

In Helsinki, 31 July 2023

KPMG OY AB

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