PILLAR III

Disclosure Report on capital adequacy and risk management 30 June 2024

The 30 June 2024 Pillar III is a translation of the original Finnish version
“Pilari III mukaiset tiedot vakavaraisuudesta ja riskienhallinnasta 30.6.2024”.
If discrepancies occur, the Finnish version is dominant.

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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 reporting obligation by publishing comprehensive information on its capital adequacy and risk management (so-called Pillar III information) once a year alongside its Annual Report. On a semi-annual basis, the Group presents relevant information regarding capital adequacy and risk management. The information in Pillar III is unaudited. The comparative period is 31 December 2023 unless otherwise stated. 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 2024	31 Dec 2023
Own funds		
Common Equity Tier 1 (CET1) capital	507,061	490,948
Total capital (TC)	554,651	544,519
Pillar I minimum capital requirement (8,0 %)	267,327	264,000
Pillar I total capital requirement	434,972	396,455
Risk weighted assets		
Credit and counterparty risk, standardised approach	2,964,503	2,926,776
Credit valuation adjustment (CVA)	54,805	50,949
Market risk (foreign exchange risk)	-	-
Operational risk, basic indicator approach	322,280	322,280
Risk weighted assets, total	**3,341,588**	**3,300,005**
Ratios		
Common Equity Tier 1 (CET1) capital ratio, %	15.17%	14.88%
Total capital (TC) ratio, %	16.60%	16.50%
Leverage ratio, %	6.82%	6.34%
Liquidity coverage ratio (LCR), %	199.12%	248.85%

Oma Savings Bank Plc's goal is to continue strong and profitable growth in the coming years. The market position will be strengthened in the entire business area with the profitable growth of the business. The Company actively pursues growth, but only in areas of business where it can be implemented sufficiently profitably and with an acceptable ratio of return and risk. The Company's risk strategy supports the Company's strategy in terms of business growth. The Company has launched an extensive risk management and quality control development project, which is described in more detail in the Half-Year Financial Report.

Risk control is part of all 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. Credit risk from financing activities is the Company's main risk, managed according to the credit risk strategy established by the Board of Directors by setting targets and risk limits for the quality and concentrations of the credit portfolio. Oma Savings Bank Plc's main sources of operational risk are security risks (cyber risks), communications and system failures. In addition, fraud and scams have been identified as sources of operational risk, as well as the quality of customer information related to customer knowledge. Market risk consists of the fluctuation of the market prices of the securities in the investment portfolio and the interest rate risk of the financial balance. The interest rate risk of the financial balance is modeled regularly, and the market risk of the investment portfolio is managed with a prudent investment strategy.

The uncertain financial markets and the operating environment have kept the risks related to security risks elevated. The rise in interest rates and costs, as well as the waning of economic growth, have increased customers' payment difficulties. During the first half of the financial year, the Company announced the detected non-compliance with the guidelines as a result of which exceptional credit loss allowance was made. During the first half of the financial year, defaulted liabilities and credit losses have been clearly higher than before, which is why more attention has been paid to credit risk and its management during the first half of the year.

During the first half of the year, the Company's Board of Directors initiated extensive measures due to the serious events at the beginning of the year. One of these measures has been to ensure the quality of the Company's entire credit portfolio by external, independent experts. Their study was completed on 24 July 2024. The results confirmed that problems related to credit risk are limited to previously identified non-compliance with the guidelines, and the rest of the credit portfolio corresponds to what was previously reported. Based on the results, the Company has reassessed its credit risk position and recognised a significant additional allowance based on management judgement for the second quarter. The analysis also concludes that the collateral values of the collateral on Oma Savings Bank Plc's entire credit portfolio in relation to market values are conservative and the collateral assessment process is functional.

Oma Savings Bank Group's Common Equity Tier 1 capital (CET1) ratio was 15.2 (14.9)% at the end of the period, being above the minimum level of the medium-term financial goal set by the Company’s Board (at least 2 percentage points above the regulatory requirement). Risk-weighted items increased slightly. Own funds increased most significantly due to retained earnings for the financial year 2024.The total capital (TC) ratio was 16.6 (16.5)% and the leverage ratio was 6.8 (6.3)%. At the end of the period, the Group's total capital ratio was 3.6 percentage points above the minimum regulatory requirement.

The Company monitors the progress of capital adequacy (CRD 6, CRR 3, the European Banking Authority's roadmap on the Banking Package) and regulation of resolution (BRRD and SRMR entities), as well as the impact of Basel Committee publications on EU legislation. The Company has ongoing development activities to prepare for known future regulatory changes and to anticipate future regulatory changes that are still uncertain.

In February 2022, the Company submitted an application to the Finnish Financial Supervisory Authority (FIN-FSA) for the application of the IRB approach in capital adequacy, after which the application process has proceeded based on dialogue with the supervisor.

The Group's LCR target is 125% (199.1% at the end of the period) and the Net Stable Funding Ratio (NSFR) requirement target is 110% (118.7% at the end of the period), and the Standard & Poor's credit rating for long-term borrowing was BBB+.S&P Global Ratings confirmed that Oma Savings Bank Plc’s rating for long-term borrowing will remain unchanged at BBB+ and rating for short-term borrowing will remain at level A-2.

Template EU KM1 - Key metrics template

(1,000 euros)		a 30 Jun 2024	c 31 Dec 2023	e 30 Jun 2023
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	507,061	490,948	442,336
2	Tier 1 capital	507,061	490,948	442,336
3	Total capital	554,651	544,519	500,017
	Risk-weighted exposure amounts			
4	Total risk exposure amount	3,341,588	3,300,005	3,131,942
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	15.1743%	14.8772%	14.1234%
6	Tier 1 ratio (%)	15.1743%	14.8772%	14.1234%
7	Total capital ratio (%)	16.5984%	16.5005%	15.9651%
	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%	1.5000%	1.5000%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.8438%	0.8438%	0.8438%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.1250%	1.1250%	1.1250%
EU 7d	Total SREP own funds requirements (%)	9.5000%	9.5000%	9.5000%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5000%	2.5000%	2.5000%
9	Institution specific countercyclical capital buffer (%)	0.0169%	0.0138%	0.0150%
EU 9a	Systemic risk buffer (%)	1.0000%	0.0000%	0.0000%
11	Combined buffer requirement (%)	3.5169%	2.5138%	2.5150%
EU 11a	Overall capital requirements (%)	13.0169%	12.0138%	12.0150%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.0984%	7.0005%	6.4651%
	Leverage ratio			
13	Total exposure measure	7,437,204	7,749,639	7,158,420
14	Leverage ratio (%)	6.8179%	6.3351%	6.1792%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.2500%	0.0000%	0.0000%
EU 14c	Total SREP leverage ratio requirements (%)	3.2500%	3.0000%	3.0000%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14e	Overall leverage ratio requirement (%)	3.2500%	3.0000%	3.0000%
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	845,174	791,175	791,240
EU 16a	Cash outflows - Total weighted value	539,888	550,704	567,408
EU 16b	Cash inflows - Total weighted value *	90,486	85,698	62,477
16	Total net cash outflows (adjusted value)*	449,402	465,006	504,931
17	Liquidity coverage ratio (%)*	189.8396%	175.6523%	163.8087%
	Net Stable Funding Ratio			
18	Total available stable funding*	6,126,271	6,117,939	5,898,670
19	Total required stable funding	5,163,116	5,191,785	4,927,175
20	NSFR ratio (%)*	118.6545%	117.8388%	119.7171%

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

* LCR- ja NSFR-laskentaa tarkennettu vertailukaudelle 30.6.2023 takautuvasti.

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) were EUR 554.7 (544.5) million, of which Tier 1 capital (T1) accounted for EUR 507.1 (490.9) million. Tier 1 capital consisted fully of Common Equity Tier 1 capital (CET1). Tier 2 capital (T2) EUR 47.6 (53.6) million consisted of debenture loans. Own funds were most significantly increased by the retained earnings for the 2024 accounting period which are included in the Common Equity Tier 1 capital with the permission granted by the Finnish Financial Supervisory Authority (FIN-FSA).

The foreseeable dividends for 2024 have 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. 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.

Own funds (1,000 euros)	30 Jun 2024	31 Dec 2023
Common Equity Tier 1 capital before regulatory adjustments	**521,161**	**505,611**
Share capital	24,000	24,000
Reserve for invested unrestricted equity*	206,105	206,105
Fair value reserve	-59,305	-61,756
Other reserves	380	380
Retained earnings	349,981	336,881
Regulatory adjustments on Common Equity Tier 1 capital	**-14,100**	**-14,663**
Intangible assets and goodwill	-12,780	-13,638
Value adjustments due to the requirements for prudent valuation and insufficient coverage for non-performing exposures	-1,321	-1,025
Common Equity Tier 1 (CET1) capital	**507,061**	**490,948**
Additional Tier 1 capital before regulatory adjustments	-	-
Regulatory adjustments on Additional Tier 1 capital	-	-
Additional Tier 1 (AT1) capital	-	-
Tier 2 capital before regulatory adjustments	**47,590**	**53,571**
Debentures	47,590	53,571
Regulatory adjustments on Tier 2 capital	-	-
Tier 2 (T2) capital	**47,590**	**53,571**
Total capital (TC)	**554,651**	**544,519**

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

The SREP requirement 1.5% set by the Finnish Financial Supervisory Authority (FIN-FSA) based on the supervisory authority's estimate is valid until further notice, but no later than 30 June 2026. The SREP requirement is possible to be partially covered by Tier 1 capital and Tier 2 capital in addition to Common Equity Tier 1. According to the overall assessment based on risk indicators, there are no grounds for applying a countercyclical buffer, and thus the Finnish Financial Authority (FIN-FSA) maintained the requirement of countercyclical buffer at its basic level of 0%. The systemic risk buffer requirement of 1.0% entered into force after the transitional period on 1 April 2024. The requirement set by the Finnish Financial Supervisory Authority (FIN-FSA) for Finnish credit institutions, to be covered by Consolidated Common Equity, strengthens the risk-bearing capacity of the banking sector.

In October 2023, the Finnish Financial Supervisory Authority (FIN-FSA) issued an indicative additional capital recommendation for own funds based on the Finnish Act on Credit Institutions for Oma Savings Bank Plc. The indicative additional capital recommendation of 1.0%, to be covered by Common Equity Tier 1 capital, is valid until further notice as of 31 March 2024. Taking into account the indicative additional capital recommendation, the surplus of own funds was EUR 86.3 million in the reporting period.

Group`s total capital requirement 30 Jun 2024 (1,000 euros)

		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%	0.84%	2.50%	0.02%	0.00%	1.00%	8.86%	296,087
AT1	1.50%	0.28%					1.78%	59,522
T2	2.00%	0.38%					2.38%	79,363
Total	**8.00%**	**1.50%**	**2.50%**	**0.02%**	**0.00%**	**1.00%**	**13.02%**	**434,972**

* 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 was 16.6 (16.5)% at the end of the period. The Common Equity Tier 1 capital (CET1) ratio was 15.2 (14.9)%, exceeding the minimum level of the medium-term financial goals set by the Board of Directors (at least 2 percentage points above the regulatory requirement). Risk-weighted assets grew 1.3% to EUR 3,341.6 (3,300.0) million. 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.

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 2024	31 Dec 2023	30 Jun 2024
1	Credit risk (excluding CCR)	2,955,484	2,918,515	236,439
2	Of which the standardised approach	2,955,484	2,918,515	236,439
6	Counterparty credit risk - CCR	63,824	59,210	5,106
EU 8b	Of which credit valuation adjustment - CVA	54,805	50,949	4,384
9	Of which other CCR	9,019	8,261	721
23	Operational risk	322,280	322,280	25,782
EU 23a	Of which basic indicator approach	322,280	322,280	25,782
29	**Total**	**3,341,588**	**3,300,005**	**267,327**

The form does not provide lines 3, 4, EU 4a, 5, 7, 8, EU 8a, 10-19, EU 19a, 20-22, EU 22a, EU 23b, EU 23c and 24-28, as there is no reporting.

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 2024 was 6.8 (6.3)%.

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.

In October 2023, the Finnish Financial Supervisory Authority (FIN-FSA) announced that it would set Oma Savings Bank Plc a discretionary additional capital requirement. The discretionary additional capital requirement of 0.25% for the leverage ratio (Pillar II), is valid until further notice as of 31 March 2024, but no later than 31 March 2026. The requirement must be covered by Common Equity Tier 1 capital. The CRR2 regulation obligates the maintenance of a leverage ratio of a minimum of 3%.

4. Credit risk

Credit risk refers to the possibility that a counterparty fails to meet its obligations in accordance with agreed terms and conditions. The Company’s credit risk mainly consists of loans granted to private customers, SMEs, housing associations and agricultural 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 Group calculates the credit and counterparty risk capital requirement using the standardised approach. Oma Savings Bank has been developing new IRB-compliant credit rating models starting in 2021. Credit and counterparty risk represents approximately 88.7% of the Company's risk-weighted items (EUR 3.0 billion).

4.1 Structure of credit risk

The Company’s credit risk primarily consists of exposures secured by immovable property, retail exposures and exposures to corporates. Real estate-secured receivables account for 40.7% of the credit risk, retail liabilities account for 13.6% and corporate receivables account for 20.7%. Liabilities of private customers and housing corporations are mainly covered by housing used as collateral. Housing corporations' relative share of the loan portfolio has slightly decreased during 2024. Private customers make up 59.4% of the total loan portfolio. The share of agricultural and forestry customers in the loan portfolio has remained the same. The total loan portfolio has grown by 0.7% during 2024. The loan portfolio is well-diversified geographically and sector-wise, which reduces the Company’s concentration risk. The Company has three customer entities whose liabilities exceed the limit set by the Credit Institutions Act of 10% 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.

During the second quarter, the Company initiated an extensive investigation on a non-compliance with the guidelines. Certain customer entities had previously been formed as too small against the guidelines. During the study, it has been possible to identify customers who, in accordance with regulations, should be included in the same customer entity.

Large Exposures (as set in part four in capital requirements regulation)

Groups (1,000 euros)	Exposure before adjustments	Adjustments	Exposure after adjustments	Share of capital (Tier 1)
Customer group 1	119,132	-42,524	76,609	13.8%
Customer group 2	95,218	-24,132	71,086	12.8%
Customer group 3	94,766	-24,141	70,625	12.7%
Customer group 4	86,002	-36,681	49,321	8.9%
Customer group 5	54,719	-9,097	45,622	8.2%
Sum	**449,837**	**-136,575**	**313,262**	
Total exposure of customer groups	**214,581**	**-56,383**	**158,198**	

The table shows the total amount of exposure of the five largest customer entities and their share of Tier 1 Equity. Different customer groups include the same individual customer relationships, i.e. the total exposure of different customer groups may include the same individual customer exposure. Total exposure of customer groups is presented on two different lines. The "Sum" line adds up the exposure of all customer entities. The "Total exposure of customer groups" line shows the total amount of exposure so that the individual customer's exposures are calculated only once. Adjustments include acceptable credit risk mitigation techniques and exemptions in accordance with part four.

Group's loan portfolio and expected credit losses by customer group

Credit balance (1,000 euros)	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
Private customers	3,611,537	3,601,904	3,585,722	3,577,680	3,563,710
-Expected credit losses	-20,022	-20,391	-19,481	-19,423	-18,589
Business customers	1,291,240	1,279,266	1,255,520	1,286,474	1,284,163
-Expected credit losses	-43,623	-32,866	-11,801	-22,231	-20,469
Housing association	723,264	729,263	736,068	719,947	727,326
-Expected credit losses	-16,229	-669	-447	-722	-715
Agriculture	304,277	304,980	300,447	304,585	305,686
-Expected credit losses	-3,915	-3,000	-3,130	-1,909	-1,278
Other	147,313	147,511	154,776	131,763	119,353
-Expected credit losses	-6,633	-583	-600	-77	-71
Credit balance total	**6,077,630**	**6,062,924**	**6,032,533**	**6,020,449**	**6,000,238**
Expected credit losses total	**-90,423**	**-57,508**	**-35,458**	**-44,362**	**-41,122**

The most significant part of expected credit losses comes from loans to private and corporate customers. The share of agricultural and forestry customers and other customers is limited. The number of expected credit losses has mainly been affected by the transition to stage 3 and the credit risk allowances based on the management's judgement. In addition, the ECL model's forward-looking variables were updated during the second quarter to reflect the expectations of the development of the economic situation.

The number of expected credit losses has especially been affected by the additional allowance of EUR 19.5 million during the first quarter and the additional allowance of EUR 30 million during the second quarter based on the management's judgement due to a change in the credit risk position. In addition, the Company recorded credit losses totaling EUR 6.5 million during the second quarter. The exceptional additional allowances based on the management's judgement are related to non-compliance with the guidelines of which the Company announced during the first quarter.

Defaulted loans increased compared to the comparison period on 31 December 2023 and were 2.9 (2.1)% of the credit portfolio. Matured exposures (30–90 days) amounted to EUR 46.7 (31.3) million during the period under review.

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 had forbearance receivables a total of EUR 148.1 (131.7) million

Matured and non-performing exposures and forbearances

(1,000 euros)	30 Jun 2024	% of credit portfolio	31 Dec 2023	% of credit portfolio
Matured exposures, 30-90 days	46,654	0.8%	31,253	0.5%
Non-matured or matured less than 90 days, non-repayment likely	114,953	1.9%	89,842	1.5%
Non-performing exposures, 90-180 days	32,371	0.5%	16,950	0.3%
Non-performing exposures, 181 days - 1 year	31,875	0.5%	14,374	0.2%
Non-performing exposures, > 1 year	26,329	0.4%	21,882	0.4%
Matured and non-performing exposures total	**252,183**	**4.1%**	**174,301**	**2.9%**
Performing exposures and matured exposures with forbearances	80,181	1.3%	74,099	1.2%
Non-performing exposures with forbearances	67,902	1.1%	57,593	1.0%
Forbearances total	**148,083**	**2.4%**	**131,692**	**2.2%**

Figures include interest due on items.

Mortgage bank's LTV distribution

LTV	30 Jun 2024	31 Dec 2023	30 Jun 2023
0-50%	24.7%	25.1%	24.4%
50-60%	12.7%	13.0%	14.2%
60-70%	18.1%	17.6%	19.2%
70-80%	17.2%	17.3%	16.1%
80-90%	14.5%	13.7%	13.7%
90-100%	12.7%	13.4%	12.4%
>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 in the credit risk strategy, which is approved by the Company's Board. Good credit risk management requires procedures for identifying, measuring, limiting, monitoring and controlling credit risks. The credit risk strategy applies the risk management framework and limit framework described in the Company's risk management strategy, according to which risk appetite

determines the thresholds, limits and target levels specific to the risk type.

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 watchlist customers. Watchlist customers refer to customers whose credit rating is weak or deteriorated, and who for this reason are placed under enhanced monitoring.

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 as well as on different rag categories and on forbearance contributions.

Reporting of credit risk position to the Board is regular. Reporting includes, among other things, the amount of defaulted loans, collateral risk and the development of the loan portfolio by credit rating. Developments in the quantity and quality of the loan portfolio are reported to the Board monthly. 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 credit portfolio is monitored on the basis of the areas defined in the Company's credit risk strategy and the thresholds specified in the limit framework.

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.

The industry breakdown (excluding personal customers) is shown in the table below.

Industry breakdown of loan portfolio (excluding private customers)

	30.6.2024		31.12.2023	
Industry	Credit balance	Collateral gap	Credit balance	Collateral gap
Real Estate	48.8%	11.5%	49.2%	7.4%
Agriculture, forestry, fishing industry	12.0%	6.8%	11.9%	7.6%
Trade	6.7%	40.0%	6.7%	37.2%
Finance and insurance	5.8%	37.3%	5.7%	35.5%
Construction	5.2%	18.7%	5.3%	16.7%
Industry	3.7%	26.0%	3.3%	20.1%
Professional, scientific and technical activities	3.7%	27.1%	3.9%	22.9%
Accommodation and food service activities	3.4%	20.6%	3.5%	19.5%
Transportation and storage	3.1%	12.7%	3.0%	9.1%
Art, entertainment and recreation	1.8%	26.9%	1.7%	13.7%
Other lines of business, total	5.7%	21.8%	5.8%	19.5%
Total	**100%**	**17.0%**	**100%**	**13.8%**

The four largest industries are real estate, agriculture and forestry, wholesale and retail as well as finance and insurance. The development of the sectors in question are regularly monitored and reported to the Company's management and Board.

The monitoring takes into account, among other things, the development of the loan portfolio, changes in credit ratings, the development of the collateral gap and the development of defaulters. The situation of concentration risks is also regularly monitored through broader industry-specific monitoring. In addition, the development of the amount of expected credit losses is monitored.

The Company monitors past-due exposures, non-performing loans, the number of defaulted customers and the development of credit rating distribution and the credit ratings of individual customers. Key account managers monitor the amounts of customer-specific liabilities and forms of collateral, payment behaviour, customers' actions and changes in credit ratings to keep track of. Watchlist receivables 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 at least annually, but if the market situation requires, they will also be monitored more often. 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.

The collateral risk measured by the Company's collateral deficit is still moderate, although the Company's absolute collateral deficit and collateral deficit relative to capital has slightly increased during 2024. The maximum loan-to-value ratio measures the ratio of the amount of the remaining loan to the collateral of the loan.

4.2.3 Credit risk adjustments

The majority of the Group's specific credit risk adjustments is calculated using the expected credit loss model in accordance with IFRS 9 Financial Instruments (ECL, expected credit loss). The ECL model estimates the final credit loss resulting for the Company after the collateral used for the loan has been realised. The credit portfolio is divided into the following calculation portfolios based on the PD (Probability of default) parameter calculated for the customer:

- Private customers
- SME customers
- Agricultural entrepreneurs
- Housing companies
- Others

The portfolios of private and SME customers make up the two clearly largest calculation portfolios. Private customers' portfolio includes liabilities for which the PD value has been modeled using the private customer classification method included in the IRB license application. The portfolio of SME customers includes all corporate liabilities for which the PD value is modeled using the SME classification method. If the PD value cannot be calculated for the liability using the two methods mentioned above, the portfolio of the liability is determined according to the customer's sector and industry code.

For other agricultural entrepreneurs, the PD value is determined according to the average insolvency frequency calculated from the history of the agricultural entrepreneurs' counterparties. For other housing companies, the calculation principle is similar. The remaining counterparties go into the "Others" portfolio and are assigned values calculated from the average PD values of the SME counterparties in stages 1 and 2.

The calculation of the expected credit loss for each portfolio 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 loan-specific collateral values as the basis for determining the parameters. In determining the values of the PD and LGD parameters, macroeconomic forecasts concerning the future development of the national economy are used.

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. In the case of limit receivables, the so-called CCF (Credit Conversion Factor) factor is also used in the EAD calculation to take into account the unused limit. The LGD (Loss Given Default) caused by insolvency describes the share of expected credit loss of the loan principal at the time of default.

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.

4.4 Credit risk tables

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
30 Jun 2024 (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	595,018	595,018	-	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	5,905,182	5,246,568	658,613	205,529	25,789	179,583	-57,436	-7,894	-49,542	-32,987	-293	-32,694	-5,829	5,600,471	153,870
030	General governments	14,484	14,483	1	-	-	-	-	-	-	-	-	-	-	221	-
040	Credit institutions	1,490	1,490	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	95,870	47,914	47,956	41	6	35	-6,593	-19	-6,574	-6	-	-6	-	60,316	25
060	Non-financial corporations	1,974,858	1,719,751	255,107	105,239	14,251	90,920	-42,132	-6,824	-35,308	-17,956	-31	-17,925	-5,519	1,839,729	75,542
070	*Of which SMEs*	1,899,536	1,645,737	253,799	104,011	14,251	89,692	-42,097	-6,795	-35,302	-17,865	-31	-17,834	-5,519	1,769,785	74,636
080	Households	3,818,479	3,462,929	355,550	100,248	11,532	88,628	-8,711	-1,051	-7,660	-15,026	-262	-14,764	-310	3,700,205	78,303

090	Debt securities	505,632	491,732	7,536	147	-	147	-310	-277	-32	-88	-	-88	-	265,984	59
110	General governments	190,056	186,243	3,813	-	-	-	-165	-155	-10	-	-	-	-	24,094	-
120	Credit institutions	270,916	270,916	-	-	-	-	-83	-83	-	-	-	-	-	226,398	-
130	Other financial corporations	8,097	1,838	-	-	-	-	-1	-1	-	-	-	-	-	1,837	-
140	Non-financial corporations	36,563	32,735	3,723	147	-	147	-60	-38	-22	-88	-	-88	-	13,656	59
150	Off-balance-sheet exposures	387,686	379,498	8,189	8,573	35	871	203	95	109	-	-	-		149,732	304
170	General governments	2,078	2,008	69	-	-	-	7	6	1	-	-	-		841	-
180	Credit institutions	300	300	-	-	-	-	1	1	-	-	-	-		-	-
190	Other financial corporations	7,022	7,011	11	-	-	-	1	-	-	-	-	-		6,814	-
200	Non-financial corporations	184,707	179,641	5,066	7,973	-	306	118	56	62	-	-	-		89,331	66
210	Households	193,579	190,537	3,042	600	35	565	78	32	46	-	-	-		52,746	237
220	**Total**	**7,393,518**	**6,712,815**	**674,338**	**214,249**	**25,824**	**180,601**	**-57,949**	**-8,267**	**-49,682**	**-33,075**	**-293**	**-32,782**	**-5,829**	**6,016,188**	**154,233**

Lines 020 Central Banks, 100 Central Banks, and 160 Central Banks are not presented in the form, as there is nothing to report.

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

30 Jun 2024 (1,000 euros)		a Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**143,048**
020	Inflows to non-performing portfolios	88,918
030	Outflows from non-performing portfolios	-26,438
040	Outflows due to write-offs	-7,650
050	Outflow due to other situations	-18,789
060	**Final stock of non-performing loans and advances**	**205,529**

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
30 Jun 2024 (1,000 euros)		a	b	c	d
1	Loans and advances	860,964	5,754,341	5,468,154	286,187
2	Debt securities	239,338	266,043	224,477	41,566
3	**Total**	**1,100,302**	**6,020,384**	**5,692,631**	**327,753**
4	*Of which non-performing exposures*	18,672	153,929	140,511	13,418
EU-5	*Of which defaulted*	8,299	138,506	125,089	13,418

Credit losses have been deducted from column a. The form does not provide column e (of which are protected by credit derivatives) as there is nothing to report.

5. Market risk

Oma Savings Bank Group 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 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, which has set separate monitoring limits for interest rate risk and a maximum amount.

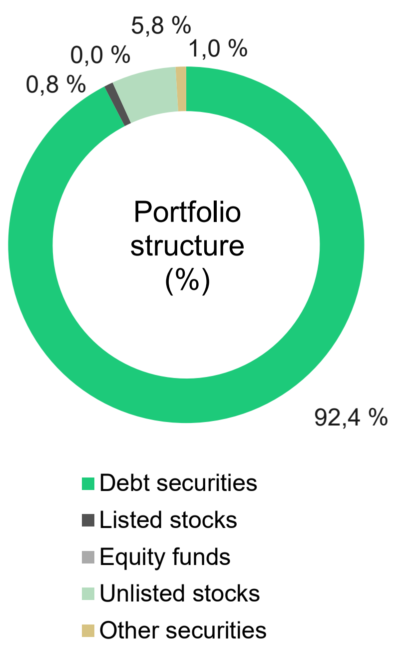
The development of the Company's net interest income has been strong during 2024. The strong rise in interest rates has increased the productivity of the loan portfolio and at the same time the Company's financing costs have remained moderate as the financing is based heavily on the deposit portfolio and secured bonds. The Company expects net interest income to remain at a high level also in the future due to the higher-than-expected level of interest rates. With the rise in interest rates, the protection of the loan portfolio's interest rate floors has weakened with regard to negative interest rate shocks, which has been reflected in an increase in interest rate sensitivities. To counterbalance, the Company has increased the number of balance sheet hedges, which is also reflected in the moderation of interest rate sensitivities.

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

Net interest income (NII) (EUR mill.)	30 Jun 2024	30 Jun 2023
+100bps	8.5	13.6
-100bps	-8.4	-13.5

Economic value (EV) (EUR mill.)	30 Jun 2024	30 Jun 2023
+100bps	-9.5	17.3
-100bps	13.2	-16.0

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 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 cyber risks, communication and system failures. In addition, fraud and scams have been identified as sources of operational, as well as the quality of customer information related to knowing the customer.

Oma Savings Bank Group calculates the operational risk in accordance with Pilar I using the basic indicator approach for the capital adequacy approach. This amount was in 2023 EUR 322.3 million, of which the own funds requirement was EUR 25.8 million. The increase is due to a significant increase in net interest income and commission income.

Operational risk

(1,000 euros)	2023	2022	2021
Gross income	248,531	144,889	122,229
The revenue indicator	37,280	21,733	18,334
Requirement for own funds of operational risk			25,782
Risk-weighted amount of operational risk			322,280

Operational risk management is part of a bank's risk management aimed at reducing the likelihood of unforeseen losses or threatening the bank's reputation. Operational risk management ensures that the Company's values and strategy are implemented throughout the business.

Operational risk management covers all material risks related to the business.

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. 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 also reduces the impact of operational risk by maintaining insurance against various damaging events. Every employee is responsible for operational risk management in his/her work. Materialised operational risks are reported to the management team of the business unit.

New products, services and suppliers of outsourced services are approved separately by the Company's separate approval process before implementation. The approval process ensures that the risks associated with new products and services are properly identified and assessed. The same approval process is also applied when existing products are developed. Monitoring, control and reporting of operational risks are handled by the Company's risk control.

At least annually, the Company's management receives the business units' risk assessments and a report on the realised risks, on the basis of which a separate risk matrix is compiled and reported to the Board. The created process allows the Board to form an overall picture of the operational risks to the business and their potential effects on the Company. Through the risk identification process, the Board can decide on risk management measures and priorities regarding operational risk.

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. At the end of June 2024, the Group's liquidity coverage ratio (LCR) remained at a good level standing at 199.1% (30.6.2023 149.9%) when the minimum LCR level is 100%. Standard & Poor's confirmed a credit rating of BBB+ for Oma Savings Bank Plc's long-term borrowing in June 2024, as well as a rating of A-2 for short-term borrowing.

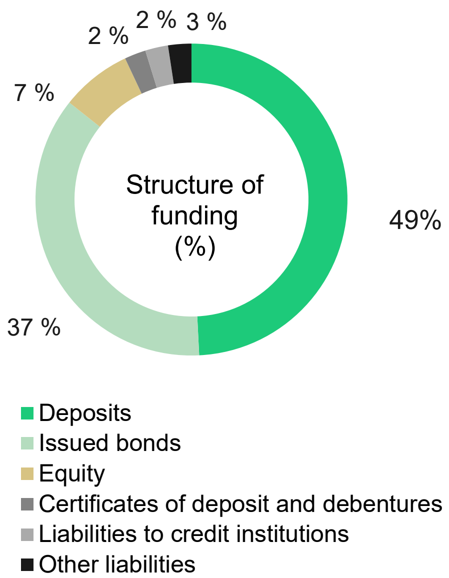
Another significant key figure in terms of liquidity management is the Net Stable Funding Ratio (NSFR), which remained at a stable level and was 118.7% (30.6.2023 117.3%) at the moment of review. The binding requirement for net stable funding ratio is at least 100%.

LCR & NSFR development

	30 Jun 2024	31 Dec 2023	30 Jun 2023
LCR (%)	199%	249%	150%
NSFR (%)*	119%	118%	117%

*NSFR calculation retrospectively adjusted as of 30 June 2023

The Company's liquidity is monitored daily by the Company's Treasury unit. The main goal of the Treasury unit is to ensure that the liquidity position always remains above the regulatory and internally set thresholds. The unit monitors and measures the amounts of incoming and outgoing cash flows and assesses the occurrence of possible funding shortfalls during the day. 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 the risk control function.



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