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PILLAR III

Disclosure Report on capital adequacy and risk management 30 June 2021

The 30 June 2021 Pillar III is a translation of the original Finnish version "Pilari III".
If discrepancies occur, the Finnish version is dominant.

Contents

1. Introduction

EU Capital Requirements Regulation (575/2013), Part 8, sets requirements for the disclosure obligation of institutions and the disclosure of information concerning banks' risks, their management and capital adequacy. Additionally, institutions such as the European Banking Authority (EBA) have provided more detailed guidance on the disclosure obligations. Oma Savings Bank Group complies with its disclosure obligation by annually publishing comprehensive information on its capital adequacy and risk management (so-called Pillar III information) alongside its Annual Report. The substantial information in accordance with Pillar III will be published as a separate report alongside the Half-Year Financial Report. The information in Pillar III is unaudited. The comparative period is 31 December 2020 unless otherwise stated. There have been regulatory changes to the forms issued by EBA. The forms present the information where applicable and only the rows and columns containing the reportable are presented.

2. Summary

Risk management key figures

(1, 000 euros)	30 Jun 2021	31 Dec 2020
Own funds		
Common Equity Tier 1 (CET1) capital	352,023	324,009
Total capital (TC)	356,795	330,268
Pillar I minimum capital requirement (8,0 %)	171,394	162,993
Pillar I total capital requirement	257,223	244,551
Risk weighted assets		
Credit and counterparty risk, standardised approach	1,949,265	1,854,561
Credit valuation adjustment (CVA)	11,790	2,329
Market risk (foreign exchange risk)	8,835	7,986
Operational risk, basic indicator approach	172,536	172,536
Risk weighted assets, total	**2,142,427**	**2,037,412**
Ratios		
Common Equity Tier 1 (CET1) capital ratio, %	16.43%	15.90%
Total capital (TC) ratio, %	16.65%	16.21%
Leverage ratio, %	7.16%	7.25%
Liquidity coverage ratio (LCR), %	160.57%	184.93%

Oma Savings Bank’s strong growth continued in the first half of the year. The company’s risk strategy supports the company’s strategy in terms of business growth. Risk management is part of all of the company’s operations, including prudent decision making, systematic monitoring, decisive measures, avoiding risk concentrations, complying with the company’s own regulations and official regulations. One of the main tasks of risk management is to create prerequisites for achieving growth without an increase in risk levels or disturbances in daily operations. The company has defined risk management processes, risk taking limits and guidelines to stay within the set limits.

The business profile is stable with the company focusing on the retail banking business. At the end of the period, Oma Savings Bank Group's core capital ratio (CET1) was 16.4 (15.9)%, clearly exceeding the financial target set by the company’s Board of Directors of at least 14%. Risk-weighted items were most significantly increased by the strong growth of the loan portfolio and retained earnings from own funds by retained earnings for the financial year.

The application of the main rule of the update of the EU Capital Requirement Regulation (CRR2) started on 28 June 2021. Under the new regulation, liabilities related to SMEs will receive a greater reduction in capital requirements. The CRR2 Regulation also changed the capital requirements for fund investments and derivatives. The minimum leverage ratio (LR) and the permanent funding requirement (NSFR) became binding requirements with the application of the general rule.

A new definition of insolvency was introduced on 1 January 2021. The introduction of the new definition increased the amount of Tier 3 loans during the first quarter, but since then the effect has leveled off. The impact was mainly on retail loans.

Template EU KM1 - Key metrics template

(1,000 euros)		a 30 Jun 2021
	Available own funds (amounts)	
1	Common Equity Tier 1 (CET1) capital	352,023
2	Tier 1 capital	352,023
3	Total capital	356,795
	Risk-weighted exposure amounts	
4	Total risk exposure amount	2,142,427
	Capital ratios (as a percentage of risk-weighted exposure amount)	
5	Common Equity Tier 1 ratio (%)	16.4310%
6	Tier 1 ratio (%)	16.4310%
7	Total capital ratio (%)	16.6538%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)	
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.5000%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.5000%
EU 7d	Total SREP own funds requirements (%)	9.5000%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)	
8	Capital conservation buffer (%)	2.5000%
9	Institution specific countercyclical capital buffer (%)	0.0061%
11	Combined buffer requirement (%)	2.5061%
EU 11a	Overall capital requirements (%)	12.0061%
12	CET1 available after meeting the total SREP own funds requirements (%)	6.9310%
	Leverage ratio	
13	Total exposure measure	4,919,404
14	Leverage ratio (%)	7.1558%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)	
EU 14c	Total SREP leverage ratio requirements (%)	3.0000 %
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)	
EU 14e	Overall leverage ratio requirement (%)	3.0000 %
	Liquidity Coverage Ratio	
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	636,848
EU 16a	Cash outflows - Total weighted value	426,891
EU 16b	Cash inflows - Total weighted value	30,280
16	Total net cash outflows (adjusted value)	396,612
17	Liquidity coverage ratio (%)	160.5700 %
	Net Stable Funding Ratio	
18	Total available stable funding	4,067,002
19	Total required stable funding	3,339,650
20	NSFR ratio (%)	121.7800 %

The form does not provide rows EU 7c, EU 8a, EU 9a, 10, EU 10a, EU 14a, EU 14b and EU 14d, nor columns b-e, as there is no reporting.

3. Own funds and capital adequacy

3.1 Own funds

At the end of the review period, the capital structure of the Oma Savings Bank Group was strong. Total own funds (TC) came to EUR 356.8 (330.3) million, of which Tier 1 capital (T1) accounted for EUR 352.0 (324.0) million. Tier 1 capital consisted fully of Common Equity Tier 1 capital (CET1). Tier 2 capital (T2) EUR 4.8 (6.3) million consisted of debenture loans. The increase in own funds was most significantly the result of the profit for the accounting period.

The retained earnings for the 2021 accounting period are included in the Common Equity Tier 1 capital on the basis of permission granted by the Finnish Financial Supervisory Authority (FIN-FSA).

The review period share of foreseeable dividends for 2021 has been deducted from the retained earnings based on the company's dividend policy, in accordance with the European Commission Delegated Regulation (EU) No 241/2014, and the outstanding dividend for 2019 and 2020. The assets from the personnel offerings in 2017-2018 are not included in Tier 1 capital. Adjustments required by the EU's capital requirements regulation have been applied to the Common Equity Tier 1 capital, including prudent valuation.

Own funds (1,000 euros)	30 Jun 2021	31 Dec 2020
Common Equity Tier 1 capital before regulatory adjustements	**362,047**	**336,252**
Share capital	24,000	24,000
Reserve for invested unrestricted equity*	133,304	133,304
Fair value reserve	4,470	10,824
Other reserves	128	128
Retained earnings	200,145	167,996
Regulatory adjustments on Common Equity Tier 1 capital	**-10,025**	**-12,243**
Intangible assets	-8,878	-11,180
Deferred tax assets	-558	-522
Value adjustments due to the requirements for prudent valuation	-589	-541
Common Equity Tier 1 (CET1) capital	**352,023**	**324,009**
Additional Tier 1 capital before regulatory adjustements	-	-
Regulatory adjustments on Additional Tier 1 capital	-	-
Additional Tier 1 (AT1) capital	-	-
Tier 2 capital before regulatory adjustements	**4,773**	**6,260**
Debentures	4,773	6,260
Regulatory adjustments on Tier 2 capital	-	-
Tier 2 (T2) capital	**4,773**	**6,260**
Total capital (TC)	**356,795**	**330,268**

* The assets raised in the 2017–2018 personnel offerings, EUR 3.9 million, are not included in Common Equity Tier 1 capital.

In December 2019, the Finnish Financial Supervisory Authority (FIN-FSA) placed the first SREP requirement of 1.5% on Oma Savings Bank Plc based on authority's assessment. The requirement took effect on 30 June 2020 and is valid until further notice, however not later than 30 June 2023. The requirement shall be covered by the Common Equity Tier 1 capital. FIN-FSA decides on the countercyclical buffer requirement quarterly and a countercyclical buffer requirement has thus far not been imposed on Finnish credit institutions. As the corona pandemic significantly weakens global economic cyclical outlook and operating conditions of the financial sector, FIN-FSA decided on 6 April 2020 on the removal of the systemic risk buffer requirement for all credit institutions. The decision took effect immediately. The Group's total own funds clearly exceeded the total capital requirement: excess own funds came to EUR 99.6 million in the reporting period.

Group`s total capital requirement

		Buffer requirements						
Capital	**Pillar I minimum capital requirement***	**Pillar II (SREP) capital requirement**	**Capital conservation buffer**	**Countercyclical buffer****	**O-SII**	**Systemic risk buffer**	**Total capital requirement**	
CET1	4.50%	1.50%	2.50%	0.01%	0.00%	0.00%	8.51%	182,238
AT1	1.50%						1.50%	32,136
T2	2.00%						2.00%	42,849
Total	**8.00%**	**1.50%**	**2.50%**	**0.01%**	**0.00%**	**0.00%**	**12.01%**	**257,223**

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

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

3.2 Capital adequacy position

The total capital (TC) ratio of the Oma Savings Bank Group remained strong and was 16.7 (16.2)% at the end of the period. The Common Equity Tier 1 capital (CET1) ratio was 16.4 (15.9)%, exceeding the minimum level for the financial goals approved by the Board of Directors, (14%). Risk-weighted assets grew 5.2% to EUR 2,142.4 (2,037.4) million. Risk-weighted assets grew most significantly due to the strong growth in the loan portfolio for private customers. The corporate loan portfolio also grew strongly during the review period, but the impact on risk-weighted items was smaller due to the update of the EU Capital Requirement Regulation (CRR2). The CRR2 regulation came into force on 28 June 2021 and allows for a greater reduction in capital requirements for SME exposures. The regulation changes the capital requirements for fund investments and derivatives, which contributed to an increase in the Group's risk-weighted items.

Template EU OV1 – Overview of total risk exposure amounts

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
(1,000 euros)		30 Jun 2021	31 Dec 2020	30 Jun 2021
1	Credit risk (excluding CCR)	1,949,265	1,854,561	155,941
2	Of which the standardised approach	1,949,265	1,854,561	155,941
6	Counterparty credit risk - CCR	11,790	2,329	943
EU 8b	Of which credit valuation adjustment - CVA	11,790	2,329	943
20	Position, foreign exchange and commodities risks (Market risk)	8,835	7,986	707
21	Of which the standardised approach	8,835	7,986	707
23	Operational risk	172,536	172,536	13,803
EU 23a	Of which basic indicator approach	172,536	172,536	13,803
29	**Total**	**2,142,427**	**2,037,412**	**171,394**

The form does not provide lines 3, 4, EU 4a, 5, 7, 8, EU 8a, 9-19, EU 19a, 22, EU 22a, EU 23b, EU 23c and 24-28, as there is no reporting in them.

3.3 Leverage ratio

The Oma Savings Bank Group's leverage ratio is presented in accordance with the European Commission Delegated Regulation and the figure describes the ratio of the Group's Tier 1 capital to the total exposures. The Oma Savings Bank Group's leverage ratio on 30 June 2021 was strong at 7.2 (7.3)%. The company monitors excessive leverage as part of capital adequacy management process. An internal minimum target level has been set for the Group's leverage ratio as part of risk budgeting included in the overall risk strategy. The CRR2 regulation obligates the maintenance of a leverage ratio of a minimum of 3%. The binding application of the requirement began on 28 June 2021.

4. Credit risk

Credit risk refers to the possibility that a counterparty fails to meet its obligations in accordance with agreed terms and conditions. Oma Savings Bank's credit risk largely originates in loans granted to private customers, SMEs and agriculture and forestry operators. Credit risk and counterparty risk also result from other receivables, such as bonds in the company's investment portfolio, debt securities and derivative contracts and off-balance sheet commitments, such as undrawn credit facilities and limits, guarantees and letters of credit. The credit risk included in the investments in the company's investment portfolio are handled in the company's market risk strategy. Oma Savings Bank calculates the credit and counterparty risk capital requirement using the standardised approach.

4.1 Structure of credit risk

Oma Savings Bank credit risk primarily consists of exposures secured by immovable property, retail exposures and exposures to corporates. Liabilities of private customers and housing corporations are mainly covered by housing used as collateral. The share of private and corporate customers in the loan portfolio has remained very stable during 2021. Private customers make up 59.4% of the total loan portfolio. The share of housing corporations and agriculture and forestry customers has fallen slightly. The total loan portfolio has grown by 10.2% during 2021. The loan portfolio is well-diversified geographically and sector-wise, which reduces the company's concentration risk. The company does not have any customer entities whose liabilities exceed the limit set by the Credit Institution Act, namely 10 percent of the company's own funds (high customer risks). The company does not have material exposures outside Finland. The risks associated with the loan portfolio are low in terms of the annual income level and risk-bearing capacity of the company.

Group's loan portfolio by customer group

Credit balance (1,000 euros)	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020
Private customers	2,264,667	2,155,751	2,074,984	1,969,839	1,890,953
-Expected credit losses	-12,686	-14,500	-12,977	-9,392	-8,699
Business customers	828,111	761,635	742,629	672,092	649,014
-Expected credit losses	-12,364	-11,834	-11,441	-11,628	-12,278
Housing association	345,689	345,491	321,913	330,303	315,574
-Expected credit losses	-14	-15	-116	-222	-220
Agriculture, forestry, fishing industry	279,475	269,026	268,141	271,840	267,103
-Expected credit losses	-1,542	-859	-854	-963	-843
Other	94,402	84,247	52,507	57,212	57,525
-Expected credit losses	-128	-399	-470	-527	-833
Credit balance total	**3,812,344**	**3,616,150**	**3,460,173**	**3,301,285**	**3,180,169**
Expected credit losses total	**-26,734**	**-27,607**	**-25,858**	**-22,733**	**-22,873**

The most significant part of expected credit losses comes from loans to private and corporate customers. The share of housing communities, agricultural and forestry customers and other customers is limited. The amount of expected credit losses has been mainly affected by the transitions to stage 3, the increase in receivables and the increase in credit risks. Expected credit losses were further increased by refinements to the calculation models, a total loss allowance of EUR 1.5 million due to corona pandemic based on management's judgement as well as individual loan-specific changes based on management judgement.

Non-performing receivables increased with the comparable period 31 December 2020 and accounted for 2.0 (1.9)% of the loan portfolio. Past-due receivables (30–90 days) amounted to EUR 16.8 million (10.6) during the period under review. The increase in non-performing receivables results mostly from the weakening of the situations of relatively large individual customers and the introduction of a new definition of insolvency from the beginning of 2021. Under certain circumstances, when a debtor faces financial difficulties, the customer can be granted concession from the original loan terms in the form of deferred amortisation or loan rearrangement to ensure the customer's ability to pay and avoid potential credit losses. Granting forbearance requires that the customer's financial difficulties are short-term and temporary. The Group has forbearance receivables of a total of EUR 83.3 million (85.1)

Matured and non-performing receivables

(1,000 euros)	30 Jun 2021	% of credit portfolio	31 Dec 2020	% of credit portfolio
Matured receivables, 30-90 days	16,761	0.4%	10,631	0.3%
Non-matured or matured less than 90 days, non-repayment likely	36,351	1.0%	21,536	0.6%
Non-performing receivables, 90-180 days	4,328	0.1%	5,228	0.2%
Non-performing receivables, 181 days - 1 year	4,005	0.1%	21,389	0.6%
Non-performing receivables, > 1 year	30,659	0.8%	17,620	0.5%
Matured and non-performing receivables total	**92,105**	**2.4%**	**76,403**	**2.2%**
Performing receivables and matured receivables with forbearances	59,652	1.6%	72,700	2.1%
Defaulted receivables with forbearances	23,635	0.6%	12,436	0.4%
Forbearances total	**83,287**	**2.2%**	**85,135**	**2.5%**

Figures include interest due on items.

Mortgage bank's LTV distribution

LTV	30 Jun 2021	31 Dec 2020	30 Jun 2020
0-50%	24.1%	23.2%	29.1%
50-60%	13.5%	13.7%	12.9%
60-70%	19.1%	20.1%	20.7%
70-80%	16.0%	15.1%	13.5%
80-90%	12.8%	13.3%	9.6%
90-100%	14.5%	14.6%	14.1%
>100%	0.0%	0.0%	0.0%
Total	**100%**	**100%**	**100%**

The table shows the LTV ratio of the loans used as collateral for bonds covered at the reporting date, based on mortgage bank regulations. In the categories of the table, the total loan amount is shown in that LTV category to which the highest LTV value belongs. For example, a EUR 55,000 loan with a collateral of a EUR 100,000 property, is counted entirely in the LTV category 50-60%.

4.2 Credit risk management

4.2.1 Credit risk management systems

The key principles and goals of credit risk management and the credit risk management procedures are set forth in the credit risk strategy, which is approved by the company's Board of Directors. Effective credit risk management requires that there are methods for identifying, quantifying, limiting, monitoring and controlling credit risks.

The development of credit risks is monitored regularly using different methods. Credit risk monitoring takes into account, for example, the quality, structure, credit shortfall development and non-performing loans of the loan portfolios. Non-performing loans are considered ECL stage 3 loans and stage 2 loans in which the collateral risk is significant. In terms of credit risk, limitations have been placed on different customer groups, industries and maturities, as well as the amount of bank guarantees. In addition, limits have been placed on different credit ratings, behavioural patterns, as well as different rag categories and the proportion of loan servicing flexibilities. Reporting of credit risk position to the Board is regular. Reporting includes, among other things, the amount of non-performing receivables, collateral risk, the development of the loan portfolio by customer entity, industry and credit quality category. Developments in the quantity and quality of the loan portfolio are reported to the Board on a monthly basis. Developments in the quantity and quality of the largest industries are reported on a quarterly basis. In addition, the 15 largest customer entities are reported to the Board once a year.

The structure of the loan portfolio is monitored per customer group and based on the sector allocation of corporate customers. Risk concentrations are created, for example, if a loan portfolio contains a large amount of loans for a single counterparty or for groups consisting of individual counterparties, specific sectors or geographical areas. Also the maturities of loans and the sufficient diversification of products/instruments is monitored regularly. Of the corporate customer base sectors, the four largest are real estate, agriculture and forestry, finance and insurance, wholesale and retail.The development of the sectors in question is regularly monitored and reported to the company's management and Board of Directors.

The monitoring takes into account, among other things, the development of the loan portfolio, changes in credit ratings, the development of the collateral deficit and delays in loan repayments. The situation of concentration risks is also regularly monitored through broader industryspecific monitoring. In addition, the development of the amount of expected credit losses is monitored.

The company monitors past-due exposures, non-performing loans and the development of credit rating distribution and the credit ratings of individual customers. Key account managers continuously monitor payment behaviour, customers' actions and changes in credit ratings to keep track of the amounts of customer-specific liabilities and forms of collateral. Non-performing loans and payment delays are continuously monitored.

The Group's loan portfolio contains only a small amount of wrong-way risk. As a rule, customers with a poor credit rating are not financed. An exception can be a situation in which the financing is critical in terms of the asset used as collateral.

4.2.2 Collateral management

Credit decisions are primarily based on the debtor's debt servicing capability, but credit risk collateral is also relevant as the collateral secures the repayment of the debt. Assessment of collateral and the use of covenants is instructed by the company in the credit risk management guidelines. For the types of collateral, there are valuation percentages established by the

Board according to the categories of collateral, and collateral is measured conservatively at fair value. The collateral shall be assessed independently in the context of the credit decision. Development of the collateral value is regularly monitored as part of credit control. Housing collateral price developments are monitored quarterly and commercial property prices annually. The collateral assessment is carried out by an entity that is independent of the credit decision and, for the most part, persons with an appropriate degree.

4.2.3 Credit risk adjustments

The majority of the Group's specific credit risk adjustments are calculated using the IFRS 9 Financial Instruments standard's expected credit loss (ECL) model. The ECL model estimates the final credit loss resulting for the company after the collateral used for the loan has been realised. The calculation of the expected credit losses is based on portfolio-specific calculation rules. The Group's credit portfolio is divided into the following accounting portfolios based on product-specific risk characteristics:

- Loans to housing corporations
- Private customers' home mortgages and consumer credits
- Accounts with overdraft facilities
- Credit cards
- Loans to farmers
- Student loans
- Corporate customer loans

Private customers' home mortgages and consumer credits and corporate customers' loans form the Group's two most significant portfolios. With regard to these two portfolios, the calculation of the expected credit losses is based on the Exposure at Default (EAD), Probability of Default (PD) and the Loss Given Default (LGD). The company uses the recorded customers' repayment behaviour data, customer-specific ratings and loanspecific collateral values as the basis for determining the parameters. In determining the values of the PD parameters, macroeconomic forecasts concerning the future development of the national economy are used.

When calculating home mortgages and consumer credits, the PD parameter used is based on vintage analysis, in which loans are monitored based on their maturity. In terms of corporate loans, the PD parameter is based on a transition matrix describing changes in the customerspecific ratings. The credit rating is a grade assigned by an external party. In less significant portfolios, the PD parameter applied by the company is a simple loss-rate model.

The Exposure at Default (EAD) is the amount of exposure at the reporting date. Calculation of the EAD takes into account the payments to the loan as stated in the payment plan. However, certain financial instruments include both a loan principal and an undrawn portion of a loan commitment. The undrawn portion of a loan is taken into account in the exposures for the total limit granted. With credit card receivables, EAD calculation applies the so-called CCF coefficient (credit conversion factor) when taking into account undrawn limits.

Loss Given Default (LGD) describes the credit losses' share of the loan capital after loan-specific collateral has been factored in, when the receivable is classified in Stage 3. For debt security investments, the Group determines the allowance for credit loss using the formula EAD*PD*LGD. Instrument-specific material from the market database is used as the source for calculating PDs. In addition, a low credit risk exception for debt security investments with a credit rating of at least investment grade at the reporting date is used. In these cases, the allowance for credit loss will be measured at an amount equal to the 12-month expected credit losses.

4.3 Counterparty risk

Counterparty risk results in connection with the investment of liquid assets and asset management, from large individual customer entities and sector concentrations. Derivatives are used very moderately and only for hedging purposes. Derivatives do not have daily collateral settlements.

EU CR1: Performing and non-performing exposures and related provisions.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
(1,000 euros)			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	291,168	291,168	-	-	-	-	-	-	-	-	-	-		-	-
010	Loans and advances	3,760,854	3,396,356	364,498	83,301	11,897	70,764	-10,100	-2,257	-7,844	-16,634	-115	-16,519	-1,541	3,605,871	59,284
020	Central banks	25,008	25,008	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	3,092	3,092	-	-	-	-	-	-	-	-	-	-	-	483	-
040	Credit institutions	1,177	1,177	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	50,305	50,305	-	6	-	6	-89	-89		-6		-6	-	47,868	-
060	Non-financial corporations	1,142,033	1,063,402	78,631	29,445	2,086	27,316	-5,286	-1,241	-4,045	-6,886	-6	-6,880	-403	1,106,305	21,933
070	*Of which SMEs*	1,105,008	1,030,489	74,519	29,445	2,086	27,316	-5,165	-1,132	-4,033	-6,886	-6	-6,880	-403	1,069,473	21,933
080	Households	2,539,238	2,253,372	285,866	53,849	9,810	43,442	-4,725	-926	-3,799	-9,741	-109	-9,633	-1,138	2,451,215	37,351

090	Debt securities	581,092	562,947	2,602	-	-	-	-1,133	-1,104	-30	-	-	-	-	267,643	-
110	General governments	184,818	184,818	-	-	-	-	-824	-824	-	-	-	-	-	18,893	-
120	Credit institutions	311,492	311,492	-	-	-	-	-178	-178	-	-	-	-	-	222,214	-
130	Other financial corporations	23,141	7,780	-	-	-	-	-2	-2	-	-	-	-	-	2,138	-
140	Non-financial corporations	61,642	58,857	2,602	-	-	-	-129	-100	-30	-	-	-	-	24,398	-
150	Off-balance-sheet exposures	335,376	327,173	8,203	1,110	27	359	744	501	244	180	0	180		166,973	168
170	General governments	930	930	-	-	-	-	18	18	-	-	-	-		200	-
190	Other financial corporations	744	744	-	-	-	-	2	2	-	-	-	-		88	-
200	Non-financial corporations	154,766	151,985	2,781	771	-	125	447	311	136	42	-	42		86,724	56
210	Households	178,936	173,514	5,422	340	27	234	277	169	108	138	0	138		79,961	112
220	**Total**	**4,968,491**	**4,577,644**	**375,303**	**84,411**	**11,924**	**71,123**	**-10,489**	**-2,860**	**-7,629**	**-16,454**	**-115**	**-16,339**	**-1,541**	**4,040,486**	**59,452**

The introduction of a new definition of insolvency has increased the amount of Stage 3 loans.

Lines 100 Central Banks, 160 Central Banks and 180 Credit Institutions are not presented in the form, as there is no reporting.

EU CR2: Changes in the stock of non-performing loans and advances

(1,000 euros)		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	65,772
020	Inflows to non-performing portfolios	31,240
030	Outflows from non-performing portfolios	-13,710
040	Outflows due to write-offs	-2,905
050	Outflow due to other situations	-10,806
060	**Final stock of non-performing loans and advances**	83,301

Impact of the new definition of insolvency:

010: Has not yet affected the amount of non-performing receivables.
020: Added some inflows.
030: Reduced outflows somewhat.
040: Did not affect final credit losses.
050: Did not affect final credit losses.
060: Increased the final balance of non-performing loans and advances somewhat.

EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

		Unsecured carrying amount	Secured carrying amount		
				Of which secured by collateral	Of which secured by financial guarantees
(1,000 euros)		a	b	c	d
1	Loans and advances	152,266	3,665,155	3,531,883	133,272
2	Debt securities	312,316	267,643	224,376	43,267
3	**Total**	**464,582**	**3,932,797**	**3,756,259**	**176,538**
4	*Of which non-performing exposures*	7,383	59,284	58,075	1,209
EU-5	*Of which defaulted*	6,195	42,025		

The form does not present column e (of which are protected by credit derivatives) because there is no reporting.

5. Market risk

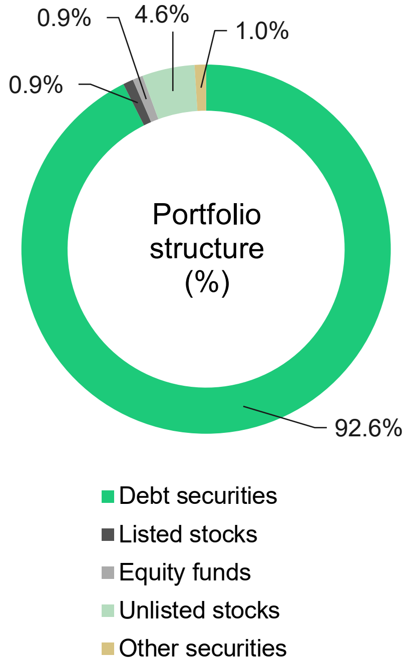
Oma Savings Bank does not have market risk pursuant to Pillar I, but market risk results from fluctuations in the market prices of investment portfolio securities and the interest rate risk in the banking book. Market risk is managed through the strategy approved by the Board of Directors and conservative risk appetite. As a general rule, the company does not practice trading on its own account, but bonds are purchased for managing liquidity and derivatives are used for hedging purposes. The company's market risk includes a small amount of foreign exchange risk.

The interest rate risk in the banking book forms the majority of the company's interest rate risk. The interest rate risk results from differences in the interest rate levels and maturities of assets and liabilities. In addition, the market rates impact the market prices of the investment portfolio's securities. The amount of interest rate risk is reported regularly to the Board of Directors, which has set an separate monitoring limits for interest rate risk and a maximum amount.

Company interest rate risk sensitivity to 1% change in interest rate

Net interest income (NII) (EUR mill.)	30 Jun 2021	30 Jun 2020
+100bps	10.4	6.4
-100bps	-4.2	0.02
Economic value (EV) (EUR mill.)	**30 Jun 2021**	**30 Jun 2020**
+100bps	15.5	-4.1
-100bps	2.9	7.3

The company's investment portfolio consists mainly of low-risk fixed income investments, because High Yield bonds form less than two percent of the portfolio and the other bonds are Investment Grade obligations to EU states. The company's Board of Directors is provided with regular reports on the content of the investment portfolio and its largest counterparties.



6. Operational risk

Operational risk means a consequence or risk of loss resulting from inadequate or deficient internal processes, systems or people or external factors. Also reputational risk, legal risks, compliance risk, information security risks and risks related to money laundering and the funding of terrorism are included in operational risk. Outsourced functions also generate operational risk. Realised operational risks can lead to financial losses or a loss of reputation for the company.

Operational risk forms a significant risk area for the company. It is typical for operational risk that any losses resulting from the risk are not always easy to measure. Reasons for this may include the delay in the realisation of the risk or the fact that the risks do not materialise as economically measurable losses.

Oma Savings Bank's most significant sources of operational risk are the ongoing pandemic and the growing requirements for regulatory reporting. During the second quarter, the company terminated the core banking project. The termination of the project will not affect customers' banking services and the company will continue to develop digital services.

Oma Savings Bank calculates the operational risk in accordance with Pilar I using the basic indicator approach for the capital adequacy approach. This amount in 2020 was EUR 172.5 (147.3) million, of which the own funds requirement was EUR 13.8 million. The increase is due to a significant increase in net interest income and commission income.

Operational risk

(1,000 euros)	2020	2019	2018
Gross income	105,751	94,055	76,253
The revenue indicator	15,863	14,108	11,438
Requirement for own funds of operational risk			13,803
Risk-weighted amount of operational risk			172,536

In the management of operational risk, the company's main objective is to manage reputation risk and to ensure the continuity of business activities and compliance with regulations in the short and long term. Operational risk management ensures that the values and strategy of the company are achieved throughout the business activities.

Operational risk management is applied in all of the company's business units by identifying, measuring, monitoring and assessing the operational risks linked to the units. The business units also assess the probability of risks and their effects when the risks materialise. The company-wide process allows the management to assess the extent of any losses stemming from operational risk if the risk were to materialise. The risk assessment process is updated at least once a year and always when the business's operational environment changes.

As part of operational risk management, the company aims to reduce the likelihood of operational risk through its internal code of conduct and by training personnel. The control points defined for the processes and internal control are also a key component of preventing operational risk. The company reduces the impact of operational risk also by maintaining insurance for real estate and the fixed assets it owns. Every employee is responsible for operational risk management in his/her work. Materialised operational risks are reported to the management teams of the business lines.

New products, services and suppliers of outsourced services are separately approved through the company's separate approval process before their adoption. The approval process ensures that the risks related to new products and services are appropriately identified and assessed. The same approval process is also applied when existing products are developed.

The company's risk management function monitors, controls and reports on operational risks. The company's management receives the business units' risk assessments and a report on materialised risks at least annually, on the basis of which a separate risk matrix is compiled and reported to the Board of Directors. Based on the created process, the Board of Directors can form an overall picture of the operational risks targeting the business activities and their possible impacts on the company. The risk identification process helps the Board of Directors to decide on risk management measures and the focal areas regarding operational risk. The company has also introduced a new risk management system and through this it improves operational risk management and monitoring.

7. Liquidity risk

Liquidity risk can be defined as the difference in the balance between incoming and outgoing cash flows. The risk may materialise if the company cannot meet its maturing payment obligations or an acceptable balance is not achieved within the limits of tolerable costs. The company's greatest liquidity risks arise from the maturity difference in borrowing and lending.

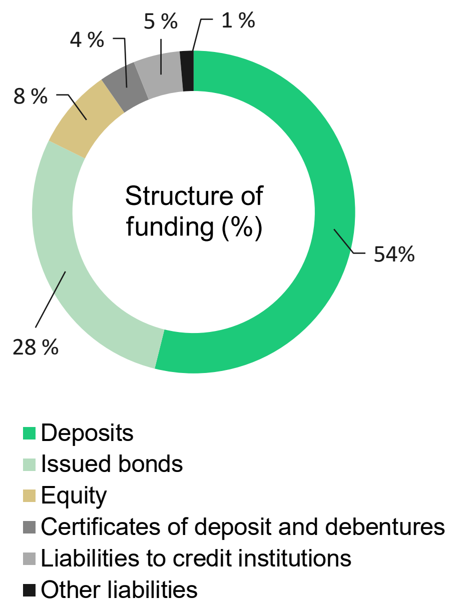
Liquidity risk is measured in the short and long term by monitoring the structure of the liquidity reserve and long-term liabilities. The Group's liquidity coverage ratio (LCR) remained good, standing at the end of June 2021 160.6% (30.6.2020 132.6%), when the minimum LCR is 100%. Standard & Poor's confirmed a credit rating of BBB+ for Oma Savings Bank's long-term borrowing in June 2021, as well as a rating of A-2 for short-term borrowing. In January 2021, Standard & Poor's changed its BICRA rating, and at the same time Oma Savings Bank's credit rating outlook back to stable.

Another significant key figure in terms of liquidity management is the Net Stable Funding Ratio (NSFR), which was 121.8% (30.6.2020 122.5%) at the moment of review. As of 30 September 2020, the requirements of the CRR2 regulation have been taken into account in the calculation of the NSFR indicator and, as of 31 March 2021, the accounting principles have been corrected. The comparison periods have been changed retrospectively. The requirement for net stable funding ratio, at least 100%, became a binding requirement on 28 June 2021.

LCR & NSFR development

	30 Jun 2021	31 Dec 2020	30 Jun 2020
LCR (%)	161%	185%	133%
NSFR (%)*	122%	125%	123%

The Treasury unit is responsible for the reporting. Liquidity key figures are reported to the Board and management regularly. Additionally, the calculation models for liquidity risk are assessed at least once a year by risk management.



omasp.fi

Oma Savings Bank Plc

tel +358 20 764 0600